

Central Appropriations

Central Appropriations serves as a holding account for contingent funds, for unallocated cost increases and decreases, and for the Personal Property Tax Relief appropriation. A total of \$2,332.2 million GF is recommended for inclusion in the Central Appropriations for the 2006-08 biennium, an increase of \$400.4 million above the adjusted base budget.

Major general fund amounts include: \$153.4 million GF for state employee and state-supported local employee salary increases, \$72.5 million for the increased cost of VRS-administered retirement and other benefit programs, \$71.2 million GF for the increased cost of state employee health insurance, \$37.2 million GF for semiconductor performance grant programs, and \$21.0 million GF for the Governor's Opportunity Fund. In addition, a base budget adjustment of \$207.6 million GF is provided in order to fund the Personal Property Tax Relief program at the \$950.0 million annual level.

Although not budgeted to Central Appropriations, a series of amendments to agency budgets provide a total \$32.4 million GF for miscellaneous insurance, procurement, and VITA rate increases.

Nongeneral fund appropriations of \$96.9 million are included for the Tobacco Settlement funds.

- **Planning, Budgeting, and Evaluation**

- *Continue Funding for the Council on Virginia's Future.* Proposes an additional \$3.5 million GF the first year to support the Council's efforts to increase state government productivity and efficiency. This brings total funding available for this program to \$4.5 million GF the first year and \$1.0 million GF the second year. Budget language requires that funding support activities to: 1) re-engineer processes performed by multiple agencies and examine opportunities for collaboration/consolidation, 2) review operations of large agencies to improve service delivery, and 3) establish results teams to identify new productivity projects and improve the use of performance measurement in the Commonwealth.
- *Transfer Council on Virginia's Future Operating Support to Department of Planning and Budget (DPB).* Proposes to transfer \$500,000 GF each year to DPB to cover expenses associated with meetings, consultants, and Council activities.

- **Compensation Supplements**

- *State Employee November 25, 2006 Salary Increase.* Proposes \$34.0 million GF the first year and \$62.9 million GF the second year to fund a three percent average salary increase for classified state employees effective November 25, 2006. To be eligible for the three percent increase, employees must receive at least a “Contributor” rating on their most recent performance evaluation.
- *State Agency Employee Pay Practices.* Includes \$5.7 million GF the first year and \$10.5 million GF the second year for use by state agencies to implement pay practices and to address recruitment, retention, and other state employee-related compensation issues. The funding proposed is equivalent to a one-half of one percent of general fund state salaries.
- *State-Supported Local Employees December 1, 2006 Salary Increase.* Recommends \$14.8 million GF the first year and \$25.4 million GF the second year to fund a three percent average salary increase effective December 1, 2006 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.
- *Virginia Retirement System Employer Contribution Rates.* Includes \$21.1 million GF the first year and \$22.1 million GF the second year to fund the revised employer contribution rates for the VRS state employee retirement system, the State Police Officers Retirement System (SPORS), the Virginia Law Officers Retirement System (VaLORS), and the Judicial Retirement System (JRS).

The Virginia Retirement System Board of Trustees certified rates based on a valuation of assets and liabilities using an assumed investment return of 7.5 percent, a cost-of-living increase of 2.5 percent, and an amortization period of 21 years. However, budget language establishes the employer contribution rates based on a valuation of assets and liabilities using an assumed investment return of 8.0 percent, a cost-of-living increase of 3.0 percent, and an amortization period of 30 years.

- *Virginia Sickness and Disability Program Employer Contribution Rates.* Proposes \$2.6 million GF the first year and \$2.7 million GF

the second year to fund the revised employer contribution rates for the Virginia Sickness and Disability Program.

- ***State Employee Retiree Health Credit Employer Contribution Rate.*** Provides \$3.4 million GF the first year and \$3.5 million GF the second year to fund the employer contribution rates for the state employee retiree health insurance credit program.
- ***Group Life Insurance Contribution Rates.*** Includes \$8.4 million GF the first year and \$8.7 million GF the second year to fund the revised employer contribution rates for the group life insurance program administered by the Virginia Retirement System. A premium holiday has been in effect for the group life insurance program since July 2002.

- **State Employee Health Benefits**

- ***State Employee Health Insurance Program.*** Proposes \$30.1 million GF the first year and \$31.5 million GF the second year to fund the employer’s share of the 9.9 percent increase projected by the program’s actuary in FY 2007 for the state employee health insurance program. Employee premiums will also increase an average of about 9.9 percent in FY 2007.

In addition, \$4.7 million GF the first year and \$4.9 million GF the second year is proposed to support enhanced prevention and wellness coverage by eliminating certain out-of-pocket costs for routine medical provider visits and tests. The cost of this additional benefit would be funded entirely by the state with no additional increase in the employee monthly premium due to these proposed enhancements.

- **Personal Property Tax Relief**

- ***Personal Property Tax Relief.*** Recommends a base budget adjustment of \$207.6 million GF each year in order to fully fund the Personal Property Tax Relief program at the \$950.0 million annual amount.

