

# Central Appropriations

The adopted amendments for the Central Appropriations result in a net decrease of \$237.0 million GF for the biennium, a reduction of 12.3 percent. General fund increases total \$17.8 million, and include \$9.8 million to pay institutions of higher education interest earned on nongeneral fund balances and rebates earned on charge card purchases. Other general fund increases include \$3.3 million for increased costs of operating the Capitol and General Assembly Building, \$3.1 million to restore long-term care benefits provided under the Virginia Sickness and Disability Program (VSDP); \$628,965 for transition and inaugural expenses for the newly-elected state-wide officers; \$438,208 as the first installment on the actuarial liability created by payment of the costs of providing enhanced retirement benefits under the Workforce Transition Act of 1995; and \$376,280 GF to convert the payroll services bureau that is operated by the Department of Accounts to an internal service fund.

General fund decreases total \$254.9 million and include savings of \$168.2 million from elimination of the 2 percent salary increases for classified employees in FY 2009 and FY 2010, state-supported local employees, and faculty (elimination of the 2 percent teacher pay raise for FY 2010 is contained in Public Education). Other adopted decreases include \$33.1 million GF from changes in the actuarial methodology used to calculate premiums for non-retirement benefits provided by the VRS, \$6.0 million from technology efficiencies, \$2.3 million from elimination of increases in rental charges for office space at the seat of government, \$1.2 million from a reduction in the amount appropriated for the Economic Contingency Account, savings of \$700,000 from reduced printing costs, \$439,800 from a reduction in awards from the Productivity Investment Fund, and \$77,022 by suspending payments of per diems to citizen members of executive branch boards and commissions. Savings in three programs total \$30.9 million GF (Rolls Royce Incentive Grants: -\$9.4 million, SRI: -\$2.0 million, and Base Realignment and Closure (BRAC) Assistance: -\$19.5 million), however these reductions are restored using federal stimulus dollars available under the American Recovery and Reinvestment Act of 2009.

Language is included that authorizes the use of federal funds provided to Virginia under the American Recovery and Reinvestment Act of 2009. The allocation to Virginia and its localities under this program is estimated to be \$4.8 billion. \$1,563.8 million of this amount is appropriated by the General Assembly in Chapter 781 of the 2009 Acts of Assembly.

- **Productivity Investment Fund**
  - *Productivity Investment Fund Awards.* Captures savings of \$139,800 GF in the first year and \$300,000 GF in the second year from a reduction in awards from the Productivity Investment Fund.
- **Compensation Supplements**
  - *Salary Actions.* Realizes savings of \$43.6 million GF in the first year and \$124.5 million GF in the second year from elimination of the first and second year 2 percent salary increases for classified employees, state-supported local employees,

and faculty. The FY 2009 salary increase for judges is not eliminated due to constitutional prohibitions against the reduction of compensation for judges.

| <u>Employee Group</u>           | <u>FY 2009</u> | <u>FY 2010</u> | <u>Total</u>   |
|---------------------------------|----------------|----------------|----------------|
| State Employees                 | \$22.5         | \$65.6         | \$88.1         |
| State-supported Local Employees | 11.5           | 31.5           | 43.0           |
| Faculty                         | <u>9.6</u>     | <u>27.4</u>    | <u>37.0</u>    |
| <b>Total</b>                    | <b>\$43.6</b>  | <b>\$124.5</b> | <b>\$168.1</b> |

- ***Teacher Salaries.*** An amendment under Direct Aid for Public Education captures savings of \$71.6 million GF in the second year from elimination of the salary increase of 2 percent for SOQ-supported instructional and support positions that would have been effective July 1, 2009.
- ***Employer Health Insurance Premiums.*** No increases in employer or employee health insurance premiums were authorized for FY 2010. However, the approved budget addresses the 10.3 percent upward trend in costs by 1) utilization of cash balances in the Health Insurance Fund, 2) a series of selected increases in co-payments and deductibles, and 3) restrictions on coverage for lap band and gastric bypass surgery.

- **Employee Benefits Reversion**

- ***Non-Retirement Benefits Provided by the VRS.*** Realizes savings of \$3.3 million GF in the first year and \$29.9 million GF in the second year by calculating the contribution rates for state employees and public school teachers in the Virginia Sickness & Disability Program, Group Life insurance, and Retiree Health Care Credit using the assumptions of an 8 percent rate of return on investments and a 30-year amortization period as was used in Chapter 879 of the 2008 Acts of Assembly for other VRS administered programs.
- ***Virginia Sickness and Disability Program (VSDP).*** The proposed elimination of the long term care component under the Virginia Sickness and Disability Program (VSDP) was rejected by the General Assembly, which provided \$3.1 million GF to restore the program. However, several changes were made in the VSDP: 1) increase the recurrent period for repeat Short-Term Disability (STD) claims from 14 workdays to 45 workdays, 2) institute a one-year waiting period for new employees before receiving STD benefits for non-work related claims, and 3) institute a cap of 60 percent on the STD income replacement rate until a new employee serves a five-year vesting period. These changes to the STD program

are meant to bring the VSDP program in line with best practices prevalent in private sector disability plans.

