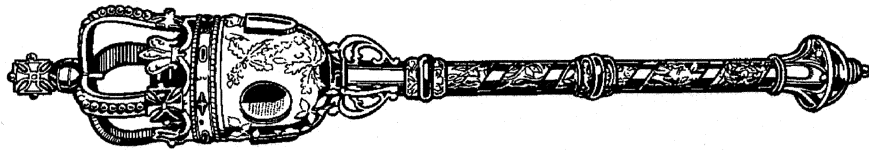


*Report of the
House Appropriations
Subcommittee*

on

Compensation & Retirement



*House Bill 29
&
House Bill 30*

February 16, 2014

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. First, I want to thank the Chairman for his support and guidance during my first year chairing this subcommittee. As a former chairman of this subcommittee, his thoughts have been most helpful.

As has been the case over the past several sessions the work of this subcommittee focused on two primary goals. The first goal, with the support of all the members of the committee, was to find the resources to provide some form of increased compensation to our employees during this time of modest revenue growth. The second was to continue to work to ensure that our benefit programs, both the retirement system and the State Employee Health Insurance fund, were appropriately funded with both the current biennium and the future in mind.

The first goal of providing increased compensation to our employees this year, was particularly challenging given that the budget, as introduced in December, included proposals for numerous targeted salary increases, effecting specific employee groups but did not include any funding for a compensation adjustment for the workforce as a whole. The subcommittee carefully reviewed the reasoning behind all of these targeted proposals while maintaining the goal of being equitable to all our hard working employees.

I would also say that our efforts in this area became all the more challenging just a few days ago when, as many of us had ex-

pected, the midsession revenue reforecast resulted in a decrease in our projected revenues.

Having to balance the desire to reward our hardworking employees, while also safeguarding the Commonwealth against further downward revenue adjustments, I am happy to report that the subcommittee is recommending, with the full support of our Chairman, a revenue reserve of \$137 million. This reserve provides, contingent on the state meeting our newly updated revenue projections, funding for employee compensation and the full funding for the VRS Board certified rates for the four state employee retirement plans in fiscal year 2016.

Specifically, \$61.1 million of the revenue reserve would be available to provide compensation supplements. Under the revenue reserve language, the targeted salary actions included in the introduced budget, for state and state supported local employees, would be effective on January 1, 2015, once the revenue forecast for the 2015 budget bill has been finalized. Furthermore, the reserve includes funding to provide a 2% bonus, effective July 1, 2015, to all state and state supported local employees who are not in positions receiving a salary increase so that all employees will receive some manner of increased compensation.

The second portion of the revenue reserve earmarks \$76.3 million to increase the retirement contribution rates for the four state employee retirement systems, to 100% of the VRS Board certified rates in fiscal year 2016, which would be three fiscal years earlier than the scheduled phase-in based on Chapters 701 and 823 of the 2012 General Assembly Session.

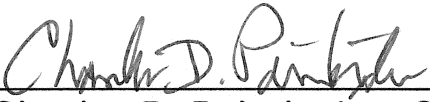
In addition, to full funding of the VRS, I am pleased to report that the subcommittee recommendations include funding for increases in the premium for the state employee health insurance plan in both the first year and the second year. This is the first time, in my memory, that the second year premium increase has been addressed and funded when developing the initial biennium budget.

This action is consistent with this Committees often stated goal of producing a structurally balanced budget.

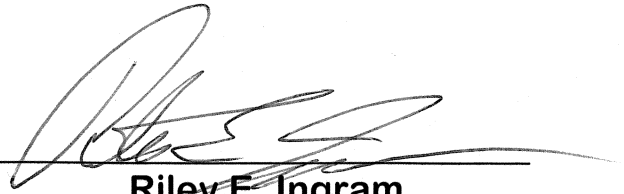
Finally, Mr. Chairman, I would like to take this opportunity to thank the members of this Subcommittee for their hard work this Session.

Mr. Chairman 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.

