

# Central Appropriations

<b>Adopted Adjustments</b>				
(\$ in millions)				
	<b>FY 2021 Adopted</b>		<b>FY 2022 Adopted</b>	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Budget, Ch. 854	\$273.1	\$122.9	\$273.1	\$122.9
Adopted Increases	352.0	1.7	433.1	1.7
Adopted Decreases	(485.1)	(51.7)	(480.8)	(51.7)
\$ Net Change	(133.1)	(50.0)	(47.8)	(50.0)
<b>Ch. 1289 (HB 30, as Adopted)</b>	<b>\$139.9</b>	<b>\$72.9</b>	<b>\$225.3</b>	<b>\$72.9</b>
% Change	(48.8%)	(40.7%)	(17.5%)	(40.7%)
FTEs	0.00	0.00	0.00	0.00
# Change	0.00	0.00	0.00	0.00

## Unallotted Spending

*(pending the assessment of the impact of a potential general fund revenue shortfall caused by the COVID-19 pandemic)*

	<u>FY 2021</u>	<u>FY 2022</u>
<b>Compensation and Benefits Adjustments</b>		
Compensation Actions for State Employees and State-Supported Locals	\$118,087,286	\$146,766,525
Reduce State Employee Retiree Health Insurance Credit Amortization Period	3,881,799	4,050,565
<b>Distributed Agency Support</b>		
Adjust Funding for Changes in the Cost of Rent for Enhanced Security	\$1,742,906	\$2,518,778
Adjust Funding to Agencies for Information Technology Auditors and Security Officers	180,746	180,746
Adjust General Fund Support to Agencies for Increased Internal Service Fund Rates	161,465	223,189
<b>Payments for Special or Unanticipated Expenditures</b>		
Provide Funding for Slavery and Freedom Heritage Site in Richmond	\$1,000,000	\$0
Upgrade the Integrated Flood Observation and Warning System (IFLOWS)	<u>1,000,000</u>	<u>1,000,000</u>
<b>Total</b>	<b>\$126,054,202</b>	<b>\$154,739,803</b>

*Note: Unallotting an appropriation is an executive function that prevents an agency from expending such appropriation. Budget language was included to authorize any particular spending items will no longer apply until such time as the General Assembly re-enacts such appropriation after acceptance of a revenue forecast that supports the underlying appropriation.*

- **Compensation Supplements**

- *Provide Funding for Employee Compensation Adjustments (Unallotted).* Provides \$118.1 million GF the first year and \$146.8 million GF the second year in state and state-supported local employee across-the-board and targeted compensation adjustments, contingent upon sufficient FY 2020 year-end revenues. Includes a 3 percent bonus the first year for state employees, including higher education faculty, adjunct faculty, and staff, to be paid on December 1, 2020, and a 3 percent full-year, second year raise, effective June 10, 2021, for the July 1, 2021 payday.

For State Police troopers with three or more years of continuous state service, a compression adjustment of \$110 per year of service, up to 30 years, is provided in-lieu-of a first year bonus, as well as a 2 percent first year raise, effective August 10, 2020, for the September 1 payday, in addition to the 3 percent full-year second year raise provided to all state employees.

State-supported local employees receive a 2 percent bonus the first year, to be paid on December 1, 2020, and 3 percent full-year, second year raise, effective July 1, 2021. All compensation actions are contingent upon FY 2020 year-end actual general fund revenues collected and accounted for in the preliminary close of the fiscal year ended June 30, 2020 not being 1 percent or more below the official budget estimate for FY 2020, necessitating a statutorily required revenue reforecast.

Language also requires such revenue contingency to effectuate the compensation adjustment for SOQ funded instructional positions contained within Item 145. A separate action in Item 478 provides \$384,654 GF for increased agency internal service fund charges for the Department of General Services and the Virginia Information Technologies Agency as a result of the state employee compensation actions.

