

Central Appropriations

Governor's Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2019 Proposed		FY 2020 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget, Ch. 836	\$249.9	\$119.8	\$249.9	\$119.8
Proposed Increases	71.3	1.9	132.8	1.9
Proposed Decreases	<u>(249.7)</u>	<u>(0.5)</u>	<u>(194.1)</u>	<u>(0.5)</u>
\$ Net Change	(178.4)	1.4	(61.3)	1.4
HB/SB 30, as Introduced	\$71.5	\$121.2	\$188.6	\$121.2
% Change	(71.4%)	1.2%	(24.5)%	1.2%
FTEs	0.00	0.00	0.00	0.00
# Change	0.00	0.00	0.00	0.00

- **Compensation Supplements**

- *Provide Salary Increase to State Employees.* Proposes \$49.4 million GF the second year for a 2 percent salary increase for state employees and state supported local employees. The proposed raise would be effective November 10, 2019 for state employees, and December 1, 2019 for state-supported local employees.
- *Adjust Funding for Changes in Employer State Health Plan Rates.* Adds \$33.7 million GF the first year and \$84.6 million GF the second year to reflect the adjustment in the employer's share of state employee health plans premiums based on projected growth in health care costs, enrollment updates and actual 2017 health insurance expenditures. The funding amounts represent annual increases of approximately 6 percent in FY 2019 and 8.5 percent in FY 2020.
- *Provide Funding for Employees' Share of Health Plan Premium Increases.* Proposes \$3.8 million GF the first year and \$10.0 million GF the second year for the state to cover the cost of employees' share of state health plan premium increases.

- *Adjust Funding for Changes in VRS Contribution Rates.* Proposes reducing funding by \$6.5 million GF the first year and \$6.8 million GF the second year to reflect the net savings from changes in the state employee retirement plans employer contribution rate

Proposed Employer Contribution Rates for Retirement Programs			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
VRS (State Employees)	13.49%	13.52%	13.52%
State Police Officers Retirement System (SPORS)	28.54%	24.88%	24.88%
VA Law Officers Retirement System (VALRS)	21.05%	21.61%	21.61%
Judicial Retirement System (JRS)	41.97%	34.39%	34.39%
VRS (Teachers)	16.32%	15.68%	15.68%

- *Other VRS Provided Benefits.* Reflects net savings of \$358,285 GF the first year and \$387,658 GF the second year due to changes in costs associated with other post-employment benefit (OPEB) programs for state employees and state-supported local employees.

Proposed Rates for VRS Administered OPEB Programs*			
(\$ in millions)			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Life Insurance – State Employee	1.31%	1.31%	1.31%
VSDP - State Employee	0.66%	0.62%	0.62%
Retiree Health Care Credit – State	1.18%	1.17%	1.17%
Life Insurance Employer Share – Teachers	0.52%	0.52%	0.52%
Retiree Health Care Credit – Teachers	1.23%	1.20%	1.20%

*Rates for FY 2018 reflect approved rates in Chapter 836 of the 2017 Acts of Assembly.

- **Distributed Agency Support**

- *Adjust Funding for Cardinal Charges.* Includes \$1.0 million GF the first year and \$1.3 million GF the second year to provide funding for the general fund share of increases in Cardinal internal service fund charges.
- *Adjust Funding for Performance Budgeting System Charges.* Includes \$237,053 GF the first year and \$247,087 GF the second year to provide funding for the GF share of the increases in Performance Budgeting System internal service fund charges.
- *Adjust Funding for Line of Duty Act Premiums.* Proposes \$1.1 million GF each year to adjust funding to reflect estimated changes in enrollment and the premiums charged for the Line of Duty Act (LODA) program. The annual premium charged per FTE covered position is proposed to increase from \$567.37 per FTE to \$705.77 per FTE.
- *Provide Funding for Workers' Compensation Premiums.* Proposes \$1.8 million GF the first year and \$2.4 million GF the second year to fund workers' compensation premiums based on the latest actuarial report. Beginning in the first year, the premium amount include the payback of the working capital advance used to settle workers' compensation claims.

2018-20 Central Budget Adjustments (GF \$ in millions)			
	<u>FY 2019</u>	<u>FY 2020</u>	<u>Total</u>
Cardinal Financial System	\$1.0	\$1.3	\$2.3
Workers Comp Premiums	1.8	2.4	4.2
Line of Duty Act	1.1	1.1	2.2
Performance Budgeting System	0.2	0.2	0.4
Personnel Management Information System	>0.0	>0.0	>0.0
Cardinal Payroll System	2.3	8.9	11.2
Information Technology and Telecommunication (VITA)	<u>23.4</u>	<u>27.1</u>	<u>50.5</u>
Total	\$29.8	\$41.0	\$70.8

- *Adjust Funding for the Personnel Management Information System Charges.* Includes a reduction of \$25,552 GF the first year and an increase of \$4,583 GF the second year to reflect changes to the general fund share of the Personnel Management Information System (PMIS) internal service fund charges.

- *Provide Funding for Cardinal Payroll System Internal Service Fund Charges.* Proposes \$2.3 million GF the first year and \$8.9 million GF the second year to reflect the general fund share of internal service fund charges paid by state agencies for the new Cardinal Payroll system, which is allocated based on the number of payroll payments. The new Cardinal Payroll system is expected to be fully implemented by April 2018.

- **Higher Education**

- *Higher Education Retained Earnings and Credit Card Rebates.* Includes \$6.5 million GF and \$1.9 million NGF each year to provide eligible higher education institutions' their proportional share of interest earning and small credit card purchase rebates.

- **Funding for Information Technology Applications**

- *Adjust Funding for Changes in Information Technology Costs.* Proposes adding \$23.4 million GF the first year and \$27.1 million GF the second year to adjust agencies' funding for the GF share of costs for information technology and telecommunications usage by state agencies based on utilization estimates by the Virginia Information Technologies Agency (VITA) and proposed rates for 2019 and 2020.
- *Adjust Funding to Agencies for Information Technology Auditors and Security Officers.* Proposes \$203,893 GF each year to adjust funding to agencies for information technology auditors and security officers based on the most recent update from the Virginia Information Technologies Agency (VITA).
- *Replacement of the Personnel Management Information System (PMIS).* Directs the Virginia Information Technologies Agency (VITA) to study and submit recommendations for the replacement of the Personnel Management Information System (PMIS) to the Governor by September 1, 2018, who would then identify the appropriate agency to develop, administer and maintain the new system. A capital advance of up to \$25.0 million is proposed to support the initial costs of replacing the system, to include planning, development and data configuration.

- **Special Expenditures**

- *Provide Appropriation for the Slavery and Freedom Heritage Project.* Proposes \$790,791 GF the first year for expected project expenditures for the City of Richmond to develop the Slavery and Freedom Heritage site, and make improvements to Lumpkin's Pavilion and the Slave Trail. The amendment also modifies language in the item to direct the re-appropriation of unexpended general fund balances, as of June 30, 2019, that were appropriated for the purpose

of supporting the City of Richmond in the development of the Slavery and Freedom Heritage site. Previously, those unexpended general fund amounts reverted to the general fund. There is a companion amendment in HB/SB 29 that provides \$1.2 million GF in anticipated expenditures.