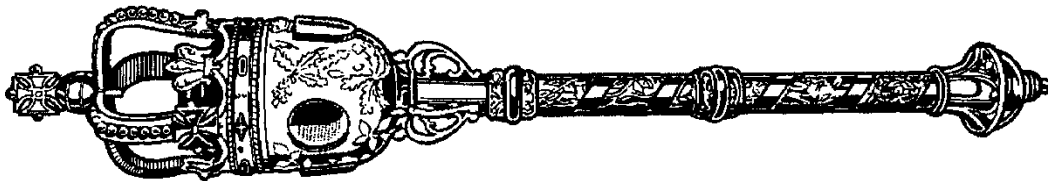


*Report of the  
House Appropriations  
Subcommittee*

*on*

*Compensation & General  
Government*



*House Bill 29  
&  
House Bill 30*

*February 22, 2004*

*February 22, 2004*

**Respectfully Submitted by the House Appropriations  
Subcommittee on Compensation & General Government:**

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**Robert Tata, Chairman**

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**Leo C. Wardrup**

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**Lacey E. Putney**

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**Lionell Spruill, Sr.**

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**Riley E. Ingram**

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**James M. Scott**

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**Joe T. May**

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**Johnny S. Joannou**

**REPORT OF THE SUBCOMMITTEE**  
**on**  
**Compensation and General Government**

Mr. Chairman and Members of the Committee:

The work of this Subcommittee has focused on two primary goals: (1) keeping our promise to Moody's to replenish the Rainy Day Fund and (2) recognizing the value of the Commonwealth's public employees by providing salary increases for our state employees, state-supported local employees, and college and university faculty. I am pleased to present to you today a series of amendments in support of these goals.

In the general government area, this Subcommittee focused on two actions: identifying the programs and services into which critical investments must be made and identifying the programs and activities that could be reduced to generate the savings necessary to support the core activities of government. Mr. Chairman, thanks to your leadership and the work of the other subcommittees, I am pleased to report that our recommendations include the addition of \$116.0 million in public investments. By far, the largest of these investments is \$102.0 million for deposit into the Rainy Day Fund. This deposit, of which \$87.0 million is required by our state Constitution, will strengthen the Commonwealth's balance sheet and fulfill the promises we have made to bond rating agencies.

Mr. Chairman, the Subcommittee is also recommending the establishment of four new public defender offices, as authorized in legislation approved by the House this Session. The creation of these public defender officers, which will be located in Arlington County and the cities of Chesapeake, Hampton, and Newport News, will not only provide better representation for indigent

criminal defendants, but also reduce the costs of the criminal defense services supported by the Criminal Fund. Overall, these four offices will save slightly more than \$700,000 this biennium.

Mr. Chairman, as you previously indicated, we must continue to examine programs based on their direct benefit to the state. This subcommittee agrees in your belief that further reductions in areas that have already been significantly reduced could be counterproductive; therefore, we have examined existing programs and services provided by state agencies. For instance, the Subcommittee recommends eliminating the funding for the school efficiency review and tax reform initiatives based upon the failure of proposed legislation. Other reductions included level funding the distribution of profits from the sale alcoholic beverages and wine taxes – strategies that neither harm state agencies nor reduce the level of existing support the Commonwealth provides to its localities.

In addition to these measures, the Subcommittee also recommends a few measures that would reduce the level of support provided to existing programs and activities of state government. For instance, the Subcommittee recommends a reduction in the level of general fund support given to the Department of Taxation. Last year, we provided an additional \$12 million and 90.5 positions to this agency to enhance its tax compliance programs and support the implementation of the tax amnesty program. Given that the tax amnesty program has been completed, and I might add very successfully so, it would seem there is less need for these 90 additional positions. This reduction yields a little more than \$1.2 million for the biennium.

In addition, Mr. Chairman, the Subcommittee recommends that local treasurers and commissioners of the revenue be supported by the state only so far as the work performed by these offices benefits the state. Currently, many of these offices provide little in the way of tax administration services for the Commonwealth; however, this is the primary reason for the state support

given these offices. This recommendation would produce savings of about \$6 million over the biennium.