- **A Summary of Approved Compensation Actions is Depicted Below:**

<b>Adopted Compensation Adjustments (<i>Unallotted</i>)</b>		
(\$ GF only, in millions)		
<u>Base Salary Adjustments</u>	<u>Cost</u>	<u>Effective Date</u>
<b>State Employees</b>		
3% Bonus 1 <sup>st</sup> Year		Bonus Paid on 12/1/20
3% Raise 2 <sup>nd</sup> Year	\$194.5	Raise Effective 6/10/21, for 7/1/21 Pay
<b>State-Supported Local Employees</b>		
2% Bonus 1 <sup>st</sup> Year		Bonus Paid on 12/1/20
3% Raise 2 <sup>nd</sup> Year	49.6	Raise Effective 7/1/21
<b>Teachers/SOQ Positions</b>		
2% Raise 1 <sup>st</sup> Year		Raise Effective 7/1/20
2% Raise 2 <sup>nd</sup> Year	<u>290.5</u>	Raise Effective 7/1/21 <sup>(1)</sup>
<b>Total GF Cost</b>	<b>\$534.6</b>	
<b><u>Targeted Salary Actions<sup>(2)</sup></u></b>		
<b>State Troopers w/ 3 or More Years of Svc.</b>		
\$110/Year of Service (up to 30 years)		Effective 8/10/20, for 9/1/20 Pay
2% Raise in 1 <sup>st</sup> Year	\$16.1	Raise Effective 6/10/21 for 7/1/21 Pay
<b>Adjunct Faculty</b>		
3% Bonus 1 <sup>st</sup> Year		Bonus Paid on 12/1/20
3% Base Pay Adjustment 2 <sup>nd</sup> Year	<u>4.6</u>	Base Pay Adjustment Effective 6/10/21
<b>Total GF Cost</b>	<b>\$20.7</b>	
<b>Total All Compensation Actions<sup>(3)</sup></b>	<b>\$555.3</b>	

<sup>(1)</sup> Contained within Item 145 (Direct Aid to Public Education).

<sup>(2)</sup> State Trooper compression adjustment requires three or more years of continuous state service and pays \$110 per year of service, up to 30 years. 2% raise in first year provided in-lieu-of 3% bonus provided to all other state employees.

<sup>(3)</sup> Excludes \$384,654 in personnel costs for the Department of General Services and the Virginia Information Technology Agency recovered from internal service fund charges to agencies, reflected in Item 478.

- **Adjust Funding for State Employee Retirement Costs.** Provides \$15.7 million GF the first year and \$16.4 million GF the second year for changes in employer contribution rates for state employee retirement plans, approved by the Virginia Retirement System Board of Trustees. The approved funding and rates included in the budget reflect the actuarial valuation, which assumed a reduction in the long term rate of return from 7 percent to 6.75 percent, pursuant to VRS Board action this fall.
- **Adjust Funding for State Health Plan Premiums.** Adds \$41.3 million GF the second year for the employer share of health insurance premium cost increases, which reflects an estimated increase of 6.7 percent in the second year. Actuarially projected growth in health care costs, enrollment updates, and actual 2019 healthcare claims expenditures suggested premium increases of 2.4 percent the first year and 6.7 percent the second year. Due to sufficient Health Insurance Fund balances, the budget assumes no increase in the employer or employee shares of premiums in the first year.

<b>Employer Contribution Rates for Retirement Programs</b>			
	<u>FY 2020<sup>(1)</sup></u>	<u>FY 2021</u>	<u>FY 2022</u>
VRS (State Employees)	13.52%	14.46%	14.46%
State Police Officers Retirement System (SPORS) <sup>(2)</sup>	24.88%	26.33%	26.33%
VA Law Officers Retirement System (VALRS) <sup>(3)</sup>	21.61%	21.90%	21.90%
Judicial Retirement System (JRS)	34.39%	29.84%	29.84%
VRS (Teachers)	15.68%	16.62%	16.62%

<sup>(1)</sup> Rates for FY 2020 reflect approved rates in Ch. 854 2019 Acts of Assembly (HB 1700).

<sup>(2)</sup> Rates reflect increases associated with passage of Ch. 968 and 969 of the 2020 Acts of Assembly (HB 1495/SB 54), which allow retired law-enforcement personnel to return to work as school security officers. Rates prior to the passage of legislation equaled 26.26 percent each year.

<sup>(3)</sup> Rates reflect increases associated with Ch. 968 and 969 of the 2020 Acts of Assembly (HB 1495/SB 54), which allows retired law-enforcement personnel to return to work as school security officers. Rates prior to the passage of legislation equaled 21.88 percent each year.

