



VIRGINIA HOUSE
APPROPRIATIONS
COMMITTEE

CHAIRMAN LUKE E. TORIAN

February 18, 2024

REPORT OF THE
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON

COMPENSATION & RETIREMENT

House Bill 29 & House Bill 30

REPORT OF THE SUBCOMMITTEE ON COMPENSATION AND RETIREMENT

Mr. Chairman and Members of the Committee:

On behalf of the Compensation and Retirement Subcommittee, I am very pleased to present to you our budget recommendations. This was not only my first session as a Subcommittee chair, but my first year on the Subcommittee, so first I would like to thank the Chairman for his support and guidance during this Session.

As we all know, the state and our localities always have faced challenges staffing and retaining our workforce, and this has been partially the result of compensation levels being well below those provided in the private sector. The General Assembly has made significant investments in recent years in an effort to address these issues. The budget for the current biennium, the 2022-24 biennium, included a 5% raise in both years across all employee groups, as well as significant targeted salary increases for some of our hard-to-staff positions. While we all can be very proud of the work that we have done, it is vitally important that we continue to build upon these efforts in the upcoming biennium. In the area of employee compensation if you are not moving forward, you are falling behind.

This year, the work of the subcommittee began with a thorough review of the Governor's proposed budget in the area of employee compensation. The subcommittee saw the introduced budget which did not include raises in the first year, instead providing only a 1% bonus, and provided limited salary increases in the second year of 1% for state

employees and 2% for teachers. This clearly is insufficient and inflation would negate much of the progress that was made during the last biennium.

Based on guidance and support from you Mr. Chairman, we have been able to improve on that proposal substantially. I am pleased to announce that our subcommittee recommendations, along with those of the K-12 subcommittee, include more than \$1.2 billion in employee compensation actions in the 2024-26 biennium. As stated in the report of the K-12 subcommittee, this includes approximately \$625 million for salary increases for SOQ funded positions. Our subcommittee recommendations also include approximately \$546 million for a 3 percent increase in each year for our state employees and state supported local employees.

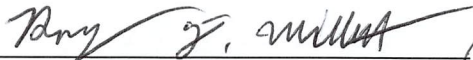
In addition, the subcommittee is recommending \$70.6 million over the 2 years in targeted raises. This includes \$39.8 million for support staff at Department of Behavioral Health and Developmental Services facilities who did not receive targeted salary increases previously. We would like to thank these employees for what they do to support some of our most vulnerable citizens. In addition, the funding includes \$19.0 million to support a career progression plan for our Correctional Officers at the Department of Corrections.

In the area of employee benefits, the Subcommittee began our session with a thorough review of the recent Joint Legislative Audit and Review Commission study of our Enhanced Retirement Benefit Programs. After careful consideration the subcommittee passed legislation to provide these benefits to our conservation officers at the Department of Conservation and Recreation as well as firefighters from

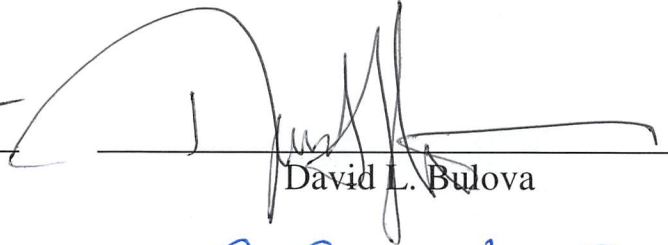
the Department of Military Affairs and the funding for this expansion is included in our recommendations.

Finally, Mr. Chairman, I would like to take this opportunity to thank the members of this Subcommittee for their hard work this Session.