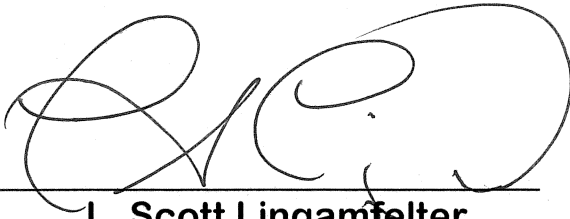
Respectfully Submitted by the House Appropriations Subcommittee
on Compensation & Retirement:



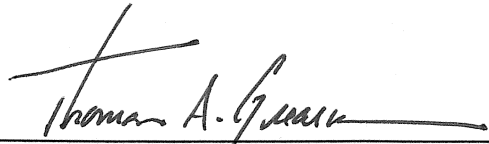
Charles D. Poindexter, Chairman



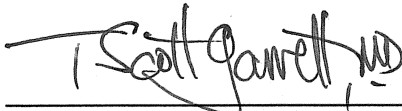
Riley E. Ingram



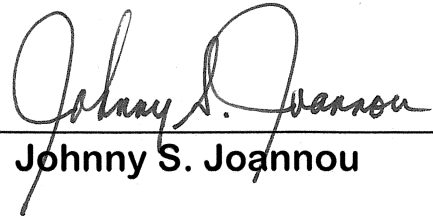
L. Scott Lingamfelter



Thomas A. Greason



T. Scott Garrett



Johnny S. Joannou



Daun S. Hester

House Bill 29 Compensation and Retirement <u>Amendment</u>
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General <u>Fund</u>	Nongeneral <u>Fund</u>
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Office of Administration

Department of Human Resource Management

Review Treatment for Muscular-Skeletal Disorders

Language

Central Appropriations

Central Appropriations

Delete Lang. Related to Contingent Bonus

Language

Part 3

Interfund Transfers

Transfer NGF Cash Balances to VRS

Language

House Bill 30
Compensation and Retirement
Amendment

General
Fund

Nongeneral
Fund

FTEs

Office of Administration

Compensation Board

Sheriffs - Transfer Compensation Funding to Revenue Reserve	(\$10,083,750)	\$0	0.00
Technical Correction of Lang for Comm. of Revenue	Language		
Comm. of Rev. - Transfer CD Funding to Revenue Reserve	(\$379,656)	\$0	0.00
Comm. Attny. - Transfer CD Funding to Revenue Reserve	(\$218,850)	\$0	0.00
Circuit Court Clerk - Transfer Sal. Adj. to Revenue Reserve	(\$861,578)	\$0	0.00
Treasurers - Transfer CD Funding to Revenue Reserve	(\$161,370)	\$0	0.00
Include language inadvertently omitted	Language		

Department of Human Resource Management

Strike New Funding for Online Exit Interview and Analytical Software	(\$400,000)	\$0	0.00
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Department of Elections

Technical Correction Salary Tables Registrars and Electoral Boards	Language		
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Central Appropriations

Central Appropriations

Clarify Virginia Sickness and Disability Program language	Language		
HB 1105 - Minimum Life Insurance Benefit for State Employee Retirees	\$340,000	\$0	0.00
Employee Health Insurance - Parity Rx Co-payments	(\$480,600)	\$0	0.00
Revenue Reserve - Employees Comp. and VRS Rates	\$118,025,078	\$0	0.00
Strike New Funding for JLARC Compensation Review	(\$800,000)	\$0	0.00

Independent Agencies

Virginia Retirement System

VRS - Administrative Funding Pursuant to HB 877	\$0	\$236,550	0.00
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Part 4

Positions and Employment

Modify presidents' salaries	Language		
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Reporting Requirements

Exemption on VRS Deadline - Employer Reporting Error	Language		
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Compensation - Retirement Subcommittee

Item 83 #1h

Administration

Department Of Human Resource
Management

Language

Language:

Page 28, line 12, after "standards." insert:

"By June 30 the Department shall evaluate new strategies for treatments associated with muscular-skeletal disorders, and implement such strategies where cost savings reasonably appear indicated."

Explanation:

(This amendment instructs the Department of Human Resource Management to evaluate strategies for treatments associated with muscular-skeletal disorders, which has been identified in recent studies as an area with substantial potential for savings and improved health care outcomes.)

Compensation - Retirement Subcommittee

Item 468 #1h

Central Appropriations

Central Appropriations

Language

Language:

Page 213, strike line 43 through 49.

Page 214, strike line 1 through 37.

Explanation:

(This amendment deletes language included in House Bill 29 related to a proposal in the introduced budget to provide an employee bonus in fiscal year 2015 contingent on fiscal year 2014 unspent appropriated balances within the state agencies. The contingent bonus language included in House Bill 30 has been replaced with a direct appropriation for a bonus, contingent on there being no downward adjustment in the revenue forecast. Therefore, this language in House Bill 29 referencing year-end balances is no longer needed.)