|                                                                      | <u>FY 2009</u> | <u>FY 2010</u> | <u>Total</u>  |
|----------------------------------------------------------------------|----------------|----------------|---------------|
| Virginia Sickness & Disability Program<br>(Change Policy Assumption) | \$3.3          | \$25.3         | \$28.6        |
| Group Life insurance                                                 | 0.0            | 0.7            | 0.7           |
| Retiree Health Care Credit                                           | <u>0.0</u>     | <u>4.1</u>     | <u>4.1</u>    |
| <b>Total</b>                                                         | <b>\$3.3</b>   | <b>\$30.1</b>  | <b>\$33.4</b> |

- *Workforce Transition Act Payments.* Provides an additional \$438,208 GF in the second year as the first installment on the actuarial liability created by the payment of the costs of providing enhanced retirement benefits under the Workforce Transition Act of 1995. Added language overrides a Code provision that requires up-front payment of these costs, and instead spreads these costs over the 30-year amortization period used in the VRS actuarial calculations.

- **Unanticipated Expenditures**

*Undistributed Support*

- *VITA Rates.* Eliminates funding of \$6.0 million GF in the second year for undistributed decentralized information technology rate increases, and transfers \$3.5 million from the second year to the first year to address projects funding shortfalls. Language under the Virginia Information Technologies Agency (VITA) directs the Governor and the Information Technology Investment Board to close any projected differences between budgeted funds and projected costs in the second year through changes in service levels.
- *Payroll Services Bureau.* Provides \$376,280 GF in the second year to support agency payments to the payroll services bureau that is operated by the Department of Accounts. Conversion of this bureau from general fund support to an internal service fund will result in net savings of \$233,004.
- *DGS Rental Charges.* Eliminates the appropriation of \$1.2 million GF in the first year and \$1.1 million GF in the second year for increases in rental charges by the Department of General Services for office space at the seat of government, in Richmond.
- *Economic Contingency.* Eliminates the appropriation of \$1.2 million GF in the second year for the governor's Economic Contingency Account.

- ***Aerospace Manufacturing Incentive Grant.*** Eliminates the appropriation of \$9.4 million GF in the second year for the aerospace manufacturing incentive grant program (Rolls Royce) in the second year. A companion amendment in Item 475.50 restores these funds from federal stimulus funds available under the American Recovery and Reinvestment Act of 2009.
- ***Research-related Incentive Grant (SRI).*** Eliminates the appropriation of \$2.0 million GF in the second year for the research-related incentive grant program (SRI) in the second year. A companion amendment in Item 475.50 restores these funds from federal stimulus funds available under the American Recovery and Reinvestment Act of 2009.
- ***Base Realignment and Closure (BRAC) Assistance.*** Eliminates the appropriation of \$19.5 million GF in the second year for assistance to localities impacted by the recommendations of the federal Base Realignment and Closure (BRAC) Commission. A companion amendment in Item 475.50 restores these funds from federal stimulus funds available under the American Recovery and Reinvestment Act of 2009.
- ***Capitol and General Assembly Building.*** Provides \$1.6 million GF the first year and \$1.7 million GF in the second year for the increased charges by the Department of General Services to the House of Delegates, Senate, the Division of Legislative Services, the Division of Legislative Automated Services, Joint Legislative Audit and Review Commission, and the Governor's Office for the maintenance and operation of the Capitol and the General Assembly Building.
- **Transfer Grants**
  - ***Two-Year College Transfer Grants.*** Eliminates the increase of \$1.3 million that was proposed in the budget, as introduced. This increase was contingent upon legislation that failed to pass during the 2009 Session.
- **State Agency Reductions**
  - ***State Agency Reversions.*** Captures savings of \$14.9 million GF in the first year with an offset of \$3.0 million GF in the second year from all state agencies except institutions of higher education. Chapter 879 of the 2008 Acts of Assembly required state agencies to submit plans to the Governor to achieve savings of \$17.5 million GF each year by August 1, 2008.
  - ***Board and Commission per Diem Payments.*** Achieves savings of \$77,022 GF the second year by suspending payments of per diems to citizen members of executive branch boards and commissions.
  - ***Printing Expenses.*** Realizes savings of \$200,000 GF in the first year \$500,000 GF the second year from reduced expenditures for printing reports.