Respectfully Submitted by the House Appropriations Subcommittee on
Compensation & Retirement:



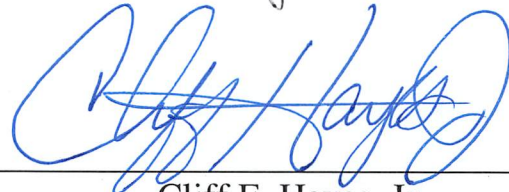
Rodney T. Willett, Chair



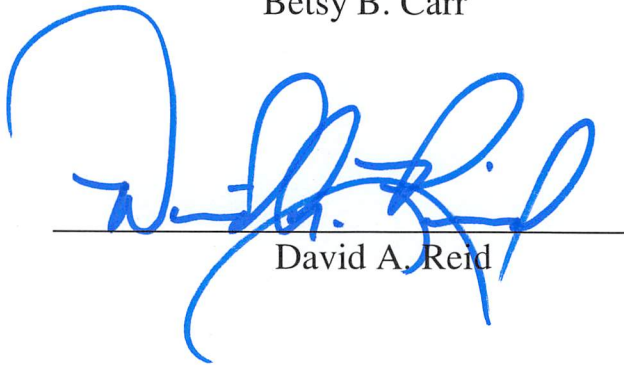
David L. Bulova



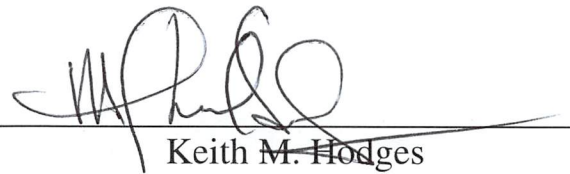
Betsy B. Carr



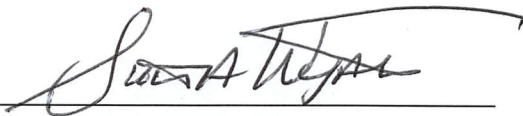
Cliff E. Hayes, Jr.



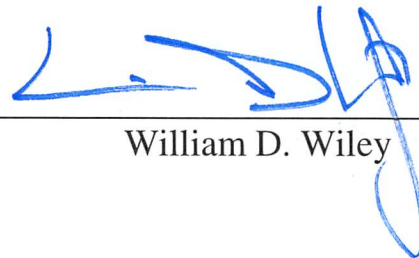
David A. Reid



Keith M. Hodges



Scott A. Wyatt



William D. Wiley

COMPENSATION AND RETIREMENT SUBCOMMITTEE

2022-24 BIENNIAL TOTAL

HB 29 Amendments

General Fund

**Nongeneral
Fund**

FTEs

CENTRAL ACCOUNTS

Authorize Salary Increase on June 10, 2024

Language

INDEPENDENT AGENCIES

Virginia Retirement System

Administrative Cost Pursuant to HB 675

42,000

| COMPENSATION AND RETIREMENT SUBCOMMITTEE | | | |
|--|-------------------------------|------------------------|-------------|
| HB 30 Amendments | 2024-26 BIENNIAL TOTAL | | |
| | General Fund | Nongeneral Fund | FTEs |
| LEGISLATIVE DEPARTMENT | | | |
| General Assembly | | | |
| Legislative Compensation Review | Language | | |
| Capitol Police | | | |
| Additional Support for Capitol Police | 1,189,410 | | 1.00 |
| OFFICE OF ADMINISTRATION | | | |
| Department of Human Resource Management | | | |
| Report on Workers Compensation Claims Related to PTSD | Language | | |
| Administration of Health Insurance | | | |
| Ensure Oversight of Contract Solicitation | Language | | |
| HB 806: One Time Administrative Funding | 75,000 | | |
| OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY | | | |
| Department of Corrections | | | |
| Remove Proposed Funding for Raises for Vacant Positions | (5,836,130) | | |
| CENTRAL ACCOUNTS | | | |
| HB 1312 & HB 1401 - Include DCR Conservation Officers & DMA Firefighters in VaLORS | 718,000 | | |
| 3% Salary Increase Each Year For State & State Supported Local Employees | 378,389,370 | | |
| Level Fund State Employee Health Insurance | (27,046,198) | | |
| HB 321 - Increase Line of Duty Death Benefit | 682,056 | | |
| HB 819 - Prohibit Cost Sharing for Prescribed Contraceptive Drugs or Contraceptive Devices | 350,000 | | |
| INDEPENDENT AGENCIES | | | |
| Virginia Retirement System | | | |
| Administrative Cost for HB 1312 & HB 1401 | Language | | |