Mr. Chairman, I will next discuss the area of compensation and retirement:

The Subcommittee's work in the area of employee compensation has been unwavering since we learned that the employee salary increases proposed by the Governor were contingent upon the passage of his tax package.

As you requested, we looked at the contingent designation on the funding for the salary increase and determined that this clause did not guarantee our hard-working state employees, state-supported local employees, and higher education faculty a real pay raise. Mr. Chairman, it is hard for state employees to spend on a contingent basis.

Clearly, Mr. Chairman, with the many important needs facing this Committee, finding the revenue to finance these objectives would be difficult at best. However, due in large part to the diligence of the other Subcommittees as they undertook their budget reviews, we are able to propose a compensation package that will provide for a salary increase totaling three percent in December 2005 for state employees, deputy sheriffs, state-supported local employees, and higher education faculty at a cost of \$52.4 million. I am pleased to report to the Committee that absolutely none of this funding is contingent or in a reserve account.

In addition, Mr. Chairman, the Subcommittee recommends that that \$66.0 million be provided to fully fund the employer's share of the premium increase for the state employee health insurance program. Equally as important Mr. Chairman, this funding will ensure that our employees will not face benefit or plan changes this year.

A large part of the budget review for the area of employee compensation was focused on the contribution rates adopted by the Virginia Retirement System in October 2003 as a result of their June 30, 2003, actuarial valuation.

Mr. Chairman, the VRS Board of Trustees, based on the advice of their actuary, certified separate employer contribution rates for the VRS state employee system and the VRS teacher system. As you may recall, the state employee and teacher rates for the current biennium had been calculated as a blended rate resulting in the same contribution rate for each system, regardless of the fact that each system had different gains, losses, and liabilities due to factors such as different compensation practices of local school boards and state employees. It was in part the reason that the VRS Board certified separate contribution rates for the upcoming biennium.

However, Mr. Chairman, despite the recommendation of the VRS Board, the introduced budget “pooled” the contribution rate for state employees and teachers. As a result of these “pooled” rates, the state would be over-funding the state employee system and the teacher system would continue to be under-funded on an actuarial basis. Because state agencies would be required to pay higher rates, employers like higher education institutions would need to raise tuition 1 percent to cover the additional retirement costs. Likewise, agencies like the Department of Transportation would have to reduce construction spending by over \$18.0 million over the biennium to pay this added cost. In addition, paying a higher contribution rate makes it more difficult to properly compensate our hard-working state employees.

Faced with this finding, the Subcommittee questioned whether the rates could be separated, thereby lowering the state employee contribution rate. In addition, it appeared to the Subcommittee that a new state reimbursement model for teacher retirement costs going forward was needed.

Based upon careful review, the Subcommittee recommends that the teacher and state employee rates be separated and the VRS actuary's rate be applied for the state employee system. For the teacher system, the Subcommittee recommends that the employer normal cost rate be instituted in fiscal year 2005 for the teacher system. This will provide additional relief to the local school boards above the pooled rate included in the introduced budget. In the second year, the employer contribution rate for the teacher system will be based on the employer normal cost rate plus one-third of the charge reflecting the cost to amortize the unfunded liability over a 30-year period.

Going forward, Mr. Chairman, the Subcommittee recommends that the employer normal cost rate become the rate at which the state will reimburse local school divisions for employer retirement costs. All employer retirement contribution costs above the normal cost will be the responsibility of the local school division.

This policy change is more generous than the one in place for Constitutional Offices. The state reimburses local governments at the lower of the state rate or the local government contribution rate.

This action in no way affects the pension benefits of current or future retirees or impacts the liability that must be reported on the books of the Commonwealth. According to the Auditor of Public Accounts, current practice is that the unfunded liability for both the teacher system and local political subdivisions are reported to localities for inclusion in their financial statements. The recommendations by the Subcommittee today will not affect this practice.

Mr. Chairmen and fellow Committee members, I will ask staff to take you through our detailed recommendations, and then I hope it will be your pleasure to adopt our subcommittee report.

