

**FY13
COMPENSATION BOARD
BUDGET HEARING**

April 25, 2012 – Richmond, VA

11:00 a.m.

**Frank Drew, Chairman
Walter J. Kucharski, Member
Craig M. Burns, Member**

COMPENSATION BOARD FY13 BUDGET PRIORITIES

The Compensation Board develops priorities each year to be used in establishing the budgets for all Constitutional Officers. To begin the budgeting process, the Compensation Board applies its general priorities in establishing a base funding level for each office, considering annual budget requests of constitutional officers and General Assembly actions, prior to determining individual budget amounts. These general priorities include:

- ◆ Level funding of existing base budgets for personnel, including salaries for permanent positions, fringe benefits, hourly-wage/temporary funding and office expense funding.
- ◆ Continued funding for existing participants in career development programs on January 1, 2010 that still meet eligibility criteria. Based on the language approved by the 2010 General Assembly and funding reduced by the 2012 General Assembly for these programs, funding for any new participants after January 1, 2010 cannot be approved in FY13.
- ◆ Allocation of any positions and funding established through legislative actions.
- ◆ Salary adjustments for Constitutional Officers changing population groups.
- ◆ Reclassifications where there is no salary cost.
- ◆ Allocation of positions based on the position reallocation policy.
- ◆ No funding is available for equipment for any offices. For local and regional jails, LIVESCAN equipment funding previously considered during the budget allocation process for will be considered on an individual request basis at regularly scheduled Board Meetings (Clerks' Technology Trust Funds are not a part of base budget funds and are budgeted separately beginning in the late summer).

COMPENSATION BOARD FY13 LEGISLATIVE ISSUES

Retirement Plans:

HB140 was passed by the 2012 General Assembly and signed by the Governor on March 6, 2012 with an emergency clause, making it effective upon signing. This bill exempts regional jail or jail farm superintendents from the age 70 mandatory retirement requirement that is in place for employees covered under the LEOS hazardous duty retirement plan. Previously, only gubernatorial appointees and elected officials (Sheriffs) were exempt from mandatory retirement.

HB438 was passed by the 2012 General Assembly, providing that if an employee who has at least five years in a position covered by an enhanced hazardous duty retirement benefits plan becomes disabled and is unable to return to that position, but is able to return to another position with the same employer that is not covered by the enhanced hazardous duty retirement plan, the employer may allow him to continue to be covered under the hazardous duty retirement benefits plan.

SB497 was passed by the 2012 General Assembly as amended by the Governor, and requires that persons employed by local government or school board employers be required to pay the 5% employee contribution to the Virginia Retirement System. Local employers and school boards currently paying the employee contribution on behalf of the employee would be required to provide employees with a like percentage raise to offset the employee contributions. Local employers and school boards also may choose to phase in the transition of the payment of the 5% employee contribution from the employer to the employee over a maximum of five years. Constitutional Officers and their employees fall under the local employee pool for VRS purposes, and all of the provisions of this bill are applicable to these officers and employees. The pay raise provided to offset the transition of the employee contribution back to the employee is payable by the locality or regional jail and is not reimbursable by the Compensation Board.

COMPENSATION BOARD FY13 LEGISLATIVE ISSUES

Retirement Plans (cont):

SB498 and HB1130 were passed in identical form by the 2012 General Assembly, creating a new hybrid retirement program, administered by the Virginia Retirement System, that contains a defined contribution and a defined benefit component. All new state employees, local employees, and judges commencing employment on or after January 1, 2014, would be required to participate in the hybrid plan. Employees in service on December 31, 2013, would be given the opportunity to make a one-time, irrevocable election to participate in the new hybrid program. The bill also creates a disability program for local employees participating in the hybrid plan. These bills also make adjustments to the existing defined benefit plan for nonvested employees not in hazardous duty retirement plans, including lowering the retirement benefit multiplier from 1.7 to 1.65, basing average final compensation on 60 months of service instead of 36, and capping the cost-of-living adjustment at three percent. Any person with less than 20 years service who takes early retirement would not receive a cost-of-living adjustment until one year after he reaches normal retirement age.

Nonpayment of Jail Fees:

SB602, passed by the 2012 General Assembly, allows suspension of or refusal to renew the driver's license of persons who do not pay fees that local correctional facilities or regional jails are allowed to charge to defray the cost of their keep. The bill also allows the persons whose licenses are suspended to petition a district court for a one-year restricted permit. The bill further provides that sheriffs or superintendents may contract with various agents for the collection of delinquent fees owed the local correctional facility or regional jail. This bill also relates to the Department of Social Services and the suspension of a driver's license for grounds related to nonpayment of child support. The Compensation Board is currently working with Sheriffs, Regional Jail Superintendents, and the Department of Motor Vehicles to establish a means through the LIDS system for direct data exchange with DMV regarding individuals with delinquent fees for which a driver's license should be suspended or not renewed.

