



VIRGINIA HOUSE
APPROPRIATIONS
COMMITTEE

CHAIRMAN LUKE E. TORIAN

February 2, 2025

REPORT OF THE HOUSE
APPROPRIATIONS
SUBCOMMITTEE ON

**Compensation &
Retirement**

House Bill 1600

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 would like to thank the Chairman for his leadership and continued support during this Session.

The work of this Subcommittee was made somewhat easier this year because of the significant investments we made in employee compensation in last year's budget. Chapter 2 included funding of approximately \$1.1 billion over the biennium to fund a 3% pay raise in each year of the current biennium for all employee groups. In addition, it included \$61.4 million in targeted salary increases for specific hazardous duty positions and positions within our behavioral health facilities.

While we all remain pleased with the funding provided in last year's budget, the Subcommittee felt strongly that it was important to continue to address employee compensation. Ensuring we offer market-competitive compensation packages is vital to attracting and retaining a quality workforce. To that end, I am pleased to announce our recommendations include \$55.6 million to provide a 1% bonus for state and state-supported local employees to be paid in fiscal year 2026.

In the area of employee benefits, the Subcommittee began its works, as every year, with a thorough review of the financial status of

the programs administered by the Virginia Retirement System. The overall financial status of the retirement plans is very strong with the two largest retirement plans, the Teacher and State Employee plans, both now funded at over 80%. While we have made significant progress in improving the funded status of the system, the Subcommittee felt we need to continue to address the retiree health credit programs which remain below 50%. To address this shortfall the Subcommittee recommendations include \$100 million in the first year for a lump sum payment into the state employee retiree health credit program. This would bring the funded status from 40% to 50% at the end of fiscal year 2025.

Last, this Subcommittee is always faced with tough decisions regarding proposals which would expand compensation or benefits to our public employees, especially those employees in public safety positions including our law enforcement officers, firefighters and E-911 dispatchers. The subcommittee is very pleased that House Bill 2060, patroned Delegate Krizek, which extends the workers compensation benefits for PTSD to 2 years for law enforcement personnel and firefighters, and HB 1705, patroned by Delegate Bulova, which ensures local E-911 have access to the PTSD benefits offered in the local disability programs, both passed this committee and are currently on the House Floor.

Mr. Chairman, I would like to take this opportunity to thank the members of this Subcommittee for their hard work this Session and hope it will be your pleasure to adopt the Subcommittee Report.

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



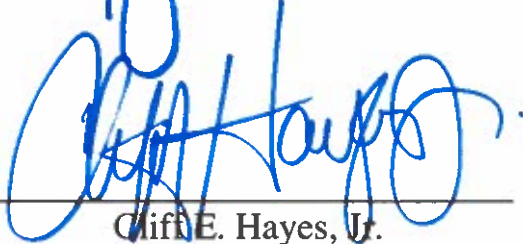
Rodney T. Willett, Chair



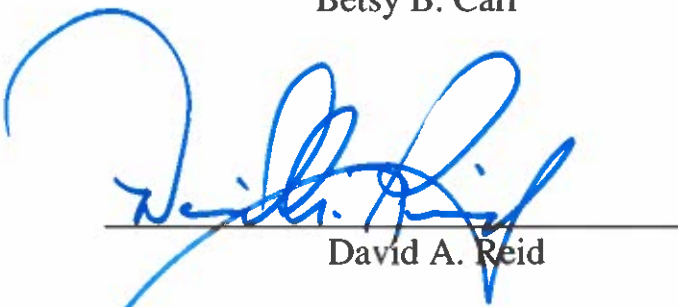
David L. Bulova



Betsy B. Carr



Cliff E. Hayes, Jr.