Compensation - Retirement Subcommittee

Item 3-1.01 #2h

Transfers

Interfund Transfers

Language

Language:

Page 251, after line 38, insert:

"TT. On or before June 30, 2014, the State Comptroller shall transfer \$18,000,000 in nongeneral fund cash balances from the Commonwealth's Attorneys' Services Council (Fund 0282 Agency 957) to the Virginia Retirement System for deposits into the State Police Officer Retirement System and the Virginia Law Enforcement Officer Retirement System to be applied towards each systems unfunded liabilities. The Virginia Retirement System shall deposit \$9,000,000 in each of the two systems."

Explanation:

(This amendment transfers \$18.0 million from the nongeneral fund in cash balances which were initially generated as a result of criminal asset forfeiture penalties from the Office of Attorney General's case against Abbott Laboratory. Consistent with federal asset forfeiture requirements, the funds will be expended for public safety purposes.)

Amendments to House Bill 30, as Introduced

Compensation - Retirement Subcommittee

Item 66 #3h

Administration

Compensation Board

FY 14-15

(\$5,041,875)

FY 15-16

(\$5,041,875) GF

Language:

Page 44, line 14, strike "\$445,186,751" and insert "\$440,144,876".

Page 44, line 14, strike "\$449,649,742" and insert "\$444,607,867".

Page 47, strike line 30 through 36.

Page 47, line 37, strike "R." and insert "P."

Page 47, line 40, strike "S." and insert "Q."

Explanation:

(This amendment, along with a companion amendment in central accounts, transfers funding for a targeted salary increase for lower level deputy sheriffs and funding for increased participation in the Master Deputy Program from the Compensation Board budget to a revenue reserve in Central Appropriations. Under the revenue reserve language these compensation actions would be enacted January 1, 2015 contingent on the final actual fiscal year 2014 revenues and the updated fiscal year 2015 and fiscal year 2016 revenue forecast in the fall of 2014.)

Compensation - Retirement Subcommittee

Item 69 #1h

Administration

Compensation Board

Language

Language:

Page 51, strike lines 27 through 31 and insert:

"A. The annual salaries of county or city commissioners of the revenue shall be as hereinafter prescribed, except as otherwise provided in § 15.2-1636.12, Code of Virginia."

Page 51, strike lines 44 through 51 and insert:

"B. 1. Subject to appropriations by the General Assembly for this purpose, the Compensation Board shall provide for a Commissioners of the Revenue Career Development Program.

2. Following receipt of the commissioner's certification that the minimum requirements of the Commissioners of the Revenue Career Development Program have been met, and provided that such certification is submitted by commissioners of the revenue as part of their annual budget request to the Compensation Board on or

Amendments to House Bill 30, as Introduced

before February 1 of each year, the Compensation Board shall increase the annual salary shown in Paragraph A of this item by the amount shown herein for a 12-month period effective the following July 1. The salary supplement shall be based upon the levels of service offered by the commissioner of the revenue for his/her locality and shall be in accordance with the following schedule:

- a. 4.7 percent increase for all commissioners of the revenue who certify their compliance with the established minimum criteria for the Commissioners of the Revenue Career Development Program;
- b. 2.3 percent additional increase for all commissioners of the revenue who certify their compliance with the established minimum criteria for the Commissioners of the Revenue Career Development Program and provide state income tax or real estate services as described in the minimum criteria for the Commissioners of the Revenue Career Development Program; and
- c. 2.3 percent additional increase for all commissioners of the revenue who certify their compliance with the established minimum criteria for the Commissioners of the Revenue Career Development Program and provide state income tax and real estate services, as described in the minimum criteria for the Commissioners of the Revenue Career Development Program.

C.1. Subject to appropriations by the General Assembly for this purpose, the Compensation Board shall provide for a Deputy Commissioners Career Development Program.

2. For each deputy commissioner selected by the commissioner of the revenue for participation in the Deputy Commissioners Career Development Program, the Compensation Board shall increase the annual salary established for that position by 9.3 percent, following receipt of the commissioner of the revenue's certification that the minimum requirements of the Deputy Commissioners Career Development Program have been met, and provided that such certification is submitted by the commissioner of the revenue as part of the annual budget request to the Compensation Board on or before February 1st of each year for an effective date of salary increase on the following July 1."

