
VIRGINIA STATE BUDGET

2008 Session

Budget Bill - HB30 (Introduced)

Bill Order » Central Appropriations » Item 472

Central Appropriations

Item 472	First Year - FY2009	Second Year - FY2010
Compensation and Benefit Supplements (75700)	\$23,190,703	\$141,605,634
Supplements to Employee Compensation (75701)	\$0	\$122,085,348
Supplements to Employee Benefits (75702)	\$23,190,703	\$19,520,286
Fund Sources:		
General	\$23,190,703	\$141,605,634

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-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.
8. Adjustments to the cost of employee benefits to include but not limited to health insurance premiums and retirement and related contribution rates.

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. Except as provided for elsewhere in this Item, agencies supported in whole or in part by nongeneral fund sources, shall pay the proportionate share of increases in salaries and benefits as required by this Item, subject to

the rules and regulations prescribed by the appointing or governing authority of such agencies. Nongeneral fund revenues and balances required for this purpose are hereby appropriated.

D.1. The Department of Human Resource Management may approve pilot compensation programs within agencies that support the redesigned classified compensation plan. Such pilot programs approved by the department shall have clearly defined objectives, specified time frames, and shall be restricted to no more than two years. Such pilot programs shall be funded from existing agency appropriations or from funds provided for salary increases specified elsewhere in this Item, or a combination of both. A report on any approved pilot program(s) shall be made to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees within six months of the pilot's conclusion.. The Secretary of Administration shall approve any change in compensation plans based on pilot programs, prior to their implementation.

2. 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 classified state employees.

E. The Governor is hereby authorized to transfer funds from agency appropriations to the accounts of participating state employees in such amounts as may be necessary to match the contributions of the qualified participating employees, consistent with the requirements of the Code of Virginia governing the deferred compensation cash match program. Such transfers shall be made consistent with the following:

1. The maximum cash match provided to eligible employees shall not be less than \$20.00 per pay period, or \$40.00 per month. The Governor may direct the agencies of the Commonwealth to utilize funds contained within their existing appropriations to meet these requirements.

2. The Governor may direct agencies supported in whole or in part with nongeneral funds to utilize existing agency appropriations to meet these requirements. Such nongeneral revenues and balances are hereby appropriated for this purpose, subject to the provisions of § 4-2.01 b of this act. The use of such nongeneral funds shall be consistent with any existing conditions and restrictions otherwise placed upon such nongeneral funds.

3. Employees who are otherwise eligible but whose 403 (b) provider does not participate in the cash match program by establishing a 401 (a) account are ineligible to receive a cash match.

4. The procurement of services related to the implementation of this program shall be governed by standards set forth in § 51.1-124.30 C, Code of Virginia, and shall not be subject to the provisions of Chapter 7 (§ 11-35 et seq.), Title 11, Code of Virginia.

F. The Secretary of Administration, in conjunction with the Secretary of Finance, may establish a program that allows for the sharing of cost savings from improved productivity and performance with agencies and employees. Such gain sharing programs require a management philosophy of open communication encouraging employee participation; a system which seeks, evaluates and implements employee input on increasing productivity; and a formula for measuring productivity gains and sharing these gains between employees and the agency. The Department of Human Resource Management, in conjunction with the Department of Planning and Budget, shall develop specific gain sharing program guidelines for use by agencies. The Department of Human Resource Management shall provide to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees an annual report no later than October 1 of each year detailing identified savings and their usage.

G. There is hereby created the Pre-Medicare Eligible Retiree Health Benefits Trust Fund (the Fund). The funds of the Pre-Medicare Eligible Retiree Health Benefits Trust fund shall be deemed separate and independent trust funds, shall be segregated from all other funds of the Commonwealth, and shall be invested and administered solely in the interests of the participating retirees. Neither the General Assembly nor any public officer, employee, or agency shall use or authorize the use of such trust funds for any purpose other than as provided in law for