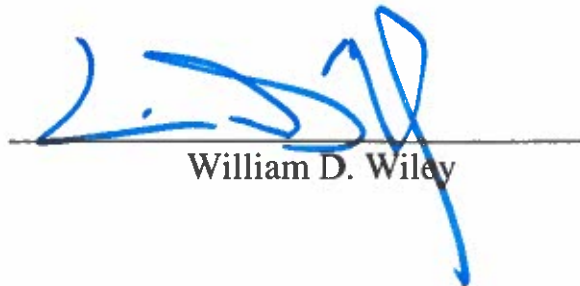
David A. Reid



Keith M. Hodges



Scott A. Wyatt



William D. Wiley

COMPENSATION AND RETIREMENT SUBCOMMITTEE		2024-26 BIENNIAL TOTAL		
HB 1600 Amendments		General Fund	Nongeneral Fund	FTEs
OFFICE OF ADMINISTRATION				
Department of Human Resource Management				
Law Enforcement Total Compensation Workgroup		Language		
OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY				
Department of Fire Programs				
Funding for Cancer Screenings for Firefighters in Virginia Beach		200,000		
CENTRAL ACCOUNTS				
Provide 1% Bonus Employee Bonus		55,590,759		
Funding to Reduce RHC Unfunded Liability		100,000,000		
Fund Impact of Legislation on State Employee Health Insurance		1,605,000		
INDEPENDENT AGENCIES				
Virginia Retirement System				
Administrative Cost for HB 1312 & HB 1401			451,400	
PART 3				
Modification to Local Property Tax Exemption				
Amend Definitions in Code Related to Deceased First Responders		Language		

Administration

Department of Human Resource Management

Language

Language:

Page 80, after line 51, insert:

"K. The Director of the Department of Human Resource Management, with the assistance of the Director of the Virginia Retirement System, shall convene a workgroup shall convene a working group to evaluate total compensation, including retirement benefits for law enforcement officers employed by the Commonwealth and covered under the VaLORS retirement system. The working group shall include a representative from the House Appropriations Committee; a representative from the Senate Finance and Appropriations Committee; a representative from the Secretary of Public Safety; a representative of the Capitol Police and one chief of campus police departments from four-year public institutions of higher education in Virginia. The working group shall consider (i) current levels of compensation and benefits, specifically access to hazardous duty plans relative to Virginia State Police and Local police officers; (ii) recruitment and retention issues faced by these Departments caused by any differences in compensation and benefits identified in (i); (iii) recommendations and the associated fiscal impact to change compensation and benefits. Compensation strategies to be examined include salary adjustments, benefits enhancements, stipends, and other forms of monetary and non-monetary compensation. The Director shall submit a final report with findings and recommendations to the Governor, The Secretary of Public Safety, the Chairs of the House Appropriations Committee and the Senate Finance and Appropriations Committee, and other relevant stakeholders by October 1, 2025."

Explanation:

(This amendment convenes a workgroup to evaluate compensation for campus law enforcement.)

Item 406 #1h

Public Safety and Homeland Security

FY24-25

FY25-26

Department of Fire Programs

\$0

\$200,000 GF

Language:

Page 521, line 5, strike "\$58,707,527" and insert "\$58,907,527".

Page 521, after line 32, insert:

"B. Out of this appropriation, \$200,000 general fund in the second year shall be provided to the city of Virginia Beach to support the cost of cancer screenings for the public employees who responded to the 2012 Navy Jet Crash that occurred in Virginia

Beach."

Explanation:

(This amendment provides \$200,000 from the general fund in fiscal year 2026 to fund cancer screenings for public employees in Virginia Beach who responded to the 2012 Navy Jet Crash.)

	Item 469 #1h	
Central Appropriations	FY24-25	FY25-26
Central Appropriations	\$55,590,759	\$0 GF

Language:

Page 576, line 17, strike "\$202,906,143" and insert "\$258,496,902".

Page 585, after line 12, insert:

"V.1. There is hereby established in the state treasury and on the books of the State Comptroller a special nonreverting fund known as the Public Employee Compensation Fund. Interest earned on moneys in the Fund shall be credited to the general fund.

