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# VIRGINIA STATE BUDGET

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2001 Session

## Budget Bill - SB800 (Introduced)

Bill Order » Central Appropriations » Item 547

Central Appropriations

Item 547	First Year - FY2001	Second Year - FY2002
<b>Compensation Supplements (State) (75700)</b>	<b>\$9,660,286</b>	<b>\$44,227,851</b>
		<b>\$82,736,825</b>
Fund Sources:		
General	\$9,660,286	\$35,731,010
Higher Education Operating	\$0	\$82,736,825
		\$8,496,841

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Authority: Discretionary Inclusion.

A. Transfers from this Item may be made to supplement general fund appropriations to state agencies for:

1. Adjustments to base rates of pay;
2. Adjustments to rates of pay for budgeted overtime of salaried employees;
3. Salary increases for positions with salaries listed elsewhere in this act;
4. Salary increases for locally elected constitutional officers and their employees;
5. In-range band salary adjustments for employees subject to the Virginia Personnel Act to recognize changes in duties or professional skill development, establish *internal alignment* (equitable salary relationships), or respond to labor market conditions (*retention*).
6. Employer costs of employee benefit programs when required by salary-based pay adjustments; and
7. Salary increases for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education.

This appropriation provides for the compensation adjustments described in paragraph C of this Item, subject to conditions stated in this Item.

B. Transfers from this Item may be made when appropriations to the state agencies concerned are insufficient for the purposes stated in paragraph A of this Item, as determined by the Department of Planning and Budget, and subject to guidelines prescribed by the department. Further, the Department of Planning and Budget may transfer appropriations within this Item from the second year of the biennium to the first year, when necessary to accomplish the purposes stated in paragraph A of this Item.

C.1.a). The base salary of employees listed in this paragraph set out in subparagraph 2 a through 2 d of this paragraph shall be increased by 3.25 percent on November 25, 2000, for those employees set out in subparagraphs 2 a through 2 d of this paragraph. This appropriation includes \$22,905,720 the first year and \$52,116,109 the second year for this purpose The base salary of employees set out in subparagraph 2 e of this paragraph shall be

increased by 3.25 percent on December 1, 2000. This appropriation includes \$12,261,744 the first year and \$21,113,653 the second year to be used for this purpose.

*b)1) The base salary of employees set out in subparagraph 2 a 1 of this paragraph who receive a contributor rating or an extraordinary contributor rating in their fall 2001 performance evaluation shall be increased on average by 3.5 percent on November 25, 2001. The base salary adjustment for an employee rated as a contributor will be no less than 2.8 percent and no more than the 3.5 percent average increase. The increase for an employee rated extraordinary contributor shall be no less than the average increase of 3.5 percent and no more than 8.75 percent.*

*2) The November 25, 2001, salary increase for employees set out in subparagraph 2 a 1 of this paragraph shall be limited to funds made available through this item.*

*3) Further rules and regulations for the performance-based salary increase set out in subparagraph 1 b 1 of this paragraph shall be developed by the Department of Human Resource Management in conjunction with the Department of Planning and Budget.*

*4) The base salary of employees set out in subparagraphs 2 a 2 through 2 d of this paragraph shall be increased by 3.5 percent on November 25, 2001.*

*5) This appropriation includes \$37,783,699 the second year for the November 25, 2001 salary adjustments*

2. Transfers from this Item shall be used to effect this increase and related increases in employee benefits for:

a. Executive Department

1. Full-time employees of the Executive Department subject to the Virginia Personnel Act;
2. Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except faculty at the institutions of higher education and officials elected by popular vote;
3. Any official whose salary is listed in § 4-6.01 c and d of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c; and
4. Full-time professional staff of the Governor's Office, the Lieutenant Governor's Office, the Attorney General's Office, Cabinet Secretaries Offices, including the Deputy Secretaries, the Virginia Liaison Office, and the Secretary of the Commonwealth's Office.

b. Legislative Department

1. Heads of agencies in the Legislative Department;
2. Full-time employees in the Legislative Department, other than officials elected by popular vote; and
3. Secretaries and administrative assistants as provided for in Item 1, of this act.

c. Judicial Department

1. Judges and Justices in the Judicial Department;
2. Heads of agencies in the Judicial Department; and,
3. Full-time employees in the Judicial Department.

d. Independent Agencies

1. Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Executive Director of the Virginia ~~Higher Education Tuition Trust Fund~~ *College Savings Plan*, and the Directors of the State Lottery Department and the Virginia Retirement System;