Central Appropriations

Central Appropriations

Language

Language:

Page 192, line 2, strike "Not Set Out" and insert:

"AA.1 The base salary of the following employees shall be increased by three percent on June 10, 2024:

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

Committee Approved Amendments to House Bill 29, as Introduced

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 three percent on June 10, 2024. 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. and
- i. The Chief Executive Officer of the Virginia Alcoholic Beverage Control Authority

5. The base rates of pay, and related employee benefits, for wage employees may be increased by up to three percent no earlier than June 10, 2024. 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 three percent increase on average for faculty and university staff."

Explanation:

Committee Approved Amendments to House Bill 29, as Introduced

(This amendment includes language authorizing a 3 percent salary adjustment for state employees effective June 10, 2024. The raise would become effective beginning with the July 1, 2024 payroll and a companion amendment in House Bill 30 provides the funding to support the salary increase. Item 483, this item, was not set out in House Bill 29 as introduced. The legislative intent is to set out the entire item in enrolling.)

| | Item 498 #1h | |
|-----------------------------|----------------|----------------|
| Independent Agencies | FY22-23 | FY23-24 |
| Virginia Retirement System | \$0 | \$42,000 NGF |

Language:

Page 206, line 11, strike "\$19,645,202" and insert "\$19,687,202".

Explanation:

(This amendment provides \$42,000 from the nongeneral fund for the VRS to reflect the administrative impact pursuant to the passage of House Bill 675 which permits the Board of Visitors of the Virginia School for the Deaf and the Blind to re-establish a campus police department. Item, 498 was not set out in the budget as introduced. It is the intent of the General Assembly that the item will be set out when enrolling the final budget.

Committee Approved Amendments to House Bill 30, as Introduced

Item 1 #2h

Legislative Department

General Assembly of Virginia

Language

Language:

Page 12, after line 34, insert:

"W. Staff of the House Committee on Appropriations and Senate Committee on Finance and Appropriations, in collaboration with the Offices of the Clerk of the House and Clerk of the Senate, and in consultation with the Department of Human Resource Management, as appropriate, shall review the current levels of compensation, to include salaries, benefits, wages, and per diems, and any other form of compensation afforded to members of the House of Delegates and members of the Senate. The review shall include a study of compensation provided to other state legislatures and other officials in the Commonwealth of Virginia. A report with findings and recommendations shall be provided to the Chairs of the Joint Rules Committee no later than November 1, 2024."

Explanation:

(This language amendment directs staff of the House Committee on Appropriations and Senate Committee on Finance and Appropriations to review the current levels of compensation afforded to members of the House of Delegates and members of the Senate and provide a report by November 1, 2024.)

Item 4 #1h

Legislative Department

Division of Capitol Police

FY24-25

\$594,705
1.00

FY25-26

\$594,705 GF
1.00 FTE

Language:

Page 14, line 20, strike "\$16,332,429" and insert "\$16,927,134".

Page 14, line 20, strike "\$16,332,429" and insert "\$16,927,134".

Explanation:

(This amendment includes \$594,705 from the general fund each year to increase starting salaries for sworn members of the Capitol Police to \$51,000. The amendment provides funding for compensation adjustments for current staff and wage employees as well as funding for a full time IT coordinator.)

Item 74 #1h

Administration

Committee Approved Amendments to House Bill 30, as Introduced

Department of Human Resource Management

Language

Language:

Page 74, after line 55, insert:

"J. The Department of Human Resource Management shall gather data from the localities concerning Workers Compensation Claims files pursuant to § 65.2-107, Code of Virginia. The Department shall report to the General Assembly on the number of claims, average cost of claims and the number of claims which are limited based on the 52 week cap."

Explanation:

(This amendment requires a report on the number and scope of workers compensation claims pursuant to PTSD, of anxiety disorder, or depressive disorder.)

Item 74 #2h

Administration

FY24-25

FY25-26

Department of Human Resource Management

\$75,000

\$0 GF

Language:

Page 73, line 8, strike "\$122,299,053" and insert "\$122,374,053".

