2022 Special Session I

Budget Bill - HB30 (Enrolled)

Central Appropriations

Item 483	First Year - FY2023	Second Year - FY2024
Compensation and Benefit Adjustments (75700)	**$330,989,734**	**$627,691,772**
Adjustments to Employee Compensation (75701)	$293,842,076	$532,054,185
Adjustments to Employee Benefits (75702)	$37,147,658	$95,637,587
Fund Sources:		
General	$330,989,734	$627,691,772

Authority: Discretionary Inclusion.

A. Transfers to or from this Item may be made to decrease or 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 changes for positions with salaries listed elsewhere in this act;

4. Salary changes for locally elected constitutional officers and their employees;

5. Employer costs of employee benefit programs when required by salary-based pay adjustments;

6. Salary changes for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education; and

7. Adjustments to the cost of employee benefits to include but not be 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 changes 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. Any supplemental salary payment to a state employee or class of state employees by a local governing body shall be governed by a written agreement between the agency head of the employee or class of employees receiving the supplement and the chief executive officer of the local governing body. Such agreement shall also be reviewed and approved by the Director of the State Department of Human Resource Management. At a minimum, the agreement shall specify the percent of state salary or fixed amount of the supplement, the resultant total salary of the employee or class of employees, the frequency and method of payment to the agency of the supplement, and whether or not such supplement shall be included in the employee's state benefit calculations. A copy of the agreement shall be made available annually to all employees receiving the supplement. The receipt of a local salary supplement shall not subject employees to any personnel or payroll rules and practices other than those promulgated by the State Department of Human Resource Management.

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, in each year of the biennium. 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. 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, efficiency, 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 and Appropriations Committees an annual report no later than October 1 of each year detailing identified savings and their usage.

G.1. Out of the appropriation for this Item, an amount estimated at $27,979,699 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 Resource 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 other provision of law, it shall be the sole responsibility and authority of the Department of Human Resource Management to establish and enforce employer contribution rates for any health insurance plan established pursuant to §2.2-2818, Code of Virginia.

5. The Department of Human Resource Management is prohibited from establishing a retail maintenance network for maintenance drugs that includes penalties for non-use of the retail maintenance network.

6. The Department of Human Resource Management shall not increase the annual out-of-pocket maximum included in the plans above the limits in effect for the plan year which began on July 1, 2014.

7. The Department of Human Resource Management shall include language in all contracts, signed on or after July 1, 2018, with third party administrators of the state employee health plan requiring the third party administrators to: 1) maintain policies and procedures for transparency in their pharmacy benefit administration programs; 2) transparently provide information to state employees through an explanation of benefits regarding the cost of drug reimbursement; dispensing fees; copayments; coinsurance; the amount paid to the dispensing pharmacy for the claim; the amount charged to the third party administrator for the claim by the third party administrator's pharmacy benefit manager; and the amount charged by the third party administrator to the Commonwealth; and 3) provide a report to the Department of Human Resource Management of the aggregate difference in amounts between reimbursements made to pharmacies for claims covered by the state employee insurance plan, the amount charged to the third party administrator for the claim by the third party administrator's pharmacy benefit manager, and the amount charged by the third party administrator to the Commonwealth as well as an explanation for any difference.

8. Notwithstanding the provisions of § 38.2-3418.17 and any other provision of law, effective October 1, 2018, the Department of Human Resource Management shall provide coverage under the state employee health insurance program for the treatment of autism spectrum disorder through the age of eighteen.

H.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 are consistent with the provisions of Chapters 701 and 823, Acts of Assembly of 2012.

2. Retirement contribution rates, excluding the five percent employee portion, shall be as set out below:

	FY 2023	**FY 2024**
Public school teachers	16.62%	16.62%
State employees	14.46%	14.46%
State Police Officers' Retirement System	29.98%	29.98%
Virginia Law Officers' Retirement System	24.60%	24.60%
Judicial Retirement System	30.67%	30.67%

3. Payments of all required contributions and insurance premiums to the Virginia Retirement System and its third-party administrators, as applicable, shall be made no later than the tenth day following the close of each month of the fiscal year.

