

Central Appropriations

Central Appropriations serves as a holding account for contingent funds, funds for salary increases, for unallocated cost increases and decreases, and for the Personal Property Tax Relief appropriation.

Employee compensation increases totaling \$159.4 million GF are included to provide increases in each year of the biennium. Major amounts for employee compensation actions include:

- \$75.3 million GF for a three percent salary increase for state employees effective November 25, 2004;
- \$19.5 million GF for a three percent salary increase for state-supported local employees (except sheriffs deputies and regional jail officers) effective December 1, 2004;
- \$26.6 million GF for a reserve to fund a second year salary increase for state employees and faculty at state-supported higher education institutions;
- \$21.1 million GF for a 4.82 percent salary increase for sheriffs' deputies and regional jail officers effective December 1, 2004; and
- \$13.3 million GF for a \$1,491 base salary adjustment (effective November 25, 2004) and to address salary compression (effective October 1, 2004) for sworn officers of the Virginia State Police.

Funding for other employee benefit programs includes \$66.1 million GF for the increased cost of state employee health insurance and \$17.3 million GF for the Virginia Sickness and Disability Program.

The approved budget provides \$947.9 million GF in the first year to continue car tax reimbursement at the 70 percent level in tax year 2005 and \$719.9 million GF in the second year to reimburse localities for car tax relief pursuant to Senate Bill 5005 of the 2004 Special Session. In addition, \$21.0 million GF is provided for the Governor's discretionary economic development "Opportunity Fund" and \$13.4 million GF is included for the semiconductor performance grant programs.

Nongeneral fund appropriations of \$152.4 million are included for the Tobacco Settlement funds.

Selected general fund reductions captured in Central Appropriations include:

- \$27.3 million from rate reductions for the VRS state employee, JRS, SPORS, and VaLORS systems;
 - \$26.9 million to continue the VRS group life insurance premium holiday;
 - \$12.8 million from the Commonwealth Technology Research Fund; and
 - \$2.0 million in projected debt service savings.
- **Reversion Clearing Account**
 - *Adjust Amortization Funding Period for VRS State Employees, JRS, VaLORS, and SPORS Pension Funds.* Language in Item 499 authorizes a reduction of \$13.4 million GF the first year and \$13.9 million GF the second year in employer contribution rates to the VRS resulting from (1) applying the VRS’s actuarially derived retirement contribution rates (rather than the higher Board approved rates); and (2) using a 30-year amortization period for the unfunded actuarial accrued liability (UAAL) rather than the 23-year amortization period certified by the VRS Board.
 - *State Employee Group Life Insurance Premium Holiday.* Continues the premium holiday for the state employee group life insurance program through the 2004-06 biennium. Savings of \$13.1 million GF the first year and \$13.7 million GF the second year are anticipated. Budget language in Part Three transfers \$10.4 million NGF the first year and \$10.9 million NGF the second year to the general fund.
 - *State Employee Health Insurance Credit Employer Contribution Rate.* The proposed budget captures savings of \$2.8 million GF the first year and \$2.9 million GF the second year from lower employer contributions to the state employee health insurance credit program. This savings is based on 2004-06 employer contribution rates that reflect the investment earnings on the program’s fund balances. Budget language in Part Three transfers \$2.5 million NGF the first year and \$2.6 million NGF the second year to the general fund.