2. Full-time employees of the State Lottery Department; and,

3. Full-time employees of the State Corporation Commission, the Virginia ~~Higher Education Tuition Trust Fund~~ *College Savings Plan*, the State Lottery Department, and the Virginia Retirement System.

e. State-Supported Local Employees

1. Locally elected constitutional officers;

2. General Registrars and members of local electoral boards;

3. Full-time employees of locally elected constitutional officers; and,

4. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

3.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the *November 25, 2000*, salary increases authorized in this paragraph only if they attained at least a "meets expectations" on their latest performance evaluation.

b. Salary increases for employees listed in paragraphs C 2 a 2 through C 2 a 4 and paragraphs C 2 c through C 2 d shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The appointing or governing authority shall certify that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in the preceding paragraph 3 a.

D. The Department of ~~Personnel and Training~~ *Human Resource Management* shall increase the minimum and maximum salary for each ~~grade~~ *pay band* within the Commonwealth's Classified Compensation Plan by 3.25 percent on *November 25, 2000* and by 2.6 percent on *November 25, 2001*. No salary increase shall be granted to any employee as a result of this action. The Department shall develop policies and procedures to be used in instances where employees fall below the entry level for a job classification due to poor performance. Movement through the revised pay ~~grades~~ *bands* shall be based on employee performance.

E. The agency heads listed in this paragraph may, at their discretion, utilize the funds provided pursuant to paragraph C of this Item, to implement the provisions of existing pay plans.

1. The heads of agencies in the Legislative and Judicial Departments;

2. The Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission;

3. The Attorney General;

4. The Director of the Virginia Retirement System;

5. The Director of the State Lottery Department;
6. The Director of the University of Virginia Medical Center;
7. The Executive Director of the Virginia Higher Education Tuition Trust Fund *College Savings Plan*; and
8. The Executive Director of the Virginia Port Authority.

F. The base rates of pay, and related employee benefits, for wage employees may be increased by up to 3.25 percent on November 25, 2000 *and up to 3.5 percent on November 25, 2001*. The cost of such increases for wage employees shall be borne by funds appropriated to each agency.

G.1. Agencies supported in whole or in part by nongeneral funds shall pay the proportionate share of costs, from nongeneral fund revenues, of wages, salaries, and employee benefits as stated in this Item, subject to rules and regulations prescribed by the Governing Authority.

2. Such nongeneral fund revenues and balances are hereby appropriated for this purpose, including those nongeneral fund revenues available to the colleges and universities, subject to the provisions of § 4-2.01 b, of this act.

3. Costs associated with the increases authorized in paragraph C of this Item, for employees of Educational and General Programs at the institutions of higher education shall be borne by the general fund.

H. Institutions of higher education shall utilize funds provided in their appropriations for faculty salary increases based on merit.

I. State employees will receive a paycheck on July 2, 2001, for the work period June 10 to June 24, 2001.

J.1.a. There is hereby continued the Commission on Reform of the Classified Compensation Plan. This Commission is comprised of four members of the Senate Finance Committee to be appointed by the Chairmen of the Senate Finance Committee, four members of the House Appropriations Committee to be appointed by the Chairmen of the House Appropriations Committee, and four members to be appointed by the Governor. Those members appointed by the Governor shall include: the Secretary of Finance, the Secretary of Administration and two persons who are the chief human resource officers of large private or public sector employers.

b. In carrying out its work, the Commission shall be supported by:

(1) A technical advisory committee comprised of the chief human resource officers of the University of Virginia; Virginia Polytechnic Institute and State University; Virginia Commonwealth University; the Department of Mental Health, Mental Retardation and Substance Abuse Services; the Department of Corrections; the Department of State Police; the Department of Transportation; the Department of Taxation; the Director of the Department of ~~Personnel and Training~~ *Human Resource Management*, or his designee; the Director of the Department of Planning and Budget, or his designee; and the staff of the Senate Finance and House Appropriations Committees.

(2) An employee advisory committee comprised of classified state employees. The number and composition of this employees advisory committee may vary based on the Commission's assessment of need.

2. With the assistance of the technical advisory committee, the Commission shall oversee the implementation of any new pay plan approved by the 2000 General Assembly and review and evaluate the effectiveness of the classified pay plan reforms.

3. The Commission shall report its findings and subsequent recommendations to the Governor and the Chairmen

of the Senate Finance and House Appropriations Committees by November 1, 2000. Any recommendations must be consistent with the requirements in paragraph 4.