Page 52, strike lines 1 through 5.

Explanation:

(This amendment substitutes language that is applicable to commissioners for revenue for language that was inadvertently included in the budget bill. The language being deleted is duplicative as it relates to local directors of finance.)

Amendments to House Bill 30, as Introduced

Administration	FY 14-15	FY 15-16	
Compensation Board	(\$189,828)	(\$189,828)	GF

Language:

Page 51, line 18, strike "\$17,775,127" and insert "\$17,585,299".

Page 51, line 18, strike "\$17,775,127" and insert "\$17,585,299".

Page 52, strike line 6 through 9.

Explanation:

(This amendment, along with a companion amendment in central accounts, transfers funding for increased participation in the career development programs for the Commissioners of Revenue and the Deputy Commissioners of Revenue from the Compensation Board budget to a revenue reserve in Central Appropriations. Under the revenue reserve language these compensation actions would be enacted January 1, 2015 contingent on the final actual fiscal year 2014 revenues and the updated fiscal year 2015 and fiscal year 2016 revenue forecast in the fall of 2014.)

Compensation - Retirement Subcommittee

Item 70 #2h

Administration	FY 14-15	FY 15-16	
Compensation Board	(\$109,425)	(\$109,425)	GF

Language:

Page 52, line 11, strike "\$70,045,082" and insert "\$69,935,657".

Page 52, line 11, strike "\$70,045,082" and insert "\$69,935,657".

Page 53, strike lines 41 through 43.

Explanation:

(This amendment, along with a companion amendment in central accounts, transfers funding for increased participation in the Assistant Commonwealth's Attorneys' career development program from the Compensation Board budget to a revenue reserve in Central Appropriations. Under the revenue reserve language this compensation action would be enacted January of 2015 contingent on the final actual fiscal year 2014 revenues and the updated fiscal year 2015 and fiscal year 2016 revenue forecast in the fall of 2014.)

Compensation - Retirement Subcommittee

Item 71 #2h

Administration	FY 14-15	FY 15-16	
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Amendments to House Bill 30, as Introduced

Compensation Board (\$430,789) (\$430,789) GF

Language:

Page 53, line 44, strike "\$51,265,877" and insert "\$50,835,088".

Page 53, line 44, strike "\$51,265,877" and insert "\$50,835,088".

Page 56, strike line 1 through 10.

Explanation:

(This amendment, along with a companion amendment in central accounts, transfers funding for a two percent salary adjustment for circuit court clerk II positions and a four percent salary adjustment for circuit court clerk I positions from the Compensation Board budget to a revenue reserve in Central Appropriations. Under the revenue reserve language these compensation actions would be enacted January 1, 2015 contingent on the final actual fiscal year 2014 revenues and the updated fiscal year 2015 and fiscal year 2016 revenue forecast in the fall of 2014.)

Compensation - Retirement Subcommittee

Item 72 #1h

Administration

FY 14-15

FY 15-16

Compensation Board

(\$80,685)

(\$80,685) GF

Language:

Page 56, line 11, strike "\$16,718,005" and insert "\$16,637,320".

Page 56, line 11, strike "\$16,718,005" and insert "\$16,637,320".

Page 57, strike line 15 through 18.

Explanation:

(This amendment, along with a companion amendment in central accounts, transfers funding for increased participation in the career development programs for the Treasurers and the Deputy Treasurers from the Compensation Board budget to a revenue reserve in Central Appropriations. Under the revenue reserve language these compensation actions would be enacted January 1, 2015 contingent on the final actual fiscal year 2014 revenues and the updated fiscal year 2015 and fiscal year 2016 revenue forecast in the fall of 2014.)

Compensation - Retirement Subcommittee

Item 73 #1h

Administration

Compensation Board

Language

Amendments to House Bill 30, as Introduced

Language:

Page 60, after line 12, insert:

"R. Localities shall not utilize Compensation Board funding to supplant local funds provided for the salaries of constitutional officers and their employees under the provisions of Chapter 822, 2012 Acts of Assembly, who were affected members in service on June 30, 2012."