Explanation:

(This amendment provides \$75,000 GF in one-time funding in FY2025 for systems changes pursuant to the passage of HB 806 which authorizes DHRM to enable the DBHDS to schedule nurses in their facilities to work 3 12-hour shifts a week and retain full-time status.)

Item 75 #1h

Administration

Administration of Health Insurance

Language

Language:

Page 76, after line 6, insert

"H. At least 45 days prior to the solicitation of any contract for the health insurance program for state employees, the Department of Human Resource Management shall provide written notification to the Chair of the House Appropriations Committee, the Chair of the Senate Finance and Appropriations Committee, and the Executive Secretary of the Supreme Court. The notice shall include any proposed changes to the health insurance program for state

Committee Approved Amendments to House Bill 30, as Introduced

employees included in the solicitation and the justification for seeking such proposed change. If the Department of Human Resource Management receives notice of objection from any of the above listed Legislative or Judicial branch officials during the 45 days following such notice, the Department shall not implement any such proposed changes unless specifically authorized by the General Assembly."

Explanation:

(This amendment includes language to ensure oversight of any proposed modifications to the state employee health insurance plan.)

Item 388 #2h

Public Safety and Homeland Security

FY24-25

FY25-26

Department of Corrections

(\$2,918,065)

(\$2,918,065) GF

Language:

Page 439, line 32, strike "\$926,775,111" and insert "\$923,857,046".

Page 439, line 32, strike "\$908,097,549" and insert "\$905,179,484".

Explanation:

(This amendment removes \$2.9 million from the general fund each year included in House Bill 30 as introduced for raises for vacant correctional officer positions.)

Item 469 #1h

Central Appropriations

FY24-25

FY25-26

Central Appropriations

\$0

\$718,000 GF

Language:

Page 509, line 12, strike "\$174,632,045" and insert "\$175,350,045".

Page 511, line 41, strike "\$6,938,318" and "\$6,220,813".

Explanation:

(This amendment adjusts funding for contribution rates for the VRS retirement system pursuant to the enactment of House Bill 1312 of the 2024 General Assembly Session which adds DCR conservation officers to the VaLORS program and House Bill 1401 which adds firefighters from the Department of Military Affairs to the VaLORS program, both beginning July 1, 2025.)

Item 469 #2h

Committee Approved Amendments to House Bill 30, as Introduced

| Central Appropriations | FY24-25 | FY25-26 | |
|-------------------------------|----------------|----------------|----|
| Central Appropriations | \$125,328,643 | \$253,060,727 | GF |

Language:

Page 509, line 12, strike "\$84,088,011" and insert "\$209,416,654".

Page 509, line 12, strike "\$174,632,045" and insert "\$427,692,772".

Page 516, line 5, strike "\$44,846,024" and insert:

"\$134,502,573 the first year and \$273,040,223".

Page 516, line 6, strike "one" and insert:

"three percent on June 10, 2024 and an additional three".

Page 516, line 46, strike "one" and insert:

"three percent on June 10, 2024 and an additional three".

Page 517, line 15, strike "one" and insert:

"three percent no earlier than June 10, 2024 and an additional three".

Page 517, line 22, strike "one" and insert:

"three percent on July 1, 2024 and an additional three".

Page 517, line 35, strike "\$12,692,725" and insert:

"\$38,018,552 the first year and \$80,663,893".

Page 517, line 37, strike "\$1,485,084" and insert:

"\$4,455,837 the first year and \$9,044,194".

Page 517, line 38, strike "one" and insert:

"three percent increase in base pay effective June 10, 2024 and an additional three".

Page 517, line 41, strike "\$610,941" and insert:

"\$1,832,807 the first year and \$3,720,598".

Page 517, strike lines 45 through 47, and insert.

"V.1. Out of the appropriation for this item, \$315,788 in the first year and \$315,788 the second year from the general fund is provided to support the cost of the five percent salary increase provided during fiscal year 2024 for the Institute For Advanced Living and Research.

2. In addition, up to \$198,946 in the first year and \$403,861 the second year from the general fund is provided for the Institute For Advanced Living and Research to support the cost associated with the salary actions authorized in paragraph R of this item.

