

Central Appropriations

Governor's Proposed Amendments (\$ in millions)				
	FY 2013 Proposed		FY 2014 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Current Budget (Ch. 3, Special Session I)	\$35.4	\$89.3	\$105.9	\$89.3
Proposed Increases	2.4	0.0	122.7	0.01
Proposed Decreases	<u>(3.3)</u>	<u>(0.0)</u>	<u>(10.2)</u>	<u>(0.0)</u>
\$ Net Change	(0.8)	0.0	112.5	0.01
HB 1500/SB 800, as Introduced	\$34.5	\$89.3	\$218.5	\$89.3
% Change	(2.3%)	0.0%	106.3%	0.0%
FTEs	2.00	0.00	0.00	0.00
# Change	0.00	0.00	(2.00)	0.00

- **Local Aid Reversions**

- *Local Aid Reversions.* Includes \$45.0 million GF in the second year to eliminate the Local Aid Reversion beginning in FY 2014.

- **Compensation Supplements**

- *Employer Health Insurance Premium Increases.* Proposes a net increase of \$64.4 million GF in the second year to fund the employers' share of the increase in health insurance premiums for the State Employee Health Insurance program. The amendments propose \$69.7 million GF to fund a base premium increase, which eliminates the remaining subsidy from the Health Insurance Fund (HIF), funds projected health care inflation, and funds the first year of a five year schedule to replenish the HIF to ensure balances are at least equal to the incurred but not reported level. The funding for the premium increase is then reduced to reflect two proposed benefit modifications; an assumed \$4.9 million GF in savings from a requirement that maintenance drugs be obtained through a maintenance drug network and \$420,000 GF in savings from increasing the co-payment for emergency room visits from \$125 to \$150. Based on the proposed funding, premiums for state employees in COVA Care would increase by close to 20 percent in FY 2014 and the rates for COBRA and early retirees would increase

close to 15 percent. In addition, a language amendment in Part 3 increases the health insurance line of credit from \$50.0 million to \$150.0 million.

Proposed Changes to Employee Health Benefits (\$ millions GF)	
	<u>FY 2014</u>
GF Share of Premium Increase	\$69.7
Maintenance Drug Network	(4.9)
Increased ER Co-payment	<u>(0.4)</u>
Total	\$ 64.4

- *Line of Duty Act.* A technical amendment removes the \$1.7 million GF appropriated within Central Appropriations in FY 2014 to support premiums charged for the Line of Duty Benefit. Adjustments in the individual agencies with employees eligible for the Line of Duty benefits provide a total of \$3.4 million GF in additional funding for the agencies. This funding includes the \$1.7 million GF included in Central Appropriations in Chapter 3 of the 2012 Acts of Assembly, Special Session I and an additional \$1.7 million GF.

- **Higher Education Interest Earnings and Credit Card Rebates**

- *Higher Education Interest and Charge Card Rebates.* Proposes an increase of \$2.4 million GF in the first year and \$1.8 million GF in the second year for payments to institutions of higher education for interest on NGF balances held by the state treasury and a prorated share of rebates received by the Commonwealth on credit card purchases. These proposed increases reflect current estimates of program amounts.

- **Transition Support**

- *Workforce Transition Cost - Governor's & Cabinet Offices.* Proposes \$2.4 million GF in the second year to fund the estimated severance cost for executive office staff and staff in the cabinet offices. This estimate does not include any cost which would be incurred as a result of any turnover within the state agencies, which would be absorbed within the individual agencies.

Proposed Funding Pursuant to the Gubernatorial Transition (\$ millions GF)	
	<u>FY 2014</u>
Workforce Transition Cost – Gov’s & Cabinet Offices	\$2.4
Funding to Support Transition Team Expenses	0.6
Inaugural Expenses	<u>0.3</u>
Total	\$3.3

- *Funding to Support Transition Team Expenses.* Includes \$594,650 million GF in the second year to cover expenses that will be incurred by the Office of the Secretary of Administration, the Department of General Services, and the Virginia Information Technology Services Agency as they provide support services to transition teams for the incoming Governor, Lieutenant Governor, and Attorney General.
- *Inaugural Expenses.* Includes \$282,700 GF in the second year to fund expenses that will be incurred for the January 2014 inauguration. The funding assumes that \$116,000 of the inauguration’s expenses will be paid from within the General Assembly’s existing appropriation.

- **Undistributed Support**

- *Capture FY 2013 Unobligated Funding.* Reflects savings of \$1.1 million in the first year from funds that were appropriated for disbursement to agencies for employee benefits, primarily employee health insurance, and for charges for the performance budgeting system. The final FY 2013 distributions were slightly less than the appropriations included in Chapter 3.
- *Provide Funding to Maintain the New Time, Attendance and Leave System.* Provides \$340,934 GF in the second year to distribute to agencies that elect to use the Department of Human Resources Management’s new automated Time, Attendance and Leave System. The expense of maintaining the system will be captured by charging agencies that use the system through internal service fund.
- *Provide Funding to State Agencies for General Fund Cost of Cardinal Financial System.* Provides \$215,101 GF in the second year to distribute to agencies that are expected to be phased into the new Cardinal financial system in FY 2014. Expenses for the system are expected to increase significantly in FY 2015 as the system becomes operational for all agencies.

- ***Eliminate Central Reversion Related to Agency Reorganizations.*** Includes \$2.0 million GF in the second year to eliminate the reversion included in Chapter 3 to capture savings from the elimination or consolidation of selected agencies, boards, and commissions pursuant to the pursuant to Chapters 803 and 835 of the 2012 Acts of Assembly. These savings have been captured through individual agency amendments.
- ***Eliminate the Capture Second Year Information Technology Savings.*** Includes \$415,616 GF in the second year to eliminate the reversion included in Chapter 3 from the reduction in information technology overhead costs. Individual amendments within the agencies have been included to reflect current costs.
- ***Remove Funding for Phone Systems and Increased Information Technology Costs.*** Reduces funding included for disbursement to agencies for phone system replacement and VITA costs in the first year by \$2.1 million GF, to reflect that actual disbursements were \$4.0 million as opposed to the \$6.1 million GF appropriated in Chapter 3. Furthermore, the amendment eliminates all of the \$3.2 million GF appropriated for disbursements in the second year. Individual amendments within the agencies have been included to reflect FY 2014 costs.
- ***Authorize Additional Use of the Economic Contingency Fund.*** Includes a language amendment which adds Fraud and Abuse Whistle Blower Reward Fund awards to the list of purposes the Governor may access the economic contingency fund. The awards are capped at \$5,000.