Explanation:

(This amendment prohibits localities from using funds provided by the Compensation Board to supplant local funding required to increase employees' salaries to offset the increase in employee contributions to VRS. The language was included in the 2013 Appropriation Act (Chapter 806, 2013 Acts of Assembly) and was inadvertently omitted when the 2014 budget bill was prepared.)

Compensation - Retirement Subcommittee

Item 81 #1h

Administration

FY 14-15

FY 15-16

Department Of Human Resource
Management

(\$225,000)

(\$175,000) GF

Language:

Page 64, line 32, strike "\$16,492,149" and insert "\$16,267,149".

Page 64, line 32, strike "\$16,476,125" and insert "\$16,301,125".

Explanation:

(This amendment strikes new funding, \$225,000 from the general fund in fiscal year 2015 and \$175,000 from the general fund in fiscal year 2016, that was included in the introduced budget for the Department of Human Resource Management to develop an online exit interview and to purchase additional analytical software.)

Compensation - Retirement Subcommittee

Item 84 #1h

Administration

Department Of Elections

Language

Language:

Page 68, line 30, strike "\$43,363" and insert "\$44,664".

Page 68, line 31, strike "\$47,647" and insert "\$49,076".

Amendments to House Bill 30, as Introduced

Page 68, line 32, strike "\$52,220" and insert "\$53,787".
Page 68, line 33, strike "\$58,359" and insert "\$60,110".
Page 68, line 34, strike "\$63,914" and insert "\$65,831".
Page 68, line 35, strike "\$84,476" and insert "\$87,010".
Page 69, line 25, strike "\$2,007" and insert "\$2,067".
Page 69, line 26, strike "\$3,007" and insert "\$3,097".
Page 69, line 27, strike "\$4,009" and insert "\$4,129".
Page 69, line 28, strike "\$5,012" and insert "\$5,162".
Page 69, line 29, strike "\$6,012" and insert "\$6,192".
Page 69, line 30, strike "\$7,030" and insert "\$7,241".
Page 69, line 31, strike "\$8,023" and insert "\$8,264".
Page 69, line 32, strike "\$9,020" and insert "\$9,291".

Explanation:

(This amendment corrects the general registrars and electoral board salary tables based on the three percent salary increase that became effective August 1, 2013.)

Compensation - Retirement Subcommittee

Item 467 #1h

Central Appropriations

Central Appropriations

Language

Language:

Page 400, line 15, strike "0.62 percent for the Virginia Sickness and".

Page 400, line 16, strike "Disability Program".

Page 400, line 17, after "credit." insert:

"The contribution rate paid on behalf of public employees for the Virginia Sickness and Disability Program shall be 0.73 percent of covered payroll. Funding for the Virginia Sickness and Disability Program is calculated on a rate of 0.62 percent of total payroll."

Explanation:

(This amendment clarifies the language related to the Virginia Sickness and Disability Program. The Virginia Retirement System Board certified a rate of 0.73 percent for covered payroll for this program. In order to calculate the necessary funding for that rate, VRS staff calculated that a rate of 0.62 percent applied against total payroll would be equivalent to a rate of 0.73 percent applied against covered payroll.)

Amendments to House Bill 30, as Introduced

Compensation - Retirement Subcommittee

Item 467 #2h

Central Appropriations

FY 14-15

FY 15-16

Central Appropriations

\$170,000

\$170,000 GF

Language:

Page 397, line 4, strike "\$120,942,739" and insert "\$121,112,739".

Page 397, line 4, strike "\$157,709,181" and insert "\$157,879,181".

Page 400, after line 31, insert:

"7. In addition to the funding included in subparagraph 3. above, included in the general fund appropriation for this item are included \$170,000 the first year and \$170,000 the second year for direct payments to the group life insurance program to reflect the impact from the enactment of House Bill 1105 of the 2014 General Assembly Session."

Explanation:

(This amendment provides \$170,000 from the general fund each year to reflect the impact of the passage of House Bill 1105 of the 2014 General Assembly session. House Bill 1105 sets a minimum life insurance benefit for retirees who have more than 30 years of VRS service.)

Compensation - Retirement Subcommittee

Item 467 #3h

Central Appropriations

FY 14-15

FY 15-16

Central Appropriations

(\$240,300)

(\$240,300) GF

Language:

Page 397, line 4, strike "\$120,942,739" and insert "\$120,702,439".

Page 397, line 4, strike "\$157,709,181" and insert "\$157,468,881".

