

Central Appropriations

Amendments approved by the General Assembly for Central Appropriations result in a net increase of \$144.1 million GF and \$3.8 million NGF for the biennium as compared to the 2002 Appropriation Act.

General fund increases include \$127.6 million for the increased cost of personal property tax relief. Other approved increases include \$38.5 million for a 2.25 percent salary increase for a December 2003 salary increase for state employees, higher education faculty, and state-supported local employees; \$15.1 million GF to pay the employer share of FY 2004 premium increases in the state employee's health insurance program; \$4.5 million GF for increased student financial aid; \$1.5 million GF to provide funding for the indemnification of poultry growers; and, \$4.6 million GF the second year in the Economic Contingency for unbudgeted cost increases.

General fund decreases in Central Appropriations include \$1.7 million from reduced rent plan expenditures in state-owned space operated by DGS and \$4.7 million from unused appropriations for Workforce Transition Act severance benefits.

Approved nongeneral fund increases include \$3.8 million for a technical adjustment to the appropriation of the Tobacco Indemnification and Community Revitalization Fund and the Virginia Tobacco Settlement Fund to account for a projected increase in payments.

- **Compensation Supplements**

- ***December 2003 Base Salary Adjustment.*** Provides \$38.5 million GF the second year to provide for a 2.25 percent December 2003 salary increase for state employees, higher education faculty, and state-supported local employees. Funding for salary increases for public school teachers is provided in the direct aid to education section of the Act. The Governor's October budget reductions eliminated the \$101.4 million GF compensation reserve in the second year.
- ***Virginia Retirement System Administrative Reductions.*** Includes funding of \$2.6 million GF to restore proposed reductions to the VRS administrative budget. Budget language in Part Three eliminates the \$2.3 million nongeneral fund transfer of VRS savings to the general fund.

- ***Special Pay Plan Report.*** Budget language directs the Virginia Retirement System to report on the feasibility of establishing an IRS qualified special pay plan and whether such a program would be beneficial for state employees.
- **Employee Health Insurance Administration**
 - ***Employer Health Insurance Premium Increases.*** Includes \$15.1 million GF the second year to fund the employer’s share of the increase in premiums for the state employee’s health insurance program. The new premiums will be effective July 1, 2003. In addition, budget language eliminates the requirement that costs associated with the increases for educational and general program employees at institutions of higher education be funded entirely from the general fund.
 - ***Workforce Transition Act Benefit Savings.*** Captures \$4.7 million GF in excess funds that were provided in Chapter 899 for Workforce Transition Act severance benefit payments.
- **Higher Education Student Financial Aid**
 - ***Need-Based Student Financial Aid.*** Provides \$4.5 million GF the second year for need-based financial aid for Virginia resident undergraduate students to address tuition increases at public higher education institutions. These funds are to be distributed to higher education institutions consistent with the level of need calculated by the State Council of Higher Education for Virginia.
- **Reversion Clearing Accounts**
 - ***Funding For At-Will Positions.*** Provides \$1.9 million GF the first year and \$1.9 million GF the second year for at-will positions eliminated in House Bill 30 (2002 Session) and subsequently vetoed by the Governor.
 - ***Maintenance and Operation of State-Owned Buildings.*** Restores \$1.8 million GF to continue routine maintenance and housekeeping services provided to agencies in state-owned buildings operated by the Department of General Services. Budget language in Part Three eliminates the \$556,329 nongeneral fund transfer to the general fund representing savings from operation and maintenance services.

- **Across-the-Board Reductions**
 - **Legislative Branch Reductions.** Distributes reductions approved in Chapter 899 of \$1.3 million GF the first year and \$1.3 million GF the second year to the Legislative Reversion Clearing Account.
- **Technology Reform**
 - **Technology Reform Implementation Funding.** Provides \$14.0 million GF to implement the technology reform measures required by Senate Bill 1247 and HB 1926 (2003 Session). This appropriation was transferred from the Virginia Information Technologies Agency.
- **Personal Property Tax Relief**
 - **Personal Property Tax Relief.** Provides \$54.8 million GF the first year and \$72.8 million GF the second year to continue car tax reimbursements at the 70 percent level.
- **Economic Contingency**
 - **Economic Contingency Fund.** Provides \$1.2 million GF the first year and \$2.0 million GF the second year for the Governor to use for unbudgeted cost increases.
 - **Poultry Growers' Indemnification.** Includes \$1.5 million GF the second year for poultry growers for indemnification of losses from the avian influenza outbreak that occurred in the spring of 2002. Budget language requires that representatives of the affected industries be consulted when developing guidelines for the distribution of the funding.
 - **New Veterans' Care Cemetery.** Provides \$175,504 GF the second year for the operational cost of the new Veterans' Care cemetery in Suffolk.
 - **National Memorial to the Veterans of World War II.** Provides \$334,000 GF the second year to fund the Commonwealth's share of the construction costs for the national memorial to veterans of World War II. The General Assembly had previously appropriated these funds in Chapter 1073 and Chapter 814; however, they were administratively withheld from expenditure.

- ***Economic Development Agency Consolidation.*** Includes savings of \$500,000 GF the second year through a consolidation of the Department of Business Assistance, Department of Minority Business Enterprise, the A.L. Philpott Manufacturing Extension Partnership, and the Virginia-Israel Advisory Board into a single agency. The Secretary of Commerce and Trade is directed to develop a consolidation plan by December 22, 2003.
Note: Governor Warner vetoed this provision contained in the new item 513.10.
- ***Governor’s Development Opportunity Fund.*** Budget language directs the Virginia Economic Development Partnership to work with localities receiving grants from the Governor’s Development Opportunity Fund to recover such grants when projects fail to meet agreed upon job creation and investment goals and objectives. All funds recovered will be deposited into the Governor’s Development Opportunity Fund.
- ***Technology Research Fund.*** Reduces the Commonwealth Technology Research Fund appropriation by \$1.3 million GF the second year representing uncommitted fund balances.
- ***Virginia Horse Center.*** Provides \$851,280 GF the second year for operating support of the Virginia Horse Center Foundation. Includes language directing the phase-out of state support for the Center.
- ***Civil Commitment of Sexually Violent Predators.*** Includes \$1.2 million GF the second year for the housing, treatment, and security of those civilly committed as sexually violent predators. Budget language authorizes the transfer of funds from the Department of Mental Health, Mental Retardation, and Substance Abuse Service and the Department of Corrections for the operation of this program.
- ***Homeland Security and Employee Salary Supplements.*** Provides the Governor with the authority to use amounts from the unappropriated balance to fund costs related to homeland security. In addition, authorizes the Governor to cover the costs associated with salary supplements for state classified employees recalled to active duty as part of the military reserves or National Guard. Salary supplements would only apply to employees who would otherwise earn less in military salary and any cash allowances when compared to their state base salary.