## BUDGET AMENDMENT RECOMMENDATIONS

Amendment	House Bill 29 FY 2004	2004-06 BIENNIAL TOTAL		
		General Fund	Nongeneral Fund	FTE
<b><u>General Government</u></b>				
<b><u>HB 29 REVENUES</u></b>				
<b>State Lottery Department</b>				
Correct Lottery Proceeds Transfer	(1,018,773)	0	0	0.00
	-----	-----	-----	-----
<b>SUBTOTAL REVENUES</b>	<b>(1,018,773)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b><u>HB 29</u></b>				
<b>Department of General Services</b>				
Fund Increased Utilities Cost	225,000	0	0	0.00
	-----	-----	-----	-----
<b>HB 29 SUBTOTAL</b>	<b>225,000</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b><u>HB 30</u></b>				
<b>Auditor of Public Accounts</b>				
Base Budget Adjustment		(156,870)	0	0.00
<b>Division of Capitol Police</b>				
Capitol Police Officer Salary Regrade		795,766	0	0.00
Capitol Policy Chief Salary		Language		
<b>Division of Legislative Services</b>				
Base Budget Adjustment		(320,000)	0	(2.00)
Privatize Report Services			(125,000)	
<b>Promotion of Uniformity of Legislation</b>				
Annual Conference Costs and Dues		44,000	0	0.00
<b>Commission on Youth</b>				
Base Budget Adjustment		(47,366)	0	0.00
<b>State Crime Commission</b>				
Offset Loss of Federal Grants		69,463	0	0.00
<b>Legislative Reversion Clearing Account</b>				
Legislative Agency Savings		Language		
<b>Supreme Court</b>				
Evaluate Creation of Family Courts		Language		
Reimbursement of Expenses		Language		
<b>Court of Appeals of Virginia</b>				
Reimbursement of Expenses		Language		
<b>Circuit Courts</b>				
Reduction for Public Defender Offices		(13,057,789)	0	0.00
<b>Board of Bar Examiners</b>				
Eliminate Erroneous Language		Language		
<b>Public Defender Commission</b>				
Establish Public Defender Offices		12,357,254	0	90.00
<b>Division of Debt Collection</b>				
Increase Private Collection Agency Amount		Language		
<b>Secretary of Administration</b>				



## BUDGET AMENDMENT RECOMMENDATIONS

<u>Amendment</u>	<u>House Bill 29 FY 2004</u>	<b>2004-06 BIENNIAL TOTAL</b>		
		<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>FTE</u>
Reduce Support for Public Broadcasting		(360,000)	0	0.00
<b>Compensation Board</b>				
Technical Position Adjustment		Language		
Technical Salary Chart Adjustment		Language		
Salary Annualization		(2,255,444)		
Clerk Excess Fees		Language		
Clerk Audit Findings		Language		
Fund Treasurers for State Duties		(4,214,324)	0	0.00
Fund Commissioners for State Duties		(2,543,686)	0	0.00
<b>Department of General Services</b>				
Spend Management Treasury Loan		Language		
Rent Plan Utility Costs		Language		
Museum of Fine Arts Payments in Lieu of Taxes		Language		
Fund Increased Utilities Cost		519,700	0	0.00
Stauton Correctional Center Fixtures		Language		
<b>Department of Veterans Services</b>				
Remove Contingent Language		Language		
<b>State Board of Elections</b>				
Remove Cap on Local Supplements		Language		
<b>Department of Accounts</b>				
Eliminate School Efficiency Funding		(5,740,000)	0	0.00
<b>Department of Accounts Transfer Payments</b>				
Level Fund ABC Profits		(7,300,000)	0	0.00
Level Fund Wine Taxes		(900,000)	0	0.00
Additional Rainy Day Fund Deposit		15,000,000	0	0.00
<b>Department of Planning and Budget</b>				
Council on Virginia's Future		(600,000)	0	0.00
<b>Department of Taxation</b>				
Eliminate Tax Reform Funding		(5,281,528)	0	(22.00)
Reduce Expenses for Compliance		(1,158,998)	0	0.00
<b>Department of the Treasury</b>				
Payment of Ruffin Claim		750,000	0	0.00
<b>Central Appropriations</b>				
VRS Amortization Period		Language		
Retiree Health Credit Rate Change		(5,034,202)	0	0.00
VRS Unpooled Contribution Rates		(80,283,109)	0	0.00
Second Year Contigent Salary Increase		(105,309,298)	0	0.00
State Employee Salary Increase -- 3%		28,013,196	0	0.00
State-Supported Local Salary Increase		12,408,550	0	0.00
Faculty Salary Increase		11,983,746	0	0.00
<b>State Corporation Commission</b>				
National Conference of Insurance Legislators		0	20,000	0.00
<b>Virginia Retirement System</b>				
VOLSAP Administrative Funding		(344,000)	0	0.00
<b>Part 3/Part 4</b>				
Retiree Health Credit Rate Change		Language		
Remove Contingent VRS NGF Language		Language		