4. Out of the appropriation for this Item, amounts estimated at $13,231,876 the first year and $13,807,183 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 employer contributions for state employee retirement as provided for in this paragraph.

5. The funding necessary to support the cost of reimbursements to Constitutional Officers for retirement contributions are appropriated elsewhere in this act under the Compensation Board.

6. The funding necessary to support the cost of the employer retirement contribution rate for public school teachers is appropriated elsewhere in this act under Direct Aid to Public Education.

I. Rates paid to the Virginia Retirement System on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

J.1. Contribution rates paid to the Virginia Retirement System for other employee benefits to include the public employee group life insurance program, the Virginia Sickness and Disability Program, the state employee retiree health insurance credit, and the public school teacher retiree health insurance credit, shall be based on a valuation of assets and liabilities that assume an investment return of 6.75 percent and an amortization period of 30 years.

2. Contribution rates paid on behalf of public employees for other programs administered by the Virginia Retirement System shall be:

	FY 2023	**FY 2024**
State employee retiree health insurance credit	1.12%	1.12%
Public school teacher retiree health insurance credit	1.21%	1.21%
State employee group life insurance program	1.34%	1.34%
Employer share of the public school teacher group life insurance program	0.54%	0.54%
Virginia Sickness and Disability Program	0.61%	0.61%

3. Funding for the Virginia Sickness and Disability Program is calculated on a rate of 0.56 percent of total payroll.

4. The funding necessary to support the cost of reimbursements to Constitutional Officers for public employee group life insurance contributions is appropriated elsewhere in this act under the Compensation Board.

5. The funding necessary to support the cost of the employer public school teacher group life insurance and retiree health insurance credit rates is appropriated elsewhere in this act under Direct Aid to Public Education.

K.1. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia for employees who are involuntarily separated from employment with the Commonwealth if the Director of the Department of Planning and Budget certifies that such action results from 1. budget reductions enacted in the Appropriation Act, 2. budget reductions executed in response to the withholding of appropriations by the Governor pursuant to §4-1.02 of the Act, 3. reorganization or reform actions taken by state agencies to increase efficiency of operations or improve service delivery provided such actions have been previously approved by the Governor, or 4. downsizing actions taken by state agencies as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue, and if the Director of the Department of Human Resource Management certifies that the action comports with personnel policy. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

2. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia, for employees who are involuntarily separated from employment with the Commonwealth if the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules have certified on or after July 1, 2016, that such action results from 1. budget reductions enacted in the Appropriation Act pertaining to the Legislative Department; 2. reorganization or reform actions taken by agencies in the legislative branch of state government to increase efficiency of operations or improve service delivery provided such actions have been approved by the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules; or 3. downsizing actions taken by agencies in the legislative branch of state government as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue and if the applicable agency certifies that the actions comport with the provisions of and related policies associated with the Workforce Transition Act. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

L. The purpose of this paragraph is to provide a transitional severance benefit, under the conditions specified, to eligible city, county, school division or other political subdivision employees who are involuntarily separated from employment with their employer.

1.a. "Involuntary separation" includes, but is not limited to, terminations and layoffs from employment with the employer, or being placed on leave without pay-layoff or equivalent status, due to budget reductions, employer reorganizations, workforce downsizings, or other causes not related to the job performance or misconduct of the employee, but shall not include voluntary resignations. As used in this paragraph, a "terminated employee" shall mean an employee who is involuntarily separated from employment with his employer.

b. The governing authority of a city, county, school division or other political subdivision electing to cover its employees under the provisions of this paragraph shall adopt a resolution, as prescribed by the Board of Trustees of the Virginia Retirement System, to that effect. An election by a school division shall be evidenced by a resolution approved by the Board of such school division and its local governing authority.

2.a. Any (i) “eligible employee” as defined in § 51.1-132, (ii) “teacher” as defined in § 51.1-124.3, and (iii) any “local officer” as defined in § 51.1.124.3 except for the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, or sheriff of any county or city, and (a) for whom reemployment with his employer is not possible because there is no available position for which the employee is qualified or the position offered to the employee requires relocation or a reduction in salary and (b) whose involuntary separation was due to causes other than job performance or misconduct, shall be eligible, under the conditions specified, for the transitional severance benefit conferred by this paragraph. The date of involuntary separation shall mean the date

an employee was terminated from employment or placed on leave without pay-layoff or equivalent status.

b. Eligibility shall commence on the date of involuntary separation.

