

Central Appropriations

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2015 Proposed		FY 2016 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2014-16 Current Budget (Ch. 3, 2014 Special Session I)	(\$104.2)	\$119.4	(\$322.5)	\$119.3
Proposed Increases	188.6	0.0	450.3	0.0
Proposed Decreases	<u>(68.2)</u>	<u>(0.0)</u>	<u>(124.4)</u>	<u>(0.0)</u>
\$ Net Change	120.3	0.0	325.8	0.0
HB 1400/SB 800, as Introduced	\$16.1	\$119.4	\$3.3	\$119.3
% Change	0.0%	0.0%	0.0%	0.0%
FTEs	0.00	0.00	0.00	0.00
# Change	0.00	0.00	0.00	0.00

- **Adjust Reversion Clearing Accounts Included in Chapter 3**
 - *Miscellaneous Reversion Clearing Account.* Eliminates the net negative appropriation included in Item 471.4 of Chapter 3 of the 2014 Acts of Assembly, Special Session I, of \$40.6 million GF the first year and \$284.9 million GF the second year. The bulk of the savings appropriations that was assumed in Item 471.4 in Chapter 3 came from \$43.1 million in GF savings as a result of increased Lottery and Literary Fund proceeds in the first year and an assumed reversion of \$272.0 million in the second year from savings that were to be developed by budget reduction plans for state agencies during the budget development process in preparation for the upcoming session. Savings amendments are included throughout the budget to capture these savings. This amendment also eliminates the appropriation included in central appropriations in Chapter 3 to fill vacant judgeships. Companion amendments within the Judicial Department directly appropriate the funds for the judgeships. Additionally, language originally included in Chapter 3 authorizing the Governor to transfer up to \$5.0 million from existing appropriations to economic development activities is retained.

- *Higher Education Reversion Clearing Account.* Amendments transfer the \$45.0 million in GF savings each year for the Higher Education Reversion Clearing Account from Central Appropriations to the colleges and universities.
- *State Agency Savings Reversion Clearing Account.* Reduces the appropriations reversions assumed for state agencies under Item 471.1 by \$32.2 million GF the first year and \$9.5 million GF the second year. The proposal adjusts the GF reversions from \$92.4 million to \$60.1 million in FY 2015 and from \$100.0 million to \$90.5 million in FY 2016. The introduced budget includes balance reversions and transfers to replace the original appropriation reductions.
- *Aid to Local Government Reversion Clearing Account.* Includes \$159,262 GF the second year to reduce the Local Aid reversion from \$30.0 million GF to \$29.8 million GF. The \$159,262 represents the local share of a prior year Office Depot rebate realized by the Department of Accounts.

- **Employee Benefit Funding Adjustments**

- *Adjust Funding for State Employee Health Insurance Premiums.* Includes savings of \$1.5 million GF the first year and \$23.0 million GF the second year in funding for the employer share of the state employee health insurance program. The \$1.5 million in savings in FY 2015 is the result of a refinement in the calculation of GF and NGF fund splits at the Department of Behavioral Health and Developmental Services (DBHDS) and the institutions of higher education. The \$23.0 million in savings in FY 2016 is from a combination of actions shown in the table below.

**Summary of Actions Proposed for
FY 2016 State Employee Health Insurance Premiums**
(\$ millions GF)

	<u>FY 2016</u>
Adjust GF/NGF Splits at DBHDS and Colleges	(\$3.7)
Update on Number of Enrollees in Plan	(0.02)
Revised Projections from Actuaries Based on Current Plan	(3.3)
Reflect Cash Balances and Cash Transfers to HIF	(5.1)
Defer IBNR Ad-on	(9.6)
Proposed Changes to Employee Health Benefits	
Increase Plan Year Deductible	(0.9)
Reduce Co-Pay for Physical Therapy	0.5
Increase Use of Telemedicine	(0.1)
Reform Pharmacy "Drug Compounding" Policy	(0.6)
Require Prior Authorization for Androgen Prescriptions	<u>(\$0.2)</u>
Total	(\$23.0)

- *Adjust General Fund Support for Retirement Contributions Due to Fund Split Adjustment.* Captures savings of \$562,041 GF each year in funding that is distributed to agencies for VRS retirement contributions due to a refinement in the calculation of GF and NGF fund splits at the Department of Behavioral Health and Developmental Services (DBHDS). The savings at the DBHDS is netted against a slight increase of \$43,604 GF each year to fund retirement contributions at the Fort Monroe Authority.
- *Adjust Funding for OPEB Contributions for State Supported Local Employees.* Realizes savings of \$323,864 GF each year in funding for OPEB benefit contributions for local employees. This amendment is technical in nature and captures savings due to the language included in Chapter 3 to set state employee OPEB rates at 90 percent of the VRS Board certified rates.

- **Funding for Ethics Reform**

- *Funding for Ethics Reform Activities.* Proposes \$500,000 GF the second year to fund costs anticipated to be incurred related to ethics reform activities. The Governor previously vetoed funding included in the 2014 budget bill of \$150,000 GF the first year and \$300,000 GF the second year, to support ethics reform legislation enacted during the 2014 General Assembly Session.

- **Undistributed Support**

- *Additional Funding for Support Agency's VITA Costs.* Proposes to provide \$4.9 million GF the first year and \$6.0 million GF the second year to fund the updated estimated VITA charges. Language is included in VITA's budget which limits VITA's surcharge rate for VITA expenses at no more than 8.26 percent the first year and 7.81 percent the second year.