

## House Appropriations Compensation and Retirement Subcommittee

### Budget Amendment Request to House Bill 1500

<u>Patron</u>	<u>Amendment #</u>	<u>Short Title</u>
<b>Cole</b>	87 #1h	Increase Salary for Registrars to Equal Treasurers
<b>Garrett</b>	85 #1h	Shared Savings Incentive Program
<b>Helsel</b>	475 #7h	HB 1416 - Increase Line of Duty Benefit
<b>Hodges</b>	475 #8h	Report on Pharmacy Claims
<b>Ingram</b>	475 #5h	3% Salary Increase Constitutional Offices
<b>Kilgore</b>	475 #1h 475 #3h	Adjust 2018 VRS Contribution Rate for Teacher Plan 3% Salary Increase Constitutional Offices
<b>Kory</b>	475 #2h	Adjust 2018 VRS Contribution Rate for Teacher Plan
<b>Massie</b>	4-5.02 #1h	VRS Use of Outside Counsel
<b>Peace</b>	53 #2h	Career Development Program for District Court Clerks
<b>Poindexter</b>	475 #6h	Funding Across the Board Salary Increases in FY 2018
<b>Sickles</b>	4-6.01 #1h	Language Pertaining to New Agency Head Salary
<b>Wilt</b>	405 #1h 489 #1h	HB 2080: Funding Pursuant to Passage HB 2080: Administrative Funding Pursuant to Passage
<b>Yancey</b>	475 #4h	3% Salary Increase Constitutional Offices

*Request to Amend House Bill 1500, as Introduced*

Chief Patron: Cole

Item 87 #1h

**Administration**

**FY16-17**

**FY17-18**

Department of Elections

\$0

\$5,704,958 GF

**Language:**

Page 77, line 41, strike "\$5,832,810" and insert "\$11,537,768".

Page 79, after line 9, insert:

"C. Notwithstanding the salaries listed in paragraph A. of this item, effective July 1, 2017 the annual salaries for general registrars shall be adjusted to equal the salaries for Local Treasurers as established under Item 75 of this act."

**Explanation:**

(This amendment provides \$5.7 million from the general fund in fiscal year 2018 to increase the salary scale for general registrars to equal the salary scale for treasurers and restores the funding level for registrars and electoral boards to 100% of the cost.)

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Chief Patron: Garrett

Item 85 #1h

**Administration**

Administration of Health Insurance

Language

**Language:**

Page 76, after line 18 insert:

"J. The Department of Human Resources Management shall identify the requirements, costs, and benefits of implementing a shared-savings incentive program for state-employed, public sector or retired enrollees who elect to shop and receive health care services at a lower cost than the average price paid by their carrier for a comparable health care service. Under such a program, the insured would share in the savings by receiving a cash payment incentive, calculated as a percentage of the difference in price, as a flat dollar amount, or by some reasonable methodology determined by the Department. The Department shall determine whether to administer the program itself or through a third- party, or to require carriers to offer access to such a program for health care services eligible for shared incentives and estimate the projected fiscal impact of the program. No later than November 1, 2017 the Department shall report to the chairmen of the House Appropriations and Senate Finance Committees."

**Explanation:**

(This amendment is self-explanatory.)

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Chief Patron: Helsel

Item 475 #7h

*Request to Amend House Bill 1500, as Introduced*

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>
Central Appropriations	\$0	\$25,000 GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$151,716,160".  
Page 468, line 7, strike the second "\$181,038" and insert "\$431,038".  
Page 468, line 10, after "System" insert:  
"and to reflect the passage of House Bill 1416 of the 2017 General Assembly Session".

**Explanation:**

(This amendment provides \$25,000 from the general fund in fiscal year 2018 to pursuant to the passage of House Bill 1416 which increases the payout for a death which occurs as a direct or proximate result of the performance of an employees duty from \$100,000 to \$125,000.)

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Chief Patron: Hodges

Item 475 #8h

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 461, after line 6, insert:  
"8. The plan sponsor shall report quarterly to the Department for all pharmacy claims: the amount paid to the pharmacy provider per claim, including but not limited to cost of drug reimbursement, dispensing fees, and copayments, the amount charged to the plan sponsor for each claim, and the amount charged by the plan sponsor to the Commonwealth for each claim. In the event there is a difference between these amounts, the plan sponsor shall report an itemization of all administrative fees, rebates, or processing charges associated with the claim."

**Explanation:**

(This amendment requires the Department of Human Resource Management to capture information concerning expenditures made for pharmacy claims for the state employee health program.)