3.a. On his date of involuntary separation, an eligible employee with (i) two years' service or less to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary; (ii) three years through and including nine years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary plus one additional week of salary for every year of service over two years; (iii) ten years through and including fourteen years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to twelve weeks of salary plus two additional weeks of salary for every year of service over nine years; or (iv) fifteen years or more of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to two weeks of salary for every year of service, not to exceed thirty-six weeks of salary.

b. Transitional severance benefits shall be computed by the terminating employer's payroll department. Partial years of service shall be rounded up to the next highest year of service.

c. Transitional severance benefits shall be paid by the employer in the same manner as normal salary. In accordance with § 60.2-229, transitional severance benefits shall be allocated to the date of involuntary separation. The right of any employee who receives a transitional severance benefit to also receive unemployment compensation pursuant to § 60.2-100 et seq. shall not be denied, abridged, or modified in any way due to receipt of the transitional severance benefit; however, any employee who is entitled to unemployment compensation shall have his transitional severance benefit reduced by the amount of such unemployment compensation. Any offset to a terminated employee's transitional severance benefit due to reductions for unemployment compensation shall be paid in one lump sum at the time the last transitional severance benefit payment is made.

d. For twelve months after the employee's date of involuntary separation, the employee shall continue to be covered under the (i) health insurance plan administered by the employer for its employees, if he participated in such plan prior to his date of involuntary separation, and (ii) group life insurance plan administered by the Virginia Retirement System pursuant to Chapter 5 (§ 51.1-500 et seq.) of Title 51.1, or such other group life insurance plan as may be administered by the employer. During such twelve months, the terminating employer shall continue to pay its share of the terminated employee's premiums. Upon expiration of such twelve month period, the terminated employee shall be eligible to purchase continuing health insurance coverage under COBRA.

e. Transitional severance benefit payments shall cease if a terminated employee is reemployed or hired in an individual capacity as an independent contractor or consultant by the employer during the time he is receiving such payments.

f. All transitional severance benefits payable pursuant to this section shall be subject to applicable federal laws and regulations.

4.a. In lieu of the transitional severance benefit provided in subparagraph 3 of this paragraph, any otherwise eligible employee who, on the date of involuntary separation, is also (i) a vested member of a defined benefit plan within the Virginia Retirement System, including the hybrid retirement program described in § 51.1-169, and including a member eligible for the benefits described in subsection B of § 51.1-138, and (ii) at least fifty years of age, may elect to have the employer purchase on his behalf years to be credited to either his age or creditable service or a combination of age and creditable service, except that any years of credit purchased on behalf of a member of the Virginia Retirement System, including a member eligible for the benefits described in subsection B of § 51.1-138, who is eligible for unreduced retirement shall be added to his creditable service and not his age. The cost of each year of age or creditable service purchased by the employer shall be equal to fifteen percent of the employee's present annual compensation. The number of years of age or creditable service to be purchased by the employer shall be equal to the quotient obtained by dividing (i) the cash value of the benefits to which the

employee would be entitled under subparagraphs 3.a. and 3.d. of this paragraph by (ii) the cost of each year of age or creditable service. Partial years shall be rounded up to the next highest year. Deferred retirement under the provisions of subsection C of §§ 51.1-153 and disability retirement under the provisions of § 51.1-156 et seq., shall not be available under this paragraph.

b. In lieu of the (i) transitional severance benefit provided in subparagraph 3 of this paragraph and (ii) the retirement program provided in this subsection, any employee who is otherwise eligible may take immediate retirement pursuant to §§ 51.1-155.1 or 51.1-155.2.

c. The retirement allowance for any employee electing to retire under this paragraph who, by adding years to his age, is between ages fifty-five and sixty-five, shall be reduced on the actuarial basis provided in subdivision A. 2. of § 51.1-155.

d. The retirement program provided in this subparagraph shall be otherwise governed by policies and procedures developed by the Virginia Retirement System.

e. Costs associated with the provisions of this subparagraph shall be factored into the employer contribution rates paid to the Virginia Retirement System.

f. Notwithstanding the foregoing, the provisions of this paragraph N shall apply to an otherwise eligible employee who is a person who becomes a member on or after July 1, 2010, a person who does not have 60 months of creditable service as of January 1, 2013, or a person who is enrolled in the hybrid retirement program described in § 51.1-169, mutatis mutandis.