Page 398, line 24, after "at" strike "\$24,584,583" and insert "\$24,344,283".

Page 398, line 25, before "the second year" strike "\$59,260,533" and insert "\$59,020,233".

Page 398, line 44, after "6." insert "a."

Page 398, line 46, after "network." insert "Furthermore, when implementing co-payment modifications for the plan effective July 1, 2014, the increase in co-pays for home delivery pharmacy (mail service) shall be increased by an amount that reflects proportional parity, regarding the volume of product the beneficiary is able to receive, compared to retail pharmacy services.

b. Going forward, the Department shall evaluate the impact of the current

Amendments to House Bill 30, as Introduced

co-payment schedule for pharmacy products and develop a plan to establish proportional parity between co-pay amounts for retail pharmacy services and home delivery pharmacy (mail service) to be implemented by July 1, 2015, or upon the effective date of the next contracted health plan for state employees, whichever is sooner. The Department shall report its plan to the Chairmen of the House Appropriations and Senate Finance Committees and to the Department of Planning and Budget by October 1, 2014."

Explanation:

(This amendment requires the Department of Human Resource Management for fiscal year 2015 to increase the co-payments for mail order pharmacy products in a manner proportional to the increase in co-payments for retail pharmacy services. The introduced budget assumed a \$5 increase in co-payments, for Tier 2, 3 and 4 pharmacy products, at retail pharmacies and only \$10 for mail order products even though an individual may receive approximately 3 times as much supply through mail order. Furthermore, the language requires the Department to develop a proposal for proportional parity, over the entire co-payment structure, between co-pay amounts for retail pharmacy services and home delivery pharmacy and report to the General Assembly prior to the 2015 session.)

Compensation - Retirement Subcommittee

Item 467 #4h

Central Appropriations

FY 14-15

FY 15-16

Central Appropriations

(\$945,190)

\$118,970,268 GF

Language:

Page 397, line 4, strike "\$120,942,739" and insert "\$119,997,549".

Page 397, line 4, strike "\$157,709,181" and insert "\$276,679,449".

Page 402, strike lines 33 through 57 and insert:

"O.1. The Governor is hereby authorized to allocate a sum of up to \$137,382,518 from this appropriation to the extent necessary to offset any downward revisions of the general fund revenue estimate prepared for fiscal years 2015 and 2016 after the enactment by the General Assembly of the 2014 Appropriation Act. If the general fund revenue estimates prepared subsequent to the 2014 General Assembly Session do not result in downward revisions and, if within 5 days of the preliminary close of the fiscal year ending on June 30, 2014, the Comptroller's analysis does not determine that a revenue re-forecast is required pursuant to § 2.2-1503.3, Code of Virginia, then such appropriation shall be used only for employee compensation purposes as stated in paragraphs P., Q., R., S., and T. below.

Amendments to House Bill 30, as Introduced

2. If the Governor, by December 1, 2014, determines that a downward revision of the forecast is required, but that the total amount of the reduction is less than \$76,000,000, then the Governor has the authority to execute the provisions of paragraphs P., Q., R. and S. below, provided all four paragraphs are executed.

P.1. Contingent on the provisions of paragraph O. above and pursuant to the recommendations of the state employee compensation work group established by paragraph B of Item 255, Chapter 806 of the Acts of Assembly of 2013, \$5,161,983 the first year and \$10,323,966 the second year from the general fund is provided to support the general fund portion of costs associated with a two percent salary increase effective December 10, 2014 for state employees in the following high turnover job roles:

- a. Law Enforcement Officer I
 - b. Security Officer I
 - c. Security Officer III
 - d. Direct Service Associate I
 - e. Direct Service Associate II
 - f. Direct Service Associate III
 - g. Housekeeping and/or Apparel Worker I
 - h. Probation Officer Assistant
 - i. Emergency Coordinator I
 - j. Emergency Coordinator II
 - k. Registered Nurse I
 - l. Registered Nurse II/Nurse Practitioner I/Physician's Assistant
 - m. Licensed Practical Nurse
 - n. Therapy Assistant/Therapist I
 - o. Therapist II
 - p. Compliance/Safety Officer II
 - q. District Court Deputy Clerk, Grade 6
 - r. District Court Deputy Clerk, Grade 7
 - s. District Court Deputy Clerk, Grade 8
- 2.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.
- b. Salary increases authorized in this paragraph for employees in the Judicial and Legislative Departments, employees of Independent agencies, and employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The governing authorities of those agencies and state institutions of

Amendments to House Bill 30, as Introduced

higher education with employees not subject to the Virginia Personnel Act 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 maximum salary for each band within the Commonwealth's Classified Compensation Plan by two percent on December 10, 2014. No salary increase shall be granted to any employee solely as a result of this action.