- **Adjust Funding for Other Post-Employment Benefits Costs (Unallotted\*).** Provides \$7.9 million GF over the biennium to support the changes in employer contribution rates for other post-employment benefit programs for state employees and state-supported local employees. The net cost includes increases of \$4.0 million GF the first year and \$4.2 million GF the second year for the state employee programs,

partially offset by savings of \$55,805 GF each year for the state-supported local employee programs.

\*\$3.9 million GF the first year and \$4.1 million GF the second year is attributable to reducing the amortization period for the state retiree health care credit program’s legacy unfunded liability by five years, which will improve the funded status of the plan and save approximately \$289.0 million in contribution costs over the remainder of the 19 year amortization period. The funding to reduce the amortization period has been unallotted pending the impact of the assessment of the impact of a potential general fund revenue shortfall.

<b>Rates for VRS Administered OPEB Programs</b>			
(\$ in millions)			
	<u>FY 2020*</u>	<u>FY 2021</u>	<u>FY 2022</u>
Life Insurance – State Employee	1.31%	1.34%	1.34%
VSDP - State Employee	0.62%	0.61%	0.61%
Retiree Health Care Credit – State**	1.17%	1.25%	1.25%
Life Insurance Employer Share – Teachers	0.52%	0.54%	0.54%
Retiree Health Care Credit – Teachers	1.20%	1.21%	1.21%
* Rates for FY 2020 reflect approved rates in Chapter 854 of the 2019 Acts of Assembly (HB 1700).			
** Rates for FY 2021 and FY 2022 reflect a five year reduction in the amortization period for the legacy unfunded liability, included as a separate action in Item 477. Prior to this action, rates equaled 1.12 percent each year.			

- ***Provide Funding for Minimum Wage Increase.*** Provides \$1.4 million GF the first year and \$4.6 million GF the second year to reflect the cost to state agencies and higher education institutions resulting from an increase in the state minimum wage, beginning January 1, 2021, pursuant to Chapters 1204 and 1242 of the 2020 Acts of Assembly (HB 395/SB 7). A companion action in Item 313, provides \$64.8 million GF over the biennium to increase Medicaid provider rates by 5 percent the first year and 2 percent the second year, to address the impact of the minimum wage increase.
- ***Provide Additional Funding for Line of Duty Act Premiums.*** Provides \$202,639 GF each year for Line of Duty Act premium changes, which includes an additional \$78,811 GF each year associated with the passage of Chapters 1150 and 1152 (HB 169/SB 345); Chapters 498 and 499 (HB 783/SB 9); and, Chapters 1206 and 1262 (HB 438/SB 561) of the 2020 Acts of Assembly.

- **Distributed Agency Support**

- *Adjust Funding for Cardinal Charges.* Includes savings of \$1.9 million GF the first year and \$2.1 million GF the second year, which reflects changes in state agency utilization and the allocation of the general fund share of charges for the Cardinal Financial System.
- *Adjust Funding for Performance Budgeting System Charges.* Includes savings of \$251,280 GF the first year and \$225,171 GF the second year, which reflects changes in state agency utilization and the allocation of the general fund share of charges for the Performance Budgeting System.
- *Adjust Funding for Line of Duty Act Premiums.* Provides \$123,828 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 greater than the amount approved by the Virginia Retirement System Board of Trustees in order to provide health insurance coverage to dependents previously included on a LODA beneficiary's health plan, who lost their health coverage on July 1, 2017. There is corresponding language in Central Appropriations that grandfathers dependents born or adopted after the LODA beneficiary's death or disability, prior to July 1, 2017.
- *Adjust Funding for Changes in Liability Insurance Premiums.* Includes \$994,019 GF each year to the net general fund support for changes in general liability insurance premiums billed by the Division of Risk Management. A separate amendment within the Department of the Treasury reflects the increase in nongeneral fund appropriations for liability insurance premiums billed to state agencies.
- *Reflect Reduction in Workers' Compensation Premiums.* Reflects a net reduction in Workers' Compensation premiums of \$457,852 GF the first year and \$173,038 GF the second year. The reduction in premiums relative to Chapter 854 of the 2019 Acts of Assembly (HB 1700) are partially offset by an increase in premiums of \$418,085 GF each year associated with the passage of Chapters 1206 and 1262 of the 2020 Acts of Assembly (HB 438/SB 561).
- *Reflect Changes in Rent Costs Due to Additional Security Enhancements (Unallotted).* Adds \$1.9 million GF the first year and \$2.7 million GF the second year to reflect increased rent costs for state agencies due to changes in agency square footage occupancy, of which \$1.7 million the first year and \$2.5 million the second year is to support higher rent rates due to additional building security measures. There is a corresponding action in the Department of General Services that reflects the enhanced security measures, which includes appropriation for the acquisition