- **Tobacco Settlement**

- ***Tobacco Settlement and Revitalization Fund.*** Includes an amendment to adjust 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 and to account for the securitization of tobacco proceeds. The proposed is a reduction of \$29.7 million NGF in the first year and \$26.7 million NGF in the second year and will bring total funding to \$47.0 million NGF in the first year and \$50.0 million NGF in the second year.

- **PPEA Financial Accounting and Operations Upgrade**
 - *Enterprise Application Program.* Proposes \$18.1 million GF the first year and \$9.0 million GF the second year to begin work to maximize revenues, enhance cost recoveries, and improve administrative applications in the financial accounting and operations area. Work activities with this program will be conducted by both the state and a private vendor, CGI-AMS.

- **Economic Contingency**
 - *Legal Defense Services.* Provides an additional \$50,000 GF each year for reimbursing agencies for private legal services. The total amount for this program is \$100,000 GF each year.

 - *Semiconductor Manufacturing Performance Grants.* Recommends additional funding of \$7.5 million GF the first year and \$16.3 million GF the second year as incentive payments, to eligible semiconductor manufacturers who met investment and job creation thresholds contained in statute. Total funding proposed for Semiconductor Manufacturing Grants is \$14.2 million GF the first year and \$37.2 million GF the second year.

 - *Minority Political Leadership Institute.* Proposes continued funding of \$100,000 GF each year in the base for the Minority Political Leadership Institute, formerly called the Grace Harris Institute at VCU.

 - *Aerial Photography and E-911 Address File.* Provides \$2.0 million GF the first year and \$485,000 GF the second year to update the Virginia Base Mapping Program to incorporate high resolution digital orthophotography and statewide digital address files into a new statewide imagery base that will be available to state and local governments.

- ***Indemnity Payments.*** Includes budget language authorizing the Governor to use up to \$1.5 million from the unappropriated general fund balance to pay growers, producers, and owners of poultry and livestock who sustain economic losses, under certain conditions, resulting from disease outbreak or natural disaster.
- ***Henrico Tourism Project.*** Proposes budget language authorizing the Governor to spend up to \$15.0 million from the unappropriated general fund balance to assist the county in attracting a national tourism venue.
- ***Governor's Development Opportunity Fund.*** Recommends an additional \$12.0 million GF the first year to be deposited to the Fund to attract economic development prospects to locate or expand in Virginia. Total funding recommended for the Governor's Development Opportunity Fund is \$21.0 million the first year.
- ***Virginia Investment Partnership.*** Includes \$425,000 GF the first year and \$1.1 million GF the second year for investment performance grants. Seven eligible companies will receive previously authorized grants in 2006-2008 for significant capital investments made in Virginia.
- ***Infineon Technologies and VCU.*** Provides \$3.0 million GF the first year to support VCU's School of Engineering, a \$1.0 million GF increase of current funding levels. The funds may be used for scholarships, endowed professorships in microelectronics and other related needs of the industry. The amendment is part of the agreement reached with Infineon. The company has expanded its operations in Virginia.
- ***Micron Technology and Higher Education.*** Recommends \$2.0 million GF the second year with \$1.0 million used for establishing a Northern Virginia Community College training program in microelectronics and \$1.0 million to the Virginia Microelectronics Consortium.
- ***Governor's Motion Picture Opportunity Fund.*** Proposes \$600,000 GF the first year to attract film industry production to Virginia. There is also included in the Virginia Tourism Authority's budget \$500,000 GF the first year to promote film activities.

- **Base Realignment and Closure Assistance.** Proposes \$15.0 million GF each year to assist impacted localities implement and respond to the approved recommendations of the 2005 Base Realignment and Closure Commission. The grants must be matched by the requesting localities, and priority will be given to projects with regional impact. The applications for assistance are to be approved by the Governor based on evaluations done by the state.
- **Economic Contingency Fund.** Recommends that the FY 2006 funding level of \$2.2 million GF be continued for each year. The Governor may use these funds for unbudgeted or unanticipated emergencies or expenses. In addition, the Governor may use up to \$2.0 million from the unappropriated general fund balance.
- **Insurance, Procurement, and VITA Rates.**
 - **Fund Agency VITA, Procurement, and Insurance Rates.** Although not budgeted to Central Appropriations, a series of amendments to agency budgets provide a total \$32.4 million GF for miscellaneous insurance, procurement, and VITA rate increases.

Insurance, Procurement and VITA Rates				
Rate	\$ GF		TOTAL	
	FY 2007	FY 2008		
eVa Surcharge	\$ 3.3	\$ 3.3	\$	6.5
Property Insurance Premiums	3.1	6.2		9.2
DGS Rent Plan	1.9	1.7		3.5
Shared VITA rates & Contracts	2.8	2.8		5.5
Vita ITIM & ITSM Rates	2.4	2.4		4.8
VITA Salary Increases	1.0	1.0		1.9
Workers Compensation	0.3	0.6	\$	0.8
Total	\$ 14.6	\$ 17.8	\$	32.4