- *Debt Service Savings.* Captures savings of \$2.0 million GF the second year from the Treasury Board to reflect interest rate savings achieved through refunding of previously issued bonds.
- **Compensation Supplements**
 - *State Employee November 25, 2004 Salary Increase.* Provides \$26.5 million GF the first year and \$48.9 million GF the second year to fund a three percent average salary increase for state employees effective November 25, 2004. To be eligible for the three percent increase, employees must receive at least a “Contributor” rating on their most recent performance evaluation. Sworn officers of the Department of State Police are not eligible for this salary increase as other compensation actions in this item address this group of employees.
 - *State-Supported Local Employees December 1, 2004 Salary Increase.* Provides \$7.3 million GF the first year and \$12.5 million GF the second year to fund a three percent average salary increase effective December 1, 2004 for state-supported local employees. State-supported local employees include constitutional officers and their employees, local social services employees, local election board employees, and local health department employees. Sheriffs, deputy sheriffs, and regional jail officers are not eligible for this salary increase as other compensation actions in this item address this group of employees.
 - *State Police Sworn Officers Across-the-Board November 25, 2004 Salary Increase.* Includes \$2.0 million GF the first year and \$3.6 million GF the second year to provide sworn officers of the Department of State Police with a \$1,491 salary increase effective November 25, 2004. This increase is in lieu of the November 25, 2004 three percent increase provided for state employees.
 - *State Police Sworn Officers’ October 1, 2004 Salary Compression Adjustment.* Provides \$3.2 million GF the first year and \$4.5 million GF the second year to enable the Department of State Police to address salary compression issues for sworn officers.
 - *Sheriffs, Sheriffs’ Deputies, and Regional Jail Officers December 1, 2004 Salary Increase.* Includes \$7.9 million GF the first year and \$13.6 million GF the second year to provide a 4.82% salary increase for sheriffs, sheriffs’ deputies, and regional jail officers effective December 1, 2004. This increase is in lieu of the December 1, 2004

three percent increase provided for state-supported local employees.

- ***Judicial System Competitive Salary Adjustment.*** Includes \$752,935 GF the first year and \$1.4 million GF the second year to provide a 2.1 percent November 25, 2004 competitive salary adjustment for members of the judiciary. This adjustment applies to Justices of the Supreme Court of Virginia and Judges of the Court of Appeals of Virginia, Circuit Courts, General District Courts, Juvenile and Domestic Relations District Courts, Combined District Courts, Commissioners of the State Corporation Commission and Commissioners of the Workers Compensation Commission. This increase is in addition to the November 25, 2004 three percent increase authorized for state employees.
- ***Capitol Police November 25, 2004 Salary Compression Adjustment.*** Provides \$215,520 GF the first year and \$397,883 GF the second year to enable the Capitol Police to address entry-level salaries and salary compression issues for sworn officers and communication operators. Language requires that the Chief of the Capitol Police report to the Committee on Joint Rules prior to November 25, 2004 regarding the Division's plan to address salary compression and entry level salary issues.
- ***FY 2006 State Employee Compensation Reserve.*** Provides \$26.6 million GF in the second year as a compensation reserve to be used to provide a salary increase for state employees and higher education faculty in FY 2006.
- ***Virginia Sickness and Disability Program Rates.*** Includes \$8.5 million GF the first year and \$8.8 million GF the second year to fund the revised employer contribution rates certified by the VRS Board of Trustees.
- ***Fund Separate Employer Contribution Rates for VRS Teacher and State Employee Systems.*** Eliminates the proposal in the introduced budget to combine the employer contribution rates for the VRS state employee and VRS teacher systems. Combining the rates for both the state employee and teacher systems results in an employer contribution rate for the teacher system that is lower than the rate approved by the VRS Board and a higher rate for the state employee system. Eliminating the pooled rates results in an employer contribution rate for state employees of 3.91 percent as

compared to the 6.56 percent when pooled with the teacher system. Savings attributable to the unblended contribution rate for the teacher system are addressed under the Public Education section.

- **State Employee Health Insurance Program**
 - Provides \$32.3 million GF the first year and \$33.7 million GF the second year to fund the employer's share of the increase in health insurance premium for state employees. The cost of the state's health insurance program is projected to increase 14 percent in FY 2005. Employee premiums will increase an average of about 14 percent in FY 2005. This level of funding ensures that there will be no benefit changes or increases in employee co-payments or deductibles.

- **Personal Property Tax Relief**
 - *Continue Personal Property Tax Relief in TY 2005.* Provides \$947.9 million in the first year to continue car tax reimbursement at the 70 percent level for tax year 2005.
 - *Cap Car Tax Expenditures in TY 2006.* Provides \$719.9 million in the second year to reimburse localities for car tax relief pursuant to the provision of Senate Bill 5005 of the 2004 Special Session. The provisions of SB 5005 provide that payments for calendar year 2006 will be limited to \$950.0 million, with reimbursements being made beginning July 1, 2006. This action reduces FY 2006 funding requirements by delaying calendar year 2006 reimbursements until FY 2007.

- **Information Technology**
 - *Information Technology Reform.* Includes a technical adjustment of \$14.0 million GF in the first and eliminates second year funding for technology reform in Central Appropriations. This funding is used in part to restore to agencies \$18.0 million GF each year of the biennium to fund the cost of information technology activities.