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Chief Patron: Ingram

Item 475 #5h

Co-Patron(s): Anderson, Bulova, Carr, Heretick, Hester, James, Ransone, Stolle

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>
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*Request to Amend House Bill 1500, as Introduced*

Central Appropriations \$0 \$2,964,037 GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$154,655,197".

Page 468, strike lines 31 through 43 and insert:

"Y. The appropriations in this item includes \$16,774,467 the second year from the general fund to increase the base salary of Locally-elected constitutional officers, their staff and the staff or regional jails by three percent on July 1, 2017."

**Explanation:**

(This amendment provides \$3.0 million in additional funding in fiscal year 2018 for increased compensation for state supported local employees. The funding is added to the \$13.8 million from the general fund included in the introduced budget and changes the compensation action from a 1.5% bonus for state supported local employees to a 3% salary increase for employees of constitutional officers.)

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Chief Patron: Kilgore

Item 475 #1h

Co-Patron(s): Pillion

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 461, line 17, after "14.66%" strike "16.32%" and insert "14.66%".

**Explanation:**

(This amendment adjusts the VRS contribution rate for the teacher retirement plan, decreasing the rate for fiscal year 2018 from 100% of the board certified rate back to 89.84% of the board certified rates which is consistent with the provisions of Chapters 701 and 823 of the 2012 General Assembly session which detailed a schedule to reach 100% of the board certified rates in fiscal year 2019. The reduction in the rate for fiscal year 2018 will save the state approximately \$51 million in fiscal year 2018 and will save school divisions upwards of \$100.0 million.)

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Chief Patron: Kilgore

Item 475 #3h

**Central Appropriations**

**FY16-17**

**FY17-18**

Central Appropriations

\$0

\$2,964,037 GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$154,655,197".

*Request to Amend House Bill 1500, as Introduced*

Page 468, strike lines 31 through 43 and insert:

"Y. The appropriations in this item includes \$16,774,467 the second year from the general fund to increase the base salary of Locally-elected constitutional officers, their staff and the staff or regional jails by three percent on July 1, 2017."

**Explanation:**

(This amendment provides \$3.0 million in additional funding in fiscal year 2018 for increased compensation for state supported local employees. The funding is added to the \$13.8 million from the general fund included in the introduced budget and changes the compensation action from a 1.5% bonus for state supported local employees to a 3% salary increase for employees of constitutional officers.)

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Chief Patron: Kory

Item 475 #2h

Co-Patron(s): Albo, Hope, Plum, Sickles

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 461, line 17, after "14.66%" strike "16.32%" and insert "14.66%".

**Explanation:**

(This amendment adjusts the VRS contribution rate for the teacher retirement plan, decreasing the rate for fiscal year 2018 from 100% of the board certified rate back to 89.84% of the board certified rates which is consistent with the provisions of Chapters 701 and 823 of the 2012 General Assembly session which detailed a schedule to reach 100% of the board certified rates in fiscal year 2019. The reduction in the rate for fiscal year 2018 will save the state approximately \$51 million in fiscal year 2018 and will save school divisions upwards of \$100.0 million.)

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Chief Patron: Massie

Item 4-5.02 #1h

**Special Conditions and Restrictions on Expenditures**

Third Party Transactions

Language

**Language:**

Page 556, line 10, after "seek" insert "i)".

Page 556, line 10, after "jurisdictions" insert:

", and ii) legal advice related to its investments".

**Explanation:**

*Request to Amend House Bill 1500, as Introduced*

(This amendment adds VRS hiring outside counsel related to investments to the list of exceptions where agencies can contract for legal advice without going through the Office of the Attorney General.)

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Chief Patron: Peace

Item 53 #2h

**Judicial Department**

**FY16-17**

**FY17-18**

Judicial Department Reversion Clearing  
Account

\$0

\$500,000 GF

**Language:**

Page 39, line 25, strike "\$3,377,395" and insert "\$3,877,395".

Page 39, after line 49 insert:

"C. Included within this item is \$500,000 the second year from the general fund is included to implement a career development program for for district court deputy clerks which provides additional compensation to deputy clerks who receive training under a criteria established by the Office of the Executive Secretary and approved by the Committee on District Courts."

**Explanation:**

(This amendment establishes a career development program for district court clerks.)

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Chief Patron: Poindexter

Item 475 #6h

**Central Appropriations**

**FY16-17**

**FY17-18**

Central Appropriations

\$0

\$91,090,151 GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$242,781,311".