**BUDGET AMENDMENT RECOMMENDATIONS**

<u>Amendment</u>	<u>House Bill 29</u> <u>FY 2004</u>	<b>2004-06 BIENNIAL TOTAL</b>		
		<u>General</u> <u>Fund</u>	<u>Nongeneral</u> <u>Fund</u>	<u>FTE</u>

Level Fund ABC Profits Distribution  
 Adjust Salary Table -- Veterans Services/Aging  
 Virginia Museum of Natural History Salary Supplement

Language  
 Language  
 Language

<b>HB 30 SUBTOTAL</b>	<b>(1,587,546)</b>	=====	=====	=====
		<b>(152,964,939)</b>	<b>(105,000)</b>	<b>66</b>
<b>GRAND TOTAL</b>		64,220,558	93,803,528	14.00

*Request for Amendment to House Bill 30 as Introduced*

General Government - Independent Subcommittee

Item 4 #5h

**Legislative Department**

Division Of Capitol Police

Language

**Language:**

Page 9, line 3, strike "\$79,588" and insert "\$90,549".

Page 9, line 4, strike "\$79,588" and insert "\$90,549".

Page 9, line 5, strike "\$81,976" and insert "\$93,265".

**Explanation:**

(This amendment increases the annual salary paid to the Chief, Division of Capitol Police, so that his salary is equivalent to the salary paid to local campus police chiefs.)

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General Government - Independent Subcommittee

Item 23 #1h

**Legislative Department**

Legislative Department Reversion  
Clearing Account

Language

**Language:**

Page 14, after line 38, insert:

"On or before June 30, 2003, the Joint Rules Committee shall authorize the reversion of \$262,118 to the general fund, representing savings generated by the legislative agencies. On or before June 30, 2004, the Joint Rules Committee shall authorize the reversion of \$262,118 to the general fund, representing savings generated by legislative agencies in the second year."

**Explanation:**

(This amendment provides language authorizing the reversion of general fund savings generated by legislative agencies. The agencies that will produce these savings include the Division of Legislative Services (\$160,000 each year), the Auditor of Public Accounts (\$78,435 each year), and the Commission on Youth (\$23,683 each year).)

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General Government - Independent Subcommittee

Item 25 #3h

**Judicial Department**

Supreme Court

Language

**Language:**

*Request for Amendment to House Bill 30 as Introduced*

Page 16, after line 39, insert:

"F. The Judicial Council of Virginia shall evaluate and make recommendations on the funding, resources, and statutory changes required to implement a system of family courts in Virginia pursuant to the provisions contained in Chapters 929 and 930 of the Acts of Assembly of 1993. In performing this evaluation, all state agencies shall cooperate, upon request, with the Judicial Council of Virginia. The Judicial Council of Virginia shall report its findings to the Governor and the General Assembly by November 1, 2004."

**Explanation:**

(This amendment inserts language into the Appropriation Act that instructs the Judicial Council of Virginia to examine the costs and other resources necessary to establish a system of family courts in Virginia.)

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General Government - Independent Subcommittee

Item 26 #1h

**Judicial Department**

Supreme Court

Language

**Language:**

Page 17, strikes lines 10 through 15 and insert:

"3. To each justice, \$6,500 the first year and \$6,500 the second year for expenses not otherwise reimbursed, said expenses to be paid out of the current appropriation to the Court."

**Explanation:**

(This amendment clarifies the reimbursement of expenses incurred by the justices appointed to the Virginia Supreme Court. Current language suggests that the amounts provided for the reimbursement of the justices are primarily for the costs of travel. This amendment ensures that the justices may be reimbursed for any costs for which they are not reimbursed by the Supreme Court up to a limit of \$6,500.)