4. Any classified pay plan reforms recommended by the Commission shall provide for:

- a. A statewide compensation program that provides flexibility to meet state workforce needs;
- b. Performance-based salary increases and rewards including the recognition of team performance;
- c. A stable funding mechanism;
- d. Modern compensation features, as deemed appropriate for a large, multisite employer;
- e. Career growth opportunities;
- f. A communications program to inform classified employees, human resources staff, and agency managers of changes to the compensation plan.

5. Out of the amounts appropriated for Compensation Supplements, an amount not to exceed \$1,181,237 the first year and \$800,790 the second year shall be paid for the implementation and evaluation of the redesign of the classified employee pay plan. These funds shall be transferred to the Department of ~~Personnel and Training~~ *Human Resource Management* and expended as directed by the Commission.

*6. a. Out of the amounts appropriated for Compensation Supplements, an amount not to exceed \$5,108,872 the second year shall be transferred to state agencies and institutions of higher education to cover the cost of performance-based salary adjustments and awards made to classified employees on or after November 25, 2001, under the new pay practices that went into effect on September 25, 2000. Agencies and institutions of higher education shall receive no more than 0.5 percent of their general fund classified salary base for this purpose.*

*b. The transfer for performance-based salary adjustments and awards shall be based upon rules and regulations to be developed by the Department of Human Resource Management, in conjunction with the Department of Planning and Budget. In no case shall an agency or institution receive funding for any salary adjustment or award granted to employees who received below contributor ratings in their fall 2001 evaluation.*

K.1. The Department of ~~Personnel and Training~~ *Human Resource Management* shall incorporate all existing compensation pilot projects into the Commonwealth's classified pay plan consistent with recommendations of the Commission on Reform of the Classified Compensation Plan.

2. No compensation pilot projects are authorized for the first year following implementation of the recommendations of the Commission on Reform of the Classified Compensation Plan. After this period, demonstration projects with clearly defined objectives and specified time frames may be implemented subject to approval of the Department of ~~Personnel and Training~~ *Human Resource Management*. Such pilots are restricted to no more than two years.

3. Any such pilot programs approved in the second year shall be funded from existing agency appropriations or from funds provided for increases specified in paragraph C of this Item, or a combination of both. A report on such pilot programs shall be made to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2001. The Secretary of Administration shall approve any change in compensation plans based on pilot programs, prior to their implementation.

4. Any pilot programs or alternative pay plans authorized under the provisions of this paragraph, shall provide for average annual salary increases that are no greater than those authorized in this Item for general, classified state

employees.

L.1. The Director of the Department of Planning and Budget shall withhold from agency appropriations and transfer to this Item an amount estimated at \$26,633,421 the first year and ~~\$27,977,674~~ \$36,907,417 the second year for statewide reductions in employer retirement contribution rates resulting from annual valuation studies by the Virginia Retirement System, as required by Item 566 of this act.

2. *Notwithstanding § 51.1-126, Code of Virginia, effective July 1, 2001, the general fund retirement contribution for participants in an optional retirement program shall be equal to the current Virginia Retirement System Board of Trustees certified rate for full-time state employees.*

3. *There is hereby established a Commission to investigate the feasibility of implementing an optional defined contribution retirement program for state employees. This Commission is to be comprised of the Secretary of Finance, the Secretary of Administration, two persons appointed by the Governor who are specialists in employee benefit plans, two members from the Senate Finance Committee to be appointed by the Chairman of the Senate Finance Committee, two members from the House Appropriations Committee to be appointed by the Chairmen of the House Appropriations Committee. This study shall include an examination of the need for and the cost of such a benefit program. The Virginia Retirement System shall provide staff support to this Commission. The Commission shall present findings of this study to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 15, 2001.*

M. ~~In the second year, \$8,496,841 in nongeneral funds is provided to offset an equal amount from the general fund for allocation of the first year salary increase provided in this act for classified employees in the Educational and General programs of Virginia's public colleges and universities. Institutions are authorized to use revenue generated from tuition increases on graduate students and nonresident students to meet this provision. The Virginia Community College System is excluded from this provision.~~

N. ~~Effective January 1, 2001, the Virginia Retirement System shall provide managed long-term care payments for, or to, employees covered by the Virginia Sickness and Disability Program.~~

O. *The Director of the Department of Planning and Budget shall withhold from agency general fund appropriations and transfer to this Item an amount estimated at \$9,849,588 the first year and \$8,222,261 the second year associated with the phase-in of the pre-funding of the employee retiree health credit.*