benefits, refunds, and administrative expenses. The Fund is established to pay the health insurance benefits of retirees and their dependents who are not yet eligible for Medicare under the plan established under § 2.2-2818. Deposits to the Fund shall be made from general fund appropriations, retiree payroll deductions and other retiree payments together with any earnings on those deposits. Fund deposits are irrevocable and are not subject to the claims of creditors. The Department of Human Resource Management shall use the assistance of the Virginia Retirement System in establishing, investing, and maintaining the Fund. The Board of Trustees of the Virginia Retirement System shall administer and manage the investment of the Fund as custodian and provide staff. The Virginia Retirement System shall invest the Funds in accordance with Article 3.1 (§ 51.1-124.30 et seq.) of Chapter 1 of Title 51.1, and no officer, director, or member of the Board or of any advisory committee of the Virginia Retirement System or any of its tax exempt subsidiary corporations whose actions are within the standard of care in Article 3.1 of Chapter 1 of Title 51.1 shall be held personally liable for losses suffered by the Fund on investments made under the authority of this chapter. The Fund shall annually reimburse the Virginia Retirement System for all reasonable costs incurred and associated, directly and indirectly, with the administration of this chapter and management and investment of the Fund.

H.1. The base salary of the following employees shall be increased by three percent on July 1, 2009:

- a. Full-time and other classified employees of the Executive Department subject to the Virginia Personnel Act;
 - b. Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except officials elected by popular vote;
 - c. Any official whose salary is listed in § 4-6.01 of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c; and
 - d. 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.
 - e. Heads of agencies in the Legislative Department;
 - f. Full-time employees in the Legislative Department, other than officials elected by popular vote; and
 - g. Secretaries and administrative assistants as provided for in Item 1 of this act.
 - h. Judges and Justices in the Judicial Department;
 - i. Heads of agencies in the Judicial Department; and,
 - j. Full-time employees in the Judicial Department.
 - k. Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Executive Directors of the Virginia College Savings Plan and the Virginia Office for Protection and Advocacy, and the Directors of the State Lottery Department, and the Virginia Retirement System;
 - l. Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the State Lottery Department, Virginia Workers' Compensation Commission, the Virginia Retirement System, and Virginia Office for Protection and Advocacy.
- 2.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.

b. Salary increases authorized in this paragraph for employees in the Judicial and Legislative Departments, employees of Independent agencies, and employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The appointing or governing authority shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in subparagraph 2.a. of this paragraph.

3. The Department of Human Resource Management shall increase the minimum and maximum salary for each band within the Commonwealth's Classified Compensation Plan by three percent on July 1, 2009. 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 band shall be based on employee performance.

4. Out of the appropriation for this Item is included \$65,861,622 the second year from the general fund to support the general fund portion of costs associated with the salary increase provided in this paragraph.

5. The following agency heads, at their discretion, may utilize agency funds or the funds provided pursuant to this paragraph to implement the provisions of existing pay plans:

- a. The heads of agencies in the Legislative and Judicial Departments;
- b. The Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission;
- c. The Attorney General;
- d. The Director of the Virginia Retirement System;
- e. The Director of the State Lottery Department;
- f. The Director of the University of Virginia Medical Center;
- g. The Executive Director of the Virginia College Savings Plan;
- h. The Executive Director of the Virginia Port Authority; and
- i. The Executive Director of the Virginia Office for Protection and Advocacy.

G. The base rates of pay, and related employee benefits, for wage employees may be increased by up to three percent no earlier than July 1, 2009. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.

I.1. The base salary of the following employees shall be increased by three percent on July 1, 2009:

- a. Locally elected constitutional officers;
- b. General Registrars and members of local electoral boards;
- c. Full-time employees of locally elected constitutional officers; and,
- d. 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, local pretrial services act and comprehensive community corrections act employees, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

2. Out of the appropriation for this Item is included \$29,659,885 the second year from the general fund to support the costs associated with the salary increase provided in this paragraph.

J. Out of the appropriation for this Item, \$26,563,841 the second year from the general fund is provided to increase faculty salaries at institutions of higher education by three percent effective July 1, 2009. Institutions may award the salary increase on the basis of merit so as not to exceed an average of three percent at each institution.

J.1. Out of the appropriation for this Item, amounts estimated at \$19,111,711 the first year and \$14,757,282 the second year from the general fund shall be transferred to state agencies and institutions of higher education to support the general fund portion of costs associated with changes in the employer's share of premiums paid for the Commonwealth's health benefit plans.

2. Notwithstanding any contrary provision of law, the health benefit plans for state employees resulting from the additional funding in this Item shall allow for a portion of employee medical premiums to be charged to employees.