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General Government - Independent Subcommittee

Item 31 #2h

**Judicial Department**

Court Of Appeals Of Virginia

Language

**Language:**

Page 18, strike lines 28 through 33 and insert:

"4. To each judge, \$6,500 the first year and \$6,500 the second year, for expenses not otherwise reimbursed, said expenses to be paid out of the current appropriation

to the Court."

**Explanation:**

(This amendment clarifies the reimbursement of expenses incurred by the judges appointed to the Court of Appeals of Virginia. Current language suggests that the amounts provided for the reimbursement of the judges are primarily for the costs of travel. This amendment ensures that the judges may be reimbursed for any costs for which they are not reimbursed by the Court of Appeals up to a limit of \$6,500.)

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General Government - Independent Subcommittee

Item 37 #1h

**Judicial Department**

Board Of Bar Examiners

Language

**Language:**

Page 23, strike lines 16 through 47 and insert:

"Authority: Title 54.1, Chapter 39, Articles 3 and 4 and § 54.1-3934, Code of Virginia."

Page 24, strike lines 1 through 56.

Page 25, strike lines 1 through 16.

**Explanation:**

(This amendment deletes language that was erroneously included in this item from Item 137 of this act. The erroneous language included provisions about the activities that should be included as part of the Commonwealth's program of public education. These provisions do not affect the Board of Bar Examiners, which is responsible for the licensure of attorneys. In addition, it should be noted that the erroneous language still appears where it should within Direct Aid to Public Education.)

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General Government - Independent Subcommittee

Item 53 #2h

**Executive Offices**

Division Of Debt Collection

Language

**Language:**

Page 31, line 29, strike "\$1,000" and insert "\$15,000".

**Explanation:**

(This amendment raises the limitation on the amount of debt that the Division of Debt Collection may contract with private entities for collection. This will allow for the bundling of debt for collection by private collection agencies to further increase collection rates on smaller claims.)

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General Government - Independent Subcommittee

Item 63 #1h

**Administration**

Compensation Board

Language

**Language:**

Page 37, line 6, strike "9,698" and "9,781" and insert "9,699" and "9,782".

Page 37, line 14, strike "507" and insert "506".

Page 37, line 15, strike "550" and insert "549".

**Explanation:**

(This amendment corrects a position adjustment made to the sheriffs' totals. The sheriffs' totals were inadvertently adjusted when the intent was to adjust the temporary position totals. This correction has no impact on the budget.)

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General Government - Independent Subcommittee

Item 64 #2h

**Administration**

Compensation Board

Language

**Language:**

Page 40, line 54, strike "\$95,528" "\$95,528" "\$98,394" and insert:

"\$97,677" "\$97,677" "\$100,607".

**Explanation:**

(This amendment corrects one of the salaries in the sheriffs' salary chart. The current salary does not reflect the 2.25 percent pay increase provided in fiscal year 2004. This correction has no impact on the budget.)

---

General Government - Independent Subcommittee

Item 66 #5h

**Administration**

Compensation Board

Language

**Language:**

Page 47, after line 8, insert:

"I. Notwithstanding the provisions of Item 505, paragraph F.2.e.1., the Compensation Board shall not provide any salary increase to any Circuit Court Clerk identified in the annual Auditor of Public Accounts' report "Virginia Circuit Courts Statewide Report" as having an audit with more than one finding or a repeated finding from the previous audit report."

**Explanation:**

(This amendment establishes a policy that circuit court clerks shall not receive salary increases when those clerks fail to address audit findings reported by the Auditor of Public Accounts in past years or have multiple audit findings in the current report. The amendment addresses a problem that has been ongoing for a number of years in certain circuit court clerks' offices.)

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General Government - Independent Subcommittee

Item 78 #1h

**Administration**

Department Of General Services

Language

**Language:**

Page 57, after line 19, insert:

"D. The Department of Accounts shall provide a treasury loan of up to \$5,000,000 to the Department of General Services to support expansion and the department's overview of the statewide Virginia Partners in Procurement (VaPP) spend management program for the purpose of creating savings for the Commonwealth's agencies and institutions by collaborating in areas where there is an overlap in purchasing. Such loan shall bear interest at a rate equal to the general fund composite investment rate and shall be repaid no later than June 30, 2008. Funding for repayment of this loan will be from rebates or surcharges collected and/or fees added to the statewide spend management contracts. The General Assembly strongly encourages all state agencies and institutions of higher education to participate in the statewide spend management program authorized in this item."