Page 468, strike lines 18 through 43 and insert:

X.1. The base salary of the following employees shall be increased by three percent on June 10, 2017:

- 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;

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- 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; and
  - l. Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the Virginia Lottery, Virginia Workers' Compensation Commission, and the Virginia Retirement System.
- 2.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.
- b. Salary increases authorized in this paragraph for employees in the Judicial and Legislative Departments, employees of Independent agencies, and employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. However, notwithstanding anything herein to the contrary, the governing authorities of those state institutions of higher education with employees not subject to the Virginia Personnel Act may implement salary increases for such employees that may vary based on performance and other employment-related factors. The appointing or governing authority shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in subparagraph 2.a. of this paragraph.
3. The Department of Human Resource Management shall increase the minimum and maximum salary for each band within the Commonwealth's Classified Compensation Plan by three percent on June 10, 2017. 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. Out of the amounts for Supplements to Employee Compensation is included \$98,447,339 the second year from the general fund to support the general fund portion of costs associated with the salary increase provided in this paragraph.
5. 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;

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- 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.
6. 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, 2017. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.
7. The governing authorities of those state institutions of higher education with employees 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.
- Y.1. The appropriations in this item include funds to increase the base salary of the following employees by two percent on June 1, 2017, provided that the governing authority of such employees certifies that the listed employees will receive the stated pay increase.
- a. Locally-elected constitutional officers;
  - b. General Registrars and members of local electoral boards;
  - c. Full-time employees of locally-elected constitutional officers and,
  - d. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, local pretrial services act and comprehensive community corrections act employees, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.
2. Out of the appropriation for Supplements to Employee Compensation is included \$18,673,905 the second year from the general fund to support the costs associated with the salary increase provided in this paragraph.
- Z. Out of the amounts for Supplements to Employee Compensation is included \$30,006,409 the second year from the general fund shall be transferred to Item 139 to support, along with the funding provided in Item 139.B.40, shall be used to support the state share of a two percent salary adjustment for SOQ funded positions effective July 1, 2017."
- Page 468, line 44, strike "Z." and insert "AA."

**Explanation:**

(This amendment provides \$91.1 million from the general fund in funding in fiscal year 2018 to convert the funding proposed in the introduced budget for employee compensation from a 1.5% bonus for state employees, state supported local employees and SOQ funded positions to salary increases. The amendment provides for a 3% increase for state employees and a 2% increase for state supported local employees and SOQ funded position which is consistent with the levels scheduled for fiscal year 2017 that were contingent on fiscal year 2016 revenues.)



**Special Conditions and Restrictions on Expenditures**

Employee Compensation

Language

**Language:**

Page 564, line 33, after "range" insert:

"except if the new hire was employed in a state classified position, then the Governor may exceed the maximum salary for the position and set the salary for the employee at a salary level not to exceed the employees salary at their prior state position."

**Explanation:**

(This amendment clarifies that an individual promoted from a state classified position to an agency head position will not automatically be subject to a pay reduction if their prior position salary exceeds the maximum salary range for the agency head position. For example, if a physician is promoted to agency head, his or her salary can be maintained at the previous level.)

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Chief Patron: Wilt

Item 405 #1h

**Public Safety and Homeland Security**

**FY16-17**

**FY17-18**

Department of Emergency Management

\$0

\$49,072 GF

**Language:**

Page 394, line 41, strike "\$7,086,921" and insert "\$7,135,993".

**Explanation:**

(This amendment provides \$49,072 from the general fund to implement the provisions of House Bill 2080 of the 2017 General Assembly session which adds Department of Emergency Management hazardous materials officers to the list of employees covered in VaLORS.)

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Chief Patron: Wilt

Item 489 #1h

**Independent Agencies**

**FY16-17**

**FY17-18**

Virginia Retirement System

\$0

\$33,000 NGF

**Language:**

Page 479, line 42, strike "\$17,290,398" and insert "\$17,323,398".

**Explanation:**

(This amendment provides VRS \$33,000 in administrative funding to implement the provisions of House Bill 2080 of the 2017 General Assembly session which adds Department

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of Emergency Management hazardous materials officers to the list of employees covered in VaLORS.)

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Chief Patron: Yancey

Item 475 #4h

**Central Appropriations**

**FY16-17**

**FY17-18**

Central Appropriations

\$0

\$2,964,037 GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$154,655,197".

Page 468, strike lines 31 through 43 and insert:

"Y. The appropriations in this item includes \$16,774,467 the second year from the general fund to increase the base salary of Locally-elected constitutional officers, their staff and the staff or regional jails by three percent on July 1, 2017."

**Explanation:**

(This amendment provides \$3.0 million in additional funding in fiscal year 2018 for increased compensation for state supported local employees. The funding is added to the \$13.8 million from the general fund included in the introduced budget and changes the compensation action from a 1.5% bonus for state supported local employees to a 3% salary increase for employees of constitutional officers.)

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