M.1. a. In order to address the potential for stranded liability in the Virginia Retirement System, notwithstanding any other contrary provisions of the Appropriation Act or of § 51.1-145, institutions of higher education that have established their own optional retirement plan under § 51.1-126(B) shall pay, effective July 1, 2019, contributions to the employer's retirement allowance account in an amount equal to that portion of the state employer contribution rate designated to pay down the total unfunded accrued liability, for any positions existing as of December 31, 2011 that are subsequently converted from non-Optional Retirement Plan for Higher Education (ORPHE) eligible positions to ORPHE-eligible positions on or after January 1, 2012 and that are filled by an employee who elects to participate in the ORPHE. In meeting this obligation, each institution shall provide to the Virginia Retirement System by April 1 of each year a list of all positions converted from non-ORPHE eligible positions to ORPHE-eligible positions since January 1, 2012, and whether current employees in such positions have elected ORPHE participation.

b. Such contributions shall not be required for any new position established by the institution after January 1, 2012, that may be eligible for participation in the Optional Retirement Plan for Higher Education.

2. Furthermore, the Department of Accounts, the Virginia Retirement System, and the universities of higher education shall work to develop a methodology to identify and report separately personnel services expenditures for university personnel in positions that use to be classified positions but have been transitioned to university staff positions.

N. Notwithstanding the provisions of § 17.1-327, Code of Virginia, any justice, judge, member of the State Corporation Commission, or member of the Virginia Workers' Compensation Commission who is retired under the Judicial Retirement System and who is temporarily recalled to service shall be reimbursed for actual expenses incurred during such service and shall be paid a per diem of $250 for each day the person actually sits, exclusive of travel time.

O.1. The Director, Department of Planning and Budget, shall withold and transfer to this Item general fund amounts estimated at $441,519 the first year and $441,519 the second year from state agencies and institutions of

higher education to support the general fund portion of costs of Line of Duty Act premiums based on the latest enrollment update from the Virginia Retirement System.

2. Notwithstanding the provisions of § 9.l-401(C), Code of Virginia, any disabled person, as defined in § 9.1-400(B), Code of Virginia, who was injured in the line-of-duty in February 2016 but whose date of disability for purposes of the Line-of-Duty Act is in March 2019, shall not be subject to subdivision 4 of such subsection. Also, the spouse of such person as of the date of disability shall be considered an "eligible spouse" for purposes of continued health coverage pursuant to § 9.1-401, Code of Virginia, and will not be subject to the provisions of that definition that disqualify a spouse who ceases to be married to a disabled person, as defined in §9.1-400, Code of Virginia, or the spouse of a deceased person who remarries at any time.

P. The Director, Department of Planning and Budget, shall withold and transfer to this Item, general fund amounts estimated at $951,700 the first year and $807,776 the second year from state agencies and institutions of higher education to recognize the general fund portion of savings associated with the latest workers' compensation premiums provided by the Department of Human Resource Management.

Q. The following agency heads, at their discretion, may utilize agency funds to implement the provisions of new or existing performance-based 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 Executive Director of the Virginia Lottery;

6. The Director of the University of Virginia Medical Center;

7. The Chief Executive Officer of the Virginia College Savings Plan;

8. The Executive Director of the Virginia Port Authority; and

9. The Chief Executive Officer of the Virginia Alcoholic Beverage Control Authority.

R. Out of the amounts included in this item, amounts estimated at $4,238,857 the first year and $8,468,250 the second year from the general fund is available for transfer to state agencies and institutions of higher education to fund the increase in the Virginia minimum wage scheduled for January 1, 2023.