Q.1 Contingent on the provisions of paragraph O. above, out of amounts appropriated for Employee Compensation in this Item, \$2,926,301 the first year and \$5,852,602 the second year from the general fund shall be transferred to items within the State Compensation Board for the following compensation actions effective January 1, 2015:

2. Included in the appropriation is \$2,325,650 the first year and \$4,651,300 the second year from the general fund to be transferred to Item 66 to support a two percent salary adjustment for entry level deputies (Grades 7 and 8) employed in a sheriff office or regional jail.

3. Included in the appropriation is \$195,287 the first year and \$390,575 the second year from the general fund to be transferred to Item 66 to support increased participation in the Master Deputy Program.

4. Included in the appropriation is \$66,255 the first year and \$132,509 the second year from the general fund to be transferred to Item 69 to support increased participation in the Commissioners of the Revenue Career Development Program effective.

5. Included in the appropriation is \$28,659 the first year and \$57,319 the second year from the general fund to be transferred to Item 69 to support increased participation in the Deputy Commissioners Career Development Program.

6. Included in the appropriation for this item is \$54,713 the first year and \$109,425 the second year from the general fund to be transferred to Item 70 to support increased participation in the Assistant Commonwealth's Attorneys' Career Development Program.

7. Included in the appropriation for this item is \$59,747 the first year and \$119,493 the second year from the general fund to be transferred to Item 71 to support a two percent salary adjustment for circuit court clerk II employees.

8. Included in the appropriation for this item is \$155,648 the first year and \$311,296 the second year from the general fund to be transferred to Item 71 to support a four percent salary adjustment for circuit court clerk I employees.

9. Included in the appropriation is \$6,151 the first year and \$12,303 the second year

Amendments to House Bill 30, as Introduced

from the general fund to be transferred to Item 72 to support increased participation in the Treasurers' Career Development Program.

10. Included in the appropriation is \$34,192 the first year and \$68,383 the second year from the general fund to be transferred to Item 72 to support increased participation in the Deputy Treasurers' Career Development Program.

R.1. Contingent on the provisions of paragraph O. above, out of amounts appropriated for Employee Compensation in this item, \$22,947,388 from the general fund the second year is provided for a one-time bonus to all classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials and employees who received a two salary adjustment pursuant to paragraph P in this item, who were employed on December 1, 2014 and remain employed until at least May 25, 2014, equal to two percent of base pay on July 1, 2015.

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 "Meets Expectations" on their performance evaluation and have no active written notices under the Standards of conduct within the preceding twelve-month period.

3. Funding sufficient to support the general fund share of a two percent bonus for classified employees of institutions of higher education is included in the appropriations in Items 147 through 231 of this act, with the authority to effectuate the two percent bonus for classified employees of the institutions of higher education contingent on the provisions of paragraph O. and consistent with the provisions of subparagraphs R.1 and R.2 above. If the revenue provisions in paragraph O. are not met and the two percent bonus is not effectuated the funding shall remain in Items 147 through 231 to support the operation of the institutions of higher education .

4. Funding sufficient to support the general fund share of a bonus for faculty at institutions of higher education, equivalent to an average of two percent of faculty salaries, is included in the appropriations in Items 147 through 231 of this act, with the authority to effectuate the bonus for faculty contingent on the provisions of paragraph

O. The governing authorities of those state institutions of higher education may provide the bonus based on performance and other employment-related factors, as long as the bonuses do not exceed what the average would have been based on the general methodology authorized in this paragraph. If the revenue provisions in paragraph O. are not met and the two percent bonus is not effectuated the funding shall remain in Items 147 through 231 to support the operation of the institutions of higher education.

Amendments to House Bill 30, as Introduced

5. The Director of the Department of Planning and Budget, contingent on the provisions of paragraph O. being met and the general fund appropriation being made available for the two percent bonus, shall administratively increase nongeneral fund appropriations as required to implement the one-time bonus payment.