3. It is the intention of the General Assembly that the Department of Planning and Budget include personnel cost for the Institute For Advanced Living and Research into the methodology used to calculate the cost of future salary increases.

W.1. Out of the appropriation for this item, \$127,665 in the first year and \$127,665 the second year from the general fund is provided to support the cost of the five percent salary increase provided during fiscal year 2024 for the Roanoke Higher Education Authority.

2. In addition, up to \$198,946 in the first year and \$403,861 the second year from the general fund is provided for the Roanoke Higher Education Authority to support the cost associated with the salary actions authorized in paragraph R of this item.

Committee Approved Amendments to House Bill 30, as Introduced

3. It is the intention of the General Assembly that the Department of Planning and Budget include personnel cost for the Roanoke Higher Education Authority into the methodology used to calculate the cost of future salary increases."

Page 518, strike lines 1 through 41.

Explanation:

(This amendment adds \$125.3 million from the general fund in fiscal year 2025 and \$253.1 million from the general fund in fiscal year 2026 for employee compensation actions for state employees and state supported local employees. The amendment uses this funding, as a well as funding included in the introduced budget, to support a three (3) percent salary increase in each year of the biennium. Total funding for these actions, including the funding in the introduced budget is \$179.5 million in fiscal year 2025 and \$367.5 million in fiscal year 2026,)

| | Item 469 #3h | | |
|-------------------------------|----------------|----------------|----|
| Central Appropriations | FY24-25 | FY25-26 | |
| Central Appropriations | \$0 | (\$27,046,198) | GF |

Language:

Page 509, line 12, strike "\$174,632,045" and insert "\$147,585,847".

Page 510, line 33, strike "\$66,667,915" and insert "\$39,621,717".

Explanation:

(This amendment reflect savings of \$27.0 million from the general fund in fiscal year 2026 from level funding the premiums for the state employee health insurance over the two years. The budget includes funding of \$39.6 million from the general fund each year to fund a 6.3 percent increase in the premiums in July 2025.)

| | Item 469 #5h | | |
|-------------------------------|----------------|----------------|----|
| Central Appropriations | FY24-25 | FY25-26 | |
| Central Appropriations | \$341,028 | \$341,028 | GF |

Language:

Page 509, line 12, strike "\$84,088,011" and insert "\$84,429,039".

Page 509, line 12, strike "\$174,632,045" and insert "\$174,973,073".

Page 515, line 29, strike "\$1,745,613" and "\$1,745,613" and insert: "\$2,086,641" and "\$2,086,641".

Explanation:

Committee Approved Amendments to House Bill 30, as Introduced

(This amendment adjusts funding for contribution rates for the Line of Duty Act benefit pursuant to the enactment of House Bill 321 which increases from \$25,000 to \$100,000 the death benefit payout for a death caused by occupational cancer, respiratory disease, or hypertension or heart disease.)

Item 469 #6h

| Central Appropriations | FY24-25 | FY25-26 | |
|-------------------------------|----------------|----------------|----|
| Central Appropriations | \$175,000 | \$175,000 | GF |

Language:

Page 509, line 12, strike "\$84,088,011" and insert "\$84,263,011".
Page 509, line 12, strike "\$174,632,045" and insert "\$174,807,045".

Explanation:

(This amendment provides \$175,000 from the general fund each year pursuant to the passage of House Bill 819.)

Item 484 #1h

| Independent Agencies | FY24-25 | FY25-26 | |
|-----------------------------|----------------|----------------|-----|
| Virginia Retirement System | \$70,000 | \$0 | NGF |

Language:

Page 530, line 2, strike "\$23,111,353" and insert "\$23,181,353".

Explanation:

(This amendment provides the VRS \$70,000 from the nongeneral fund pursuant to the passage of House Bill 1312 and House Bill 1401 which add DCR conservation officers and DMA firefighters into the VaLORS retirement system. The funding supports the administrative changes needed to effectuate the change. A companion amendment under Item 469 provides funding to support the additional benefit cost for the state employees.)