- **Public Safety Telecommunications Infrastructure**
 - *Department of Forestry Radio System.* Provides \$123,599 GF the first year and \$244,359 GF the second year to replace the existing two-way radio system used by the Department of Forestry staff

during fire emergencies. The system will be financed through the Master Equipment Lease Program.

- *Development of Statewide Agencies Radio System (STARS) Project.* Provides \$2.5 million GF the first year and \$2.3 million GF the second year for development and project management of STARS, including payment of consultant and attorney fees. Language is included which requires a status report on the implementation of the STARS project.
- **Tobacco Settlement**
 - *Tobacco Settlement and Revitalization Fund.* Adjusts the appropriation for the Tobacco Indemnification and Community Revitalization Fund and the Tobacco Settlement Fund to reflect a revision in the projection of the Commonwealth's allocation of the Master Settlement Agreement funds. Results in a reduction of \$3.8 million NGF in the first year and \$2.9 million NGF in the second year.
- **Economic Contingency**
 - *Governor's Development Opportunity Fund.* The budget as approved provides a total of \$21.0 million GF for the Governor's Development Opportunity Fund. Over the biennium, \$12.0 million the first year and \$9.0 million the second year.
 - *Governor's Development Opportunity Fund Transfer to Department of Housing and Community Development.* Transfers \$1.0 million to the Department of Housing and Community Development for a grant program geared toward attracting new and expanding businesses to economically distressed localities.
 - *Semiconductor Wafer Performance Fund.* Includes \$3.7 million GF each year as the first installment of a performance-based manufacturing grant program approved by the 1996 General Assembly for a major semiconductor manufacturer based in Northern Virginia and provides \$3.0 million GF each year for a major semiconductor manufacturer based in Central Virginia.
 - *Commonwealth Technology Research Fund.* Captures savings of \$6.4 million GF the first and the second year from the elimination of state funding.

- *Virginia Horse Center Debt Service.* Transfers \$252,599 GF from the second year appropriation to the first year for debt service on the Virginia Horse Center.
 - *Solar Photovoltaic Grant Program.* Provides \$1.9 million GF the first year which was transferred from the Department of Mines, Minerals, and Energy for the Solar Photovoltaic Manufacturing Incentive Grant Program. Language requires that the funds shall not be released until the Secretary of Commerce and Trade and the Auditor of Public Accounts certify that the eligible recipient has met the statutory requirements of the program. If the requirements of the program are not met, the funds will be available for use through the Governor’s Opportunity Fund.
 - *Utility Costs at the Seat of Government.* Includes \$238,500 GF the first year and \$281,200 GF the second year for utility cost increases experienced by agencies at the seat of government.
 - *APM Terminal Project.* Includes budget language that alters the Virginia Transportation Act of 2000 project list to include the APM terminal to address the need for expedited improvements to roadways as part of the Maersk project.
 - *Efficiency Enhancements for State Government.* Provides \$1.8 million GF the first year and \$1.5 million GF the second year to support research on the impact of state policies and state agency activities on strategic issues of interest to the Council on Virginia’s Future, to develop programmatic and managerial performance benchmarks for core service areas of state government, and to develop a productivity improvement program, possibly including training and incentives, for state agencies and staff responsible for meeting the performance benchmarks.
- **Cultural and Artistic Affairs**
 - *Financial Assistance Cultural and Artistic Affairs.* Consolidates authority and funding for selected programs located in other items in the budget. Specifically, language authorizes \$250,000 GF each year in Item 144 for the Early Learning Through the Arts at Wolf Trap and \$100,000 GF each year in Item 261 for the science education program at the Science Museum of Western Virginia.

In addition, this Item contains funding of:

- \$100,000 GF each year to the Department of Housing and Community Development for the Center for Rural Virginia,
- \$125,000 GF each year to Direct Aid for Public Education for the “An Achievable Dream” program,
- \$150,000 GF the second year to the Department of Aging for the SeniorNavigator program,
- \$259,980 GF each year to the Department of Social Services for Healthy Families Virginia, and
- \$84,973 GF the first year and \$84,971 GF the second year for the Virginia Museum of Natural History.