2. Out of the amounts included in the appropriation for this item, \$55,590,759 shall be deposited into the Public Employee Compensation Fund. The moneys in the Fund shall be used solely for the purpose of providing the compensation actions authorized in subparagraphs 3. and 4. below.

3.a. Out of the amounts deposited into the fund \$41,124,763 to provide a one-time bonus payment of one percent of the base salary on December 1, 2025 to all classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on or before August 10, 2025 and remained employed until at least November 10, 2025.

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

c. The governing authorities of the state institutions of higher education may provide the bonus for faculty and university staff 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.

4. Out of the amounts deposited into the fund, \$14,011,155 is provided for a one-time bonus, equal to one percent of their base salary on December 1, 2025 provided that the governing authority of such employees use such funds to support the provision of a bonus for the following listed employees.

a. Locally-elected constitutional officers;

Committee Approved Amendments to House Bill 1600, as Introduced

- b. General Registrars and members of local electoral boards;
- c. Full-time employees of locally-elected constitutional officers; and,
- d. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, local pretrial services act and comprehensive community corrections."

Explanation:

(This amendment provides \$55.6 million from the general fund in fiscal year 2025 to fund a one percent bonus for state employees and state supported local employees effective December 1, 2025.)

			Item 469 #2h
Central Appropriations	FY24-25	FY25-26	
Central Appropriations	\$100,000,000	\$0	GF

Language:

Page 576, line 17, strike "\$202,906,143" and insert "\$302,906,143".

Page 585, after line 12, insert:

"V. Included in this appropriation, \$100,000,000 the first year from the general fund is provided for a lump sum payment to the Virginia Retirement System to reduce the unfunded liability in the state employee retiree health credit program."

Explanation:

(This amendment provides \$100.0 million general fund in fiscal year 2025 to reduce the unfunded liability in the state employee retiree health credit program.)

			Item 469 #3h
Central Appropriations	FY24-25	FY25-26	
Central Appropriations	\$0	\$1,605,000	GF

Language:

Page 576, line 17, strike "\$433,380,668" and insert "\$434,985,668".

Page 577, line 41, strike "\$80,150,128" and insert "\$81,755,128".

Explanation:

(This amendment provides \$1.6 million from the general fund in fiscal year 2026 for the state

Committee Approved Amendments to House Bill 1600, as Introduced

employee health insurance program to reflect the impact of passage of House Bill 1641, House Bill 1828, and House Bill 2371 of the 2025 General Assembly Session.)

Item 484 #1h

Independent Agencies	FY24-25	FY25-26	
Virginia Retirement System	\$76,000	\$375,400	NGF

Language:

Page 599, line 5, strike "\$23,181,353" and insert "\$23,257,353".

Page 599, line 5, strike "\$22,961,363" and insert "\$23,336,763".

Explanation:

(This amendment provides the VRS with administrative funding to effectuate the provisions of House Bill 1705 and House Bill 1815 of the 2025 General Assembly Session.)

Item 3-5.25 #1h

Adjustments and Modifications to Tax Collections

Modification to Local Property Tax Exemption

Language

Language:

Page 665, after line 4, insert:

"Notwithstanding § 58.1-3219.13, Code of Virginia, for the purpose of Article 2, Chapter 32, Title 58.1 of the Code of Virginia, "Covered Person" means any person set forth in the definition of "deceased person" in § 9.1-400 whose beneficiary, as defined in § 9.1-400, is entitled to receive benefits under § 9.1-402, if the deceased law enforcement officer was a member of the U.S. Capitol Police or District of Columbia Police Department who was actively involved in the police response to the Insurrection that occurred on January 6, 2021."

Explanation:

(This amendment clarifies that for the purposes of local property tax exemptions for survivors of first responders the first responder did not have to be employed by an agency within the Commonwealth.)