3. Out of the amounts appropriated for increases for the Commonwealth's health benefit plans in the first year listed in the preceding subparagraph, \$4,969,321 is provided to fund the general fund share of the continuation of the phase-in of an increase in the annual premiums from the current pay-as-you-go funding towards the actuarially calculated annual required contribution. Contributions of actuarially determined premiums will be deposited to the Pre-Medicare Eligible Retiree Health Benefits Trust Fund established in paragraph G. of this Item. New government reporting standards for Other Post Employment Benefits require full actuarially determined funding or recognition of the liabilities associated with under-funding. This increase in the annual required contribution for the Commonwealth's health benefits plan shall be funded through the health insurance premiums paid by employers, employees, and pre-Medicare retirees enrolled in the health benefit plans for state employees.

4. The Department of Human Resources Management shall explore options within the health insurance plan for state employees to promote value-based health choices aimed at creating greater employee satisfaction with lower overall health care costs. It is the General Assembly's intent that any savings associated with this employee health care initiative be retained and used towards funding state employee salary or fringe benefit cost increases.

K.1. Contribution rates paid to the Virginia Retirement System for the retirement benefits of public school teachers, state employees, state police officers, state judges, and state law enforcement officers eligible for the Virginia Law Officers Retirement System shall be based on a valuation of retirement assets and liabilities that assume an investment return of eight percent, a cost of living increase of three percent, and an amortization period of 24 years.

2. Retirement contribution rates for each year excluding the five percent employee portion shall be; 9.35 percent for public school teachers, 6.68 percent for the state employees, 21.48 percent for state police officers, 15.02 percent for the Virginia Law Officers Retirement System, and 35.74 percent for the Judicial Retirement System.

3. Out of the appropriation for this Item, amounts estimated at \$4,413,340 the first year from the general fund and \$4,605,234 the second year from the general fund shall be transferred to state agencies and institutions of higher education to support the general fund portion of the costs associated with changes in the contribution rates for state employee retirement as provided for in this paragraph.

4. Out of the appropriation for this Item, amounts estimated at \$1,632,911 each year from the general fund shall be transferred to the Compensation Board to support increased reimbursements to Constitutional Officers resulting from the changes in retirement contribution rates as provided for in this paragraph.

5. State funding for increases in retirement contributions for public school teachers funded through the Standards of Quality is provided under Direct Aid to Public Education.

L. 1. For each year, contribution rates paid to the Virginia Retirement System for the public employee group life insurance program shall be 0.89 percent of salaries resulting from an update of the valuation of program assets and liabilities.

2. General fund amounts estimated at \$2,448,487 the first year and \$2,554,954 the second year shall be transferred from the appropriations of state agencies and institutions of higher education to this Item, representing savings from a reduction in group life contribution rates as provided for in this paragraph.

3. General fund amounts estimated at \$191,054 each year shall be transferred from the appropriation of the Compensation Board to this Item, representing savings from a reduction in the reimbursement to Constitutional Officers resulting from a reduction in group life contribution rates as provided for in this paragraph.

4. Changes to the state funding for group life contributions for public school teachers funded through the Standards of Quality are included under Direct Aid to Public Education.

M.1. For the each year, contribution rates paid to the Virginia Retirement System for the Virginia Sickness and Disability Program shall be 1.96 percent of salaries resulting from an update of the valuation of program assets and liabilities.

2. General fund amounts estimated at \$867,813 the first year and \$905,545 the second year shall be transferred from the appropriations of state agencies and institutions of higher education to this Item, representing savings from a reduction in Virginia Sickness and Disability Program contribution rates as provided for in this paragraph.

N.1. For the each year, contribution rates paid to the Virginia Retirement System for the state employee retiree health insurance credit shall be 1.22 percent of salaries resulting from an update of the valuation of program assets and liabilities.

2. Out of the appropriation for this Item, amounts estimated at \$445,182 the first year from the general fund and \$461,520 the second year from the general fund shall be transferred to state agencies and institutions of higher education to support the general fund portion of the costs associated with an increase in the contribution rate for the state employee retiree health insurance credit as provided for in this paragraph.

O. Out of the general fund appropriation for this Item is included \$1,094,913 the first year and \$1,714,892 the second year to support the general fund portion of the costs associated with changes in premiums paid by state agencies on behalf of their employees for workers compensation coverage. The Director, Department of Planning and Budget, is authorized to transfer these funds to the impacted state agencies based upon new workers compensation premiums as provided by the Department of Human Resource Management. Also, the Director, Department of Planning and Budget, is authorized to transfer funds between agencies based on these new premiums.