**Explanation:**

(This amendment reauthorizes the Department of Accounts to provide a treasury loan up to \$5,000,000 to the Department of General Services to support implementation of the statewide VaPP spend management program. Similar language is contained in House Bill/Senate Bill 29. The Auditor of Public Accounts has recommended that similar language be included in House Bill/Senate Bill 30.)

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General Government - Independent Subcommittee

Item 79 #1h

**Administration**

Department Of General Services

Language

**Language:**

Page 57, line 42, strike "\$23,171,209" and insert "\$23,562,008".

Page 57, line 43, strike "\$23,571,669" and insert "\$24,028,797."

**Explanation:**

(This amendment increases the rent plan internal service fund amount by \$390,799 the first year and \$457,128 the second year. The increase is for utility cost increases and inflationary increases in custodial and maintenance contracts. A companion amendment is included in Item 506.)

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General Government - Independent Subcommittee

Item 79 #2h

**Administration**

Department Of General Services

Language

**Language:**

Page 58, line 8, strike the first "\$200,000" and insert "\$158,513".

Page 58, line 8, strike the second "\$200,000" and insert "\$158,513".

**Explanation:**

(This amendment limits the payments in lieu of taxes paid by the Virginia Museum of Fine Arts to no more than the amount that was in effect on July 1, 2003. This amount represents about 2.5 percent of the museum's general fund appropriations.)

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General Government - Independent Subcommittee

Item 79 #5h

**Administration**

Department Of General Services

Language

**Language:**

Page 58, after line 22, insert:

"F. The Department of General Services shall identify and inventory the fixtures remaining in the administrative and programming spaces at the Staunton Correctional Center. Items of historical value shall be removed and placed in appropriate storage facilities or disposed of through sale or donations."

**Explanation:**

(This amendment requires the Department of General Services to inventory fixtures in the buildings at the Staunton Correctional Center and appropriately store or dispose of items that have historical value.)

---

General Government - Independent Subcommittee

Item 90 #6h

**Administration**



*Request for Amendment to House Bill 30 as Introduced*

Department Of Veterans Services

Language

**Language:**

Page 62, line 32, strike "the expenditure of".

Page 62, line 34, after "fund", insert "is provided".

Page 62, line 36, after "Charlottesville", strike ", is contingent upon the" and insert ". "

Page 62, strike lines 37 through 39.

**Explanation:**

(This amendment eliminates language contained in this item that made the addition of claims agents in certain field offices operated by the Department of Veterans Services contingent upon the passage of the Governor's tax proposal.)

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General Government - Independent Subcommittee

Item 94 #2h

**Administration**

State Board Of Elections

Language

**Language:**

Page 64, line 30, after "registrar", strike the remainder of the line and insert "."

Page 64, strike line 31.

Page 64, line 32, strike "general registrar pursuant to this act."

**Explanation:**

(This amendment would eliminate a restriction on local salary supplements for general registrars imposed by the Appropriation Act. Currently, the Appropriation Act limits the total value of these local salary supplements to no more than 10 percent of the annual compensation for general registrars shown in that act.)

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General Government - Independent Subcommittee

Item 499 #1h

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 367, line 37, insert:

"State Police Retirement System, Virginia Law Officers' Retirement System, and the Judicial Retirement System".

Page 367, line 38, strike "Virginia Retirement System".

Page 367, line 39, after "rates.", insert:

"The savings for the Virginia Retirement System state employee system represent a

*Request for Amendment to House Bill 30 as Introduced*

23-year amortization period for the assets and liabilities in determining employer contribution rates."

**Explanation:**

(This amendment establishes the amortization period for the state employee retirement system at 23 years as recommended by the VRS actuary certified by the VRS Board of Trustees.)

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General Government - Independent Subcommittee

Item 505 #6h

**Central Appropriations**

**FY 04-05**

**FY 05-06**

Central Appropriations

(\$38,980,479)

(\$41,302,630)

GF

**Language:**

Page 370, line 50, strike "\$12,058,693" and insert "\$26,921,786".