- **Transition Support**

- **Transition Support.** Provides \$628,965 GF and \$104,135 NGF in the second year for transition support for the Governor, Lt. Governor, and Attorney General offices to be elected in 2009. The \$104,135 NGF is proposed to be provided from the Department of General Services' seat of government rent plan, and would cover the cost of office space.
- **Inaugural Expenses.** Provides \$225,000 GF in the second year to be transferred to the Department of General Services for inaugural expenses.

|                                  | <u>GF</u>        | <u>NGF<br/>(Rent Plan)</u> | <u>Total</u>     |
|----------------------------------|------------------|----------------------------|------------------|
| Transition Support               |                  |                            |                  |
| Office of the Governor           | \$353,600        | \$69,386                   | \$422,986        |
| Office of the Lt. Governor       | 67,100           | 13,878                     | 80,978           |
| Office of the Attorney General   | 87,400           | 20,871                     | 108,271          |
| <b>Total: Transition Support</b> | <b>\$508,100</b> | <b>\$104,135</b>           | <b>\$612,235</b> |
| Inaugural Expenses               |                  |                            |                  |
| Department of General Services   | <u>\$225,000</u> | <u>\$0</u>                 | <u>\$225,000</u> |
| <b>Total</b>                     | <b>\$628,965</b> | <b>\$104,135</b>           | <b>\$733,100</b> |

- **Federal Stimulus Funding**

- **Federal Stimulus Funding.** Authorizes the use of federal funds provided to Virginia under the American Recovery and Reinvestment Act of 2009. The allocation to Virginia and its localities under this program is estimated to be \$4.8 billion. \$1,563.8 million of this amount is appropriated by the General Assembly in Chapter 781 of the 2009 Acts of Assembly. The stimulus funding accounts from which these funds are derived are highlighted in the following table.

Generally, these funds are available over the two year period corresponding to the state fiscal years FY 2009-2010 and FY 2010-2011.

**Estimated Revenues for Virginia under the  
American Recovery and Reinvestment Act of 2009**

| Program                                                         | \$ Millions             |
|-----------------------------------------------------------------|-------------------------|
| <b><u>Medicaid - Federal Medicaid Assistance Percentage</u></b> | <b><u>\$1,284.8</u></b> |
| <b><u>Medicaid - Disproportionate Share Hospitals</u></b>       | <b><u>\$4.3</u></b>     |
| Foster Care and Adoption                                        | \$13.4                  |
| Immunization                                                    | \$5.6                   |
| <b><u>Fiscal Stabilization - Education</u></b>                  | <b><u>\$983.9</u></b>   |
| <b><u>Fiscal Stabilization - General</u></b>                    | <b><u>\$218.9</u></b>   |
| Title 1 - Grants to Local Education Authorities                 | \$165.3                 |
| Title 1 - School Improvement                                    | \$47.9                  |
| Part B of the IDEA - Special Education                          | \$281.4                 |
| Part B of the IDEA - Preschool Special Education                | \$9.5                   |
| Part C of the IDEA - Early Intervention Services                | \$10.3                  |
| Educational Technology                                          | \$10.8                  |
| Education for Homeless                                          | \$1.0                   |
| Work Study                                                      | \$3.7                   |
| Vocational Rehabilitation                                       | \$11.6                  |
| Independent Living                                              | \$0.3                   |
| Highways and Bridges                                            | \$694.5                 |
| Transit Capital Grants - Urban                                  | \$93.3                  |
| Transit Capital Grants - Rural                                  | \$18.6                  |
| Rail Modernization - Fixed Guideway                             | \$4.2                   |
| Drinking Water State Revolving Fund                             | \$20.8                  |
| Clean Water State Revolving Fund                                | \$80.8                  |
| Weatherization                                                  | \$96.9                  |
| State Energy Program                                            | \$69.3                  |
| Emergency Food and Shelter                                      | \$1.2                   |
| The Emergency Food Assistance Program                           | \$1.7                   |
| Food Stamp Administration                                       | \$5.3                   |
| School Lunch Equipment                                          | \$2.2                   |
| Elderly Nutrition                                               | \$3.0                   |
| CCDF Childcare                                                  | \$37.9                  |
| Head Start                                                      | \$11.2                  |
| Community Services Block Grant                                  | \$16.0                  |
| Public Housing Capital Fund                                     | \$51.2                  |

