
VIRGINIA STATE BUDGET

2010 Session

Budget Bill - SB29 (Introduced)

Bill Order » Central Appropriations » Item 472

Central Appropriations

Item 472	First Year - FY2009	Second Year - FY2010
Compensation and Benefit Supplements (75700)	\$9,668,739	\$11,578,744 -\$1,518,151
Supplements to Employee Compensation (75701)	\$1,142,726	\$2,109,648 -\$10,987,247
Supplements to Employee Benefits (75702)	\$8,526,013	\$9,469,096
Fund Sources:		
General	\$9,668,739	\$11,578,744 -\$1,518,151

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;
7. Salary increases for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education; and
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 two percent on November 25, 2008:

h. Judges and Justices in the Judicial Department;

L.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. 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.

4. Notwithstanding any provision of law, effective July 1, 2009, coverage for lap band and gastric bypass surgery under the state employee health insurance program shall be conditional on the successful participation in a progressive weight management program to be developed by the Department of Human Resource Management.

5. For the second year, health insurance premiums charged to state agencies and active state employees for the state employee health insurance program shall remain at the levels charged in the first year. Cost increases to the state employee health insurance program above the first year increase shall be absorbed by excess cash balances in the health insurance fund.

M. 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.

N. The Commonwealth shall refrain from pre-funding of the future actuarial liabilities resulting from the indirect

subsidy for early retiree health benefits, pending the outcome of a review of such health insurance program by the Department of Human Resource Management, including the indirect subsidy therefore. General funds budgeted to state agencies for this purpose estimated at \$11,680,611 the first year and \$7,003,078 the second year shall revert to this item.

O.1 The Director, Department of Planning and Budget shall withhold and transfer to this Item, amounts estimated at \$9,336,451 the second year from the general fund appropriations of state agencies and institutions of higher education, representing savings resulting from the one day furlough of state employees pursuant to the Governor's September 2009 Reduction Plan.

2. Pursuant to § 3-1.01 of this act, amounts estimated at \$7,593,717 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with the one day furlough of state employees pursuant to the Governor's September 2009 Reduction Plan.

3. For the purposes of this paragraph, "one day" is equivalent to 1/249 of annual salary plus applicable Medicare and Social Security contributions.

P.1. The applicable distributing state agencies shall withhold amounts from payments made to local governments and political subdivisions, equivalent to 1/249 of the annual state supported salary base of the following employee groups.

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. The Director, Department of Planning and Budget shall withhold and transfer to this Item, amounts estimated at \$1,290,530 the second year from the general fund appropriations of the applicable state agencies for the reductions provided for in this paragraph with the exception of locally elected constitutional officers and full-time employees of locally elected constitutional officers.

3. The savings associated with reductions for locally elected constitutional officers and full-time employees of locally elected constitutional officers as provided for in this paragraph have been reverted from the appropriation of the Compensation Board in this act.

Q.1. Notwithstanding the provisions of paragraph E of this Item, beginning with the final five full pay periods of the second year, the Governor shall suspend the transfer of funds from agency general and nongeneral fund appropriations to the deferred compensation cash match accounts of participating state employees.

2. The Director, Department of Planning and Budget shall withhold and transfer to this Item, amounts estimated at \$2,469,914 the second year from the general fund appropriations of state agencies and institutions of higher education, representing savings from the suspension of the state employee deferred compensation cash match program as provided for in this paragraph.

4. Pursuant to § 3-1.01 of this act, amounts estimated at \$1,454,846 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with the

suspension of the state employee deferred compensation cash match program as provided for in this paragraph.