S.1. Out of the appropriation for this item, $169,565,843 the first year and $390,105,610 the second year from the general fund is provided to increase the base salary of the following employees by five percent on July 10, 2022, except those employees who will be receiving a targeted salary increase at or above 7.5 percent in fiscal year 2023 based on funding authorized in this act and are not employees of the Department of Behavioral Health and Developmental Services shall receive a 2.5 percent increase on July 10, 2022, and an additional five percent increase on June 10, 2023:

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;

d. Full-time 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;

g. Legislative 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;

j. Full-time employees in the Judicial Department;

k. Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Chief Executive Officer of the Virginia College Savings Plan, and the Directors of the Virginia Lottery, and the Virginia Retirement System.

l. Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the Virginia Lottery, Virginia Workers' Compensation Commission, and the Virginia Retirement System.

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. However, notwithstanding anything herein to the contrary, the governing authorities of those state institutions of higher education with employees not subject to the Virginia Personnel Act may implement salary increases for such employees that may vary based on performance and other employment-related factors. 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 five percent on July 10, 2022 and on June 10, 2023. 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 when 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. The following agency heads, at their discretion, may utilize agency funds or the funds provided pursuant to this paragraph to implement the provisions of new or existing performance-based 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 Virginia Lottery;

f. The Director of the University of Virginia Medical Center;

g. The Chief Executive Officer of the Virginia College Savings Plan; and

h. The Executive Director of the Virginia Port Authority.

5. The base rates of pay, and related employee benefits, for wage employees may be increased by up to five percent no earlier than July 10, 2022 and an additional five percent no earlier than June 10, 2023. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.

6. The governing authorities of the state institutions of higher education may provide a salary adjustment based on performance and other employment-related factors, as long as the increases do not exceed the five percent increase on average for faculty and university staff.

T.1. The appropriations in this item include funds to increase the base salary of the following employees by five percent on August 1, 2022, except those employees who will be receiving a targeted salary increase at or above 7.5 percent in fiscal year 2023 based on funding authorized in this act shall receive a 2.5 percent increase on August 1, 2022, and by an additional five percent on July 1, 2023, provided that the governing authority of such employees use such funds to support salary increases for the following listed employees.

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 Supplements to Employee Compensation is included $44,556,991 the first year and $113,435,166 the second year from the general fund to support the costs associated with the salary increases provided in this paragraph.

U. Included in the appropriation for this item is $6,591,337 the first year and $14,740,641 the second year from the general fund to provide a five percent increase in base pay effective July 10, 2022 and an additional five percent effective June 10, 2023 for adjunct faculty at Virginia two-year and four-year public colleges and higher education institutions.

V. Included in the appropriation for this item is $2,371,941 the first year and $5,304,518 the second year from the general fund to provide a five percent increase in base pay effective July 10, 2022 and an additional five percent effective June 10, 2023 for graduate teaching assistants at Virginia two-year and four-year public colleges and higher education institutions.

W.1. In addition to the amounts provided for the compensation actions authorized in paragraphs S.1., U., and V., up to $66,517,107 the first year from the general fund shall be used to provide a one-time bonus payment of $1,000 on December 1, 2022 to all classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on or before August 10, 2022 and remained employed until at least November 10, 2022.

2. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the bonus payment authorized in this paragraph only if they have attained an equivalent rating of at least "Contributor" on their performance evaluation and have no active written notices under the Standards of Conduct within the preceding twelve-month period.

X. On or before June 30, 2023, the State Comptroller shall deposit $25,309,001 from the general fund into the Virginia Retirement System trust fund to address the unfunded liabilities for the retiree health care plans. The Virginia Retirement System shall allocate these funds in the following manner in an effort to address the unfunded liabilities associated with the plans:

1. An amount estimated at $24,318,170 to the health insurance credit plan for state employees; and

2. An amount estimated at $990,831 to the health insurance credit plan for local social services employees.

Y. On or before June 30, 2024, the State Comptroller shall deposit $55,100,000 from the general fund into the Virginia Retirement System trust fund to address the unfunded liabilities for the retiree health care plans. The Virginia Retirement System shall allocate these funds in the following manner in an effort to address the unfunded liabilities associated with the plans:

1. An amount estimated at $52,800,000 to the health insurance credit plan for state employees;

2. An amount estimated at $1,576,017 to the health insurance credit plan for Constitutional Officers and their employees; and

3. An amount estimated at $723,983 to the health insurance credit plan for local social services employees.