**Estimated Revenues for Virginia under the  
American Recovery and Reinvestment Act of 2009**

| Program                                             | \$ Millions          |
|-----------------------------------------------------|----------------------|
| Community Development Block Grant - Entitlement     | \$11.3               |
| Community Development Block Grant - Non-Entitlement | \$5.3                |
| HOME Investment Partnerships Program                | \$44.2               |
| Homelessness Prevention                             | \$24.9               |
| Crime Victims Assistance Grants                     | \$1.0                |
| Crime Victims Compensation                          | \$0.3                |
| Internet Crimes Against Children                    | \$1.9                |
| Violence Against Women                              | \$5.5                |
| <b><u>Byrne Justice Assistance Grant</u></b>        | <b><u>\$39.4</u></b> |
| Unemployment Insurance Administration               | \$13.7               |
| Employment Service                                  | \$8.6                |
| Community Service for Older Americans               | \$2.6                |
| Workforce Investment Act - Adult                    | \$5.3                |
| Workforce Investment Act - Youth                    | \$13.1               |
| Dislocated Workers                                  | \$13.6               |
| Food Stamp Benefits                                 | \$355.0              |
| Child Support Enforcement                           | \$40.4               |
| <b>TOTAL</b>                                        | <b>\$4,847.0</b>     |

- ***Fiscal Stimulus - General.*** The American Recovery and Reinvestment Act of 2009 provides Virginia with \$218.0 million for general fiscal stimulus. These funds have few restrictions on their use by the Commonwealth. Chapter 781 of the 2009 Acts of Assembly appropriates half of these funds, \$109.5 million, for use in FY 2010. The remainder will be available for appropriation in FY 2011. In many cases more detailed explanations can be found under the section for each agency.

**American Recovery and Reinvestment Act of 2009  
Fiscal Stimulus - General Amounts Appropriated in Chapter 781**

| Program                                                                                                           | \$ Millions    |
|-------------------------------------------------------------------------------------------------------------------|----------------|
| Item C-14.40, Luter School of Business, for the purpose of advancing capital projects to full planning            | \$1.1          |
| Item C-19.15, Integrated Science Center Phase III, for the purpose of advancing capital projects to full planning | \$2.2          |
| Item C-39.15, Duke Hall, for the purpose of advancing capital projects to full planning                           | \$1.1          |
| Item C-61.50, Ruffner Hall, for the purpose of advancing capital projects to full planning                        | \$1.1          |
| Item C-91.10, Engineering Signature Building, for the purpose of advancing capital projects to full planning      | \$1.1          |
| Item C-177.20, for the purpose of capital planning                                                                | \$4.5          |
| Item C-0, for the purpose of project detailed planning                                                            | \$16.7         |
| Item C-181.20, for the purpose of capital improvements                                                            | \$4.0          |
| Item C-0, for the purpose of building maintenance at state agencies and institutions of higher education          | <u>\$15.0</u>  |
| <b>Total: Capital</b>                                                                                             | <b>\$46.7</b>  |
| Item 361 G, for the purpose of Best Management Practices                                                          | \$5.2          |
| Item 254, for the purpose of the Commonwealth Technology Research Fund                                            | \$1.0          |
| Item 470, for the purpose of the Virginia Tobacco Settlement Fund                                                 | \$7.3          |
| Item 110, for the purpose of the Fort Monroe Federal Area Development Authority                                   | \$1.6          |
| Item 361 G, for the purpose of Best Management Practices                                                          | \$10.0         |
| Item 473 H, for the purpose of the Base Realignment and Closure Commission                                        | \$19.5         |
| Item 473 I, for the purpose of Rolls Royce incentive package                                                      | \$9.4          |
| Item 105, for the purpose of the Governor's Opportunity Fund                                                      | \$0.6          |
| Item 473 M, for the purpose of SRI International                                                                  | \$2.0          |
| Item 277, for the purpose of regional jail reimbursement                                                          | \$2.6          |
| Item 105, for the purpose of investment performance grants                                                        | \$1.6          |
| Item 362, for the purpose of the Virginia Land Conservation Fund                                                  | <u>\$2.0</u>   |
| <b>Total: Operating</b>                                                                                           | <b>\$62.8</b>  |
| <b>Total: FY 2010 Fiscal Stabilization- General</b>                                                               | <b>\$109.5</b> |



- ***Other Fiscal Stimulus Funds.*** Chapter 781 of the 2009 Acts of Assembly appropriates \$1.5 billion of funds from the American Recovery and Reinvestment Act of 2009 that are restricted for use only for public education, higher education, Medicaid, and public safety. More detailed explanations on these uses can be found under the section for each agency.

| <b>American Recovery and Reinvestment Act of 2009<br/>Other Fiscal Stimulus Amounts Appropriated in Chapter 781</b> |                    |
|---------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Program</b>                                                                                                      | <b>\$ Millions</b> |
| FY 2010 Fiscal Stabilization- Education (Higher Ed)                                                                 | \$126.7            |
| FY 2010 Fiscal Stabilization- Education (Direct Aid to Public Education (Item 141))                                 | \$365.2            |
| Medicaid - Federal Medicaid Assistance Percentage and the Medicaid - Disproportionate Share Hospitals               | \$962.5            |
| FY 2010 Byrne Justice Assistance Grant (Sheriffs)                                                                   | \$23.3             |