of additional security equipment, as well as a memorandum of understanding with the Division of Capitol Police for additional police and security officers for state-owned facilities.

- ***Adjust Funding for the Human Resource Service Center.*** Adjusts funding for the Human Resource Service Center (HRSC), within the Department of Human Resource Management (DHRM), to reflect projected costs of providing human resource services to participating state agencies. Separate actions within the HRSC item within DHRM transfer its existing general fund appropriation to Central Appropriations, and establishes a nongeneral fund appropriation to create an internal service fund cost recovery mechanism for services rendered for state agencies by the HRSC, effective July 1, 2020.

<b>2020-22 Central Budget Adjustments</b>			
(GF \$ in millions)			
	<u>FY 2021</u>	<u>FY 2022</u>	<u>Total</u>
Cardinal Financial System	\$(1.9)	\$(2.1)	\$(4.0)
Workers Comp Premiums	(0.9)	(0.6)	(1.5)
Line of Duty Act	0.1	0.1	0.2
Performance Budgeting System	(0.3)	(0.3)	(0.6)
Personnel Management Information System	(0.3)	(0.3)	(0.6)
Cardinal Human Capital Management System	0.0	10.1	10.1
Liability Insurance Premiums	1.0	1.0	2.0
Information Technology and Telecommunication (VITA)	<u>(53.5)</u>	<u>(49.3)</u>	<u>(102.9)</u>
<b>Total</b>	<b>\$(55.8)</b>	<b>\$(41.4)</b>	<b>\$(97.3)</b>

- ***Adjust Funding for the Personnel Management Information System Charges.*** Includes reductions of \$316,114 GF the first year and \$330,518 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 Human Capital Management System Charges.*** Includes funding of \$10.1 million GF the second year representing state agency general fund shares of internal service fund charges for the new Cardinal Human Capital Management (HCM) System. Charges are expected to become effective October 2021, after agencies have begun utilizing the system. Once the HCM has become active, the Personnel Management Information System (PMIS) and its associated internal service fund will be decommissioned. There is a corresponding



action in the Department of Accounts that reflects the operating costs for the HCM System. During the transition, operating costs incurred for the System are funded through a working capital advance, which has been increased to \$142.7 million.

- *Adjust Funding to Agencies for Information Technology Auditors and Security Officers (Unallotted).* Provides \$180,746 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).

- **Funding for Information Technology Applications**

- *Adjust Funding for Changes in Information Technology Costs.* Includes reductions of \$53.5 million GF the first year and \$49.3 million GF the second year to the general fund share of costs for information technology and telecommunications usage by state agencies, based on Virginia Information Technologies Agency (VITA) utilization estimates and rates for 2021 and 2022. The reduction is reflective of savings from the full repayment of costs associated with transitioning from the previous information technology vendor.
- *Repay Line of Credit for Agency Cloud Migration.* Includes \$2.5 million GF the first year to repay the line of credit extended to the Virginia Information Technologies Agency (VITA) for agency virtualization and cloud-readiness activities. Chapter 854 of the 2019 Acts of Assembly (HB 1700) authorized agencies to draw from VITA’s line of credit to pay the costs of certain agencies for cloud migration activities, as recommended by the Chief Information Officer, and subject to approval by the Secretaries of Finance and Administration.