Page 370, line 50, strike "\$116,397,852" and insert "\$75,095,222".

Page 376, strike line 13 through 39 and insert:

"O.1. In fiscal year 2005, the Board of Trustees of the Virginia Retirement System (VRS) shall charge local school boards the employer normal cost rate for public school teachers established by the June 30, 2003 valuation of the VRS teacher system. In fiscal year 2006, the VRS Board of Trustees shall charge local school boards the employer normal cost rate established by the June 30, 2003 valuation report of the VRS teacher system plus an employer contribution rate that would fund one-third of the unpooled rate established for the amortization of the unfunded actuarial accrued liability based on a 30-year amortization period. The employer contribution rate representing the amortization of the unfunded actuarial accrued liability shall be increased by 33 percent each year thereafter until the unpooled employer contribution rate as determined in subsequent actuarial valuations is fully funded.

2. State payments or reimbursement for contributions to the VRS teacher system on behalf of local school boards shall not exceed the employer normal cost rate calculated for the June 30, 2003, actuarial valuation. Required employer contributions exceeding the normal cost rate shall be paid entirely by the employer.

3. The Director of the Department of Planning and Budget shall withhold and transfer to this item from the general fund appropriation for Direct Aid to Public Education an amount estimated at \$35,387,449 the first year and \$39,047,811 the second year representing the reduction in employer contribution rates for the teacher retirement system."

**Explanation:**

*Request for Amendment to House Bill 30 as Introduced*

(This amendment establishes state reimbursement for the employer contribution rate for the VRS teacher system at the unpooled normal cost rate. The difference between the employer normal cost rate and the unpooled employer contribution rate calculated in the June 30, 2003, actuarial valuation will be phased in over a three year period until full funding is achieved.)

---

General Government - Independent Subcommittee

Item 3-1.01 #8h

**Transfers**

Interfund Transfers

Language

**Language:**

Page 438, line 6, strike "\$294,584" and insert "\$2,503,872".

Page 438, line 8, strike "\$307,394" and insert "2,612,882".

**Explanation:**

(This amendment reflects nongeneral fund savings from the adjustment to the employer contribution rate for the retiree health credit. The employer contribution rate in the introduced budget does not account for investment earnings on fund balances.)

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General Government - Independent Subcommittee

Item 3-1.01 #9h

**Transfers**

Interfund Transfers

Language

**Language:**

Page 438, line 2, after "transfer." strike the remainder of the line.

Page 438, strike line 3 and line 4.

**Explanation:**

(This amendment removes contingent funding in the introduced budget.)

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General Government - Independent Subcommittee

Item 3-1.01 #11h

**Transfers**

Interfund Transfers

Language

**Language:**

Page 432, line 61, after "quarter.", insert:

"Distributions of net profits from sale of alcoholic beverages to localities shall not

*Request for Amendment to House Bill 30 as Introduced*

exceed \$4,150,000 the first year and \$4,150,000 the second year."

**Explanation:**

(This amendment requires no more than \$4,150,000 each year be distributed to localities from the net profits produced from the sale of alcoholic beverages by the Department of Alcoholic Beverage Control.)

---

General Government - Independent Subcommittee

Item 4-6.01 #1h

**Positions and Employment**

Employee Compensation

Language

**Language:**

Page 469, after line 15, insert:

"Commissioner, Department of Veterans Services	\$104,891	\$104,891
\$108,038".		

Page 471, line 8, strike "\$81,105 \$81,105 \$83,538" and insert:

"\$96,360 \$96,360 99,251".

Page 471, strike lines 43 and 44.

**Explanation:**

(This amendment makes technical adjustments to accurately reflect the salaries of the Commissioner of the Department of Veterans Services and the Commissioner of the Department for the Aging. This amendment is technical in nature and is intended only to reflect the actual current salaries of these agency heads.)

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General Government - Independent Subcommittee

Item 4-6.01 #2h

**Positions and Employment**

Employee Compensation

Language

**Language:**

Page 468, line 16, after "Virginia," insert:

"the Virginia Museum of Natural History,".

**Explanation:**

(This amendment authorizes a salary supplement for the Director of the Virginia Museum of Natural History. This is consistent with the authority provided to other state-owned museums.)