S. Contingent on the provisions of paragraph O. above, out of amounts appropriated for Employee Compensation in this Item, \$13,854,153 from the general fund in the second year is provided for a two percent bonus for state supported local employees, for employees who were employed on October 1, 2014 and remain employed until at least July 1, 2015, effective July 1, 2015. Employees eligible shall include:

- a. Locally elected constitutional officers;
- b. General Registrars and members of local electoral boards;
- c. Full-time employees of locally elected constitutional officers, except employees who received a salary adjustment pursuant to item 70.H or subparagraphs 2, 7, and 8 of paragraph Q. in this item; 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.

T. Contingent on the provisions of subparagraph O.1 above, included in the amounts appropriated for employee benefits in this item is \$76,316,125 from the general fund the second year to increase the employer retirement contribution rates authorized in paragraph H.2 of this item up to the full Board certified rate for state employees (15.80%), state police officers (32.93%), members of the Virginia Law Officers Retirement System (21.74%), and members of the Judicial Retirement System (57.84%) effective July 1, 2015."

Page 403, strike lines 1 through 42.

Page 404, strike lines 1 through 20.

Page 404, line 21, strike "Q." and insert "U."

Page 404, line 27, strike "R." and insert "V."

Explanation:

(This amendment earmarks \$61.1 million from the general fund, contingent on specific revenue requirements, for compensation actions for state employees and state supported local employees effective January 1, 2015. The language authorizes targeted salary increases for specific state government positions with high turnover

Amendments to House Bill 30, as Introduced

and two percent bonus for state employees not receiving a salary adjustment. Included in the budget amendment for state supported local employees are targeted salary adjustments for lower level deputy sheriff positions and circuit court clerks positions, a two percent bonus for state supported local positions that do not receive a salary adjustment in the budget and funding to increase the number of employees in the constitutional offices receiving salary supplements through the career development programs. The funding amounts included in the language include funding for salary actions included in the introduced budget as well as the funding adjustments in the amendment itself.)

Compensation - Retirement Subcommittee

Item 467 #5h

Central Appropriations

FY 14-15

FY 15-16

Central Appropriations

\$0

(\$800,000) GF

Language:

Page 397, line 4, strike "\$157,709,181" and insert "\$156,909,181".

Page 404, strike line 21 through 26.

Page 404, line 27, strike "R." and insert "Q."

Explanation:

(This amendment strikes new funding proposed in the introduced budget, \$800,000 from the general fund for fiscal year 2016, for JLARC to update the state employee compensation study which was last updated in 2011.)

Compensation - Retirement Subcommittee

Item 484 #1h

Independent Agencies

FY 14-15

FY 15-16

Virginia Retirement System

\$236,550

\$0 NGF

Language:

Page 417, line 4, strike "\$28,883,424" and insert "\$29,119,974".

Explanation:

(This amendment provides \$236,550 from the nongeneral fund in fiscal year 2015 for one-time administrative costs that will be incurred by the VRS pursuant to the passage of House Bill 877 of the 2014 General Assembly Session.)

Compensation - Retirement Subcommittee

Item 4-6.01 #1h

Positions and Employment

Employee Compensation

Language

Language:

Page 491, line 36, strike "\$176,104", "\$176,104" and "\$176,104" and insert: "\$179,635", "\$179,635" and "\$179,635".

Page 491, line 39, strike "\$176,104", "\$176,104" and "\$176,104" and insert: "\$181,369", "\$181,369" and "\$181,369".

Explanation:

(This amendment corrects the presidents' salaries at the University of Virginia and Virginia Commonwealth University to reflect what they are actually being paid.)

Compensation - Retirement Subcommittee

Item 4-6.03 #1h

Positions and Employment

Employee Benefits

Language

Language:

Page 494, after line 20, insert:

" k. Notwithstanding the provisions of subsection G of § 51.1-156, any employee of a school division who completed a period of 24 months of leave of absence without pay during October 2013 and who had previously submitted an application for disability retirement to VRS in 2011 may submit an application for disability retirement under the provisions of § 51.1-156. Such application shall be received by the Virginia Retirement System no later than October 1, 2014."

Explanation:

(This amendment allows an employee to reapply for disability retirement after the deadline for reapplying has passed. There was a discrepancy in the employee's record relating to employment status.)