- **Special Expenditures**

- *Provide Funding for Workforce Case Management System.* Adds \$1.1 million GF the first year and \$800,000 GF the second year to integrate workforce case management systems across state agencies, to enable interagency information sharing, improve efficiency, and provide customers with one access point into the workforce development system.
- *Provide Appropriation for the Slavery and Freedom Heritage Project (Unallotted).* Provides \$1.0 million 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. Language specifies that unexpended balances not revert to the general fund, but be re-appropriated for this purpose. The action also reflects the removal on the cap of total state support for the planning, design, and construction of the respective projects, and other conditions on the City of Richmond prior to receipt of funds.

- ***Authorize Funding for Flood Warning System (Unallotted).*** Includes \$1.0 million GF each year to be transferred, upon approval from the Department of Planning and Budget, to the Virginia Department of Emergency Management (VDEM) for the evaluation, upgrading, and maintenance of the Integrated Flood Observation and Warning System (IFLOWS). Authorized distributions for this purpose are contingent on the development of a plan by the State Coordinator of VDEM that prioritizes a list of repairs, replacements, upgrades, and maintenance needs of the IFLOWS system.
- ***Provide Support for Redistricting Commission and Related Activities.*** Provides \$1.1 million GF each year to be distributed by the Department of Planning and Budget to state agencies to support redistricting activities, including to support activities of the Virginia Redistricting Commission, if approved. Chapters 1196 and 1071 of the 2020 Acts of Assembly (SJ 18/SB 236) establish the constitutional amendment creating the Commission and providing for its approval via voter referendum at the November 3, 2020 election. The constitutional amendment establishing the Commission was originally adopted in Chapter 821 of the 2019 Acts of Assembly (HJ 615), and required reenactment by the 2020 General Assembly before being placed on the ballot for a voter referendum.
- ***Transfer Management Fellows Program Administration Appropriation to New Agency.*** Transfers \$1.2 million GF each year from Central Appropriations to a new agency within the Department of Human Resource Management, called the Management Fellows Program Administration, for continuation and administration of the program’s activities.
- ***Provide Executive Authority for Appropriating Federal Relief Funds and COVID-19 Relief Fund.*** Includes language authorizing the Governor to appropriate funds to state agencies, institutions of higher education, and other permissible entities the federal relief funds provided from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and other legislation in response to the COVID-19 pandemic.

Language also includes provisions requiring state agency/entity records management and reporting, consistent with federal and state requirements, including a quarterly report on the distribution of such appropriation to the Chairs of the House Appropriations and Senate Finance & Appropriations Committees.

Language also authorizes the Governor to appropriate within Item 476.10, or any other item(s) in the Appropriation Act, any revenues deposited to the COVID-19 Relief Fund (Relief Fund) which is created pursuant to Chapters 1217 and 1277 of the 2020 Acts of Assembly (HB 881/SB 971) (which prohibited skill games) to establish the Relief Fund and dedicate a portion of the revenues generated through the taxation of such skill games through July 1, 2021, to the Relief Fund. Language

also specifies that the appropriations made resulting from such revenues shall be used exclusively for the purposes of responding to the COVID-19 pandemic.

Language in Chapter 1283 of the 2020 Acts of Assembly (HB 29) provides \$50.0 million GF the second year in anticipated state matching COVID-19 related federal relief funds, and the same language authorizing the appropriation of federal relief funds and revenues deposited to the COVID-19 Relief Fund.

- **Educational and General Programs**

- *Provide Additional Funding for Tech Talent.* Provides \$15.2 million GF each year to continue funding for the Tech Talent Investment Fund, which is intended to improve the readiness of graduates to be employed in technology-related fields and in fields that align with traded-sector growth opportunities, as identified by the Virginia Economic Development Partnership. This is in addition to base funding of \$16.6 million GF provided in FY 2020 pursuant to Chapter 854 of the 2019 Acts of Assembly (HB 1700), resulting in total funding of \$31.8 million GF each year for the Tech Talent Investment Fund.

- **Distribution of Tobacco Settlement Funding**

- *Adjust Appropriation for the Tobacco Settlement Distributions.* Reduces by \$100.0 million NGF over the biennium the appropriation for the Tobacco Region Revitalization Commission to align with anticipated expenditures.
- *Direct Marketing and Advertising Efforts of the Virginia Foundation for Healthy Youth.* Includes language directing the Virginia Foundation for Healthy Youth to prioritize in its marketing and education efforts information regarding the health effects of vaping by teens and young adults.