COMPENSATION BOARD FY13 LEGISLATIVE ISSUES

- Juvenile Records for Jails:** SB476 passed the 2012 General Assembly, allowing for the sharing with state and local correctional facilities of juvenile records for a person convicted as an adult when the facility has custody of or is providing supervision for that person.
- Treasurers' Exemption:** HB288 was passed by the 2012 General Assembly, providing an exception for City and County Treasurers from the prohibition against carrying a weapon into courthouses in the Commonwealth.
- Circuit Court Clerks' Fees:** SB251 and HB926 were both passed by the 2012 General Assembly, providing for the acceptance of debit cards in addition to credit cards and allowing the clerk to outsource the processing of these card transactions. Both bills also provide that the clerk may charge a convenience fee for processing the cards of up to \$2 per transaction or four percent of the amount paid. Currently, the fee charged may not exceed four percent of the amount paid. Both bills also provide that certain court fees collected by the clerk shall be deposited into a special revenue fund held by the clerk. SB251 institutes a fee of \$25 for recording an order to celebrate the rites of marriage by a non-minister, whereas HB926 makes permanent a Prince William program authorizing the clerk to charge a convenience fee of up to \$2 per transaction and a separate per image download fee for access to land records.
- Delinquency of Court Fines And Fees:** SB116 was passed by the 2012 General Assembly, extending the number of days a person has to pay court ordered fines, fees, and other costs from 15 days to 30 days before collection activity can begin or a driver's license can be suspended.

COMPENSATION BOARD FY13 LEGISLATIVE ISSUES

Security and Court Records: HB484 was passed by the 2012 General Assembly and provides that the operational expenses associated with providing secure remote access to land records includes locating technology in an offsite facility for purposes of improving public access or for the implementation of a disaster recovery plan. The bill extends the prohibition on selling or posting data accessed by secure remote access to include land records. The bill further requires the Executive Secretary of the Supreme Court to establish security and data standards for interfacing between a circuit court's case management or financial management system and the systems of the Supreme Court.

Reconvened Session: HB1021 and HJ138 were constitutional amendments approved in identical form by the 2012 General Assembly, providing for a voter referendum at the November 6, 2012 election to approve or reject an amendment authorizing the General Assembly to delay the reconvened session for a period of up to one week. The Constitution now provides that the reconvened session of the General Assembly will be held on the sixth Wednesday after adjournment of a regular or special session. The proposed amendment would allow the General Assembly to postpone the reconvened session for a brief period of up to one week. During a long session, occurring in even numbered years, such a delay could have an impact in tightening Compensation Board scheduling to approve a fiscal year budget for constitutional officers by the May 1 statutory deadline.

**COMPENSATION BOARD
FY13 SPECIFIC BUDGET ISSUES
ALL OFFICES**

- Salary Increases:** The 2012 General Assembly has not provided funding in FY13 for salary increases or bonuses for Constitutional Officers and their Compensation Board funded permanent staff positions. Proposed salary increases of 2% were approved by the 2012 General Assembly for FY14.
- New Positions:** No additional funding or positions were included in the Governor's Budget Bill or during the 2012 General Assembly session to address additional staff needs based upon staffing standards in the offices of any Constitutional Officers, Regional Jails, or Finance Directors.
- Career Development Programs:** Constitutional officer and employee career development programs funding is limited to amounts approved by the 2010 General Assembly that restored funding based on approved participants as of January 1, 2010, and that have since been reduced by the 2012 General Assembly based upon attrition in the programs. Programs include Sheriffs' Accreditation and Certification, Master Deputy, Master Jail Officer, Career Prosecutor, Master Commissioner, Master Deputy Commissioner, Master Treasurer, Master Deputy Treasurer. Language suspending the programs is maintained for any individual participants not receiving funding for their participation as of January 1, 2010. Any future participation in any of the Career Development programs will require language to lift the program suspensions and additional appropriation by the General Assembly in order for related salary increases to be funded.

**COMPENSATION BOARD
FY13 SPECIFIC BUDGET ISSUES
ALL OFFICES**

- Reduction to Aid to Localities:** Language and an associated funding reduction totaling \$50 million in FY13 was included by the 2012 General Assembly, creating a reversion clearing account to achieve savings in funding provided for all state aid to localities programs. This is \$10 million dollars, or 17%, less than the FY12 aid to localities reduction of \$60 million. This action requires that within 30 days of enactment of HB1301, the Department of Planning and Budget (DPB) is to provide an estimate of aid to localities funding for the upcoming year and provide a savings apportionment amount to each locality based upon a proportion of the aggregate total required to achieve the \$50 million. Each locality will have until August 30, 2012, to choose whether to achieve their savings from a single program, a percentage reduction in all state payments, or to reimburse the Commonwealth in lieu of reductions to the payments they receive.
- Turnover Restrictions:** Restrictions on the use of accrued turnover funds for certain personnel actions and for transfer to other budget categories that were implemented for all Officers beginning in FY08 and FY09 remain in place in FY13.
- Premium Recoveries:** The Budget Bill approved by the 2012 General Assembly maintains the recovery of the cost of Division of Risk Management's VARISK General Liability Insurance and Surety Bond premiums and the cost of VRS Retiree Health Care Credit coverage for all constitutional officers and their employees at 100% in FY13. Estimates of the amounts covering both premiums for all offices were included in the FY13 estimates provided on April 24, and will be recovered from the July payroll reimbursement.

COMPENSATION BOARD FY13 SPECIFIC BUDGET ISSUES SHERIFFS AND REGIONAL JAILS

Budget Restorations:

The 2012 General Assembly approved additional funding included in the Governor's Budget Bill of \$7,373,722 in FY13 to fully restore appropriation reductions implemented in conjunction with a failed legislative initiative to establish a Public Safety Fund Fee.

Positions for New or Expanded Jail Capacity:

The 2012 General Assembly approved funding and positions to support the opening of the following FY13 jail construction project:

- Opening of Meherrin River Regional Jail and the associated closing of Brunswick, Dinwiddie, and Mecklenburg County jails, scheduled for July, 2012, is funded for July 1, 2012, with an additional 120 new positions.

No additional positions have been funded to address emergency security needs in overcrowded jails.

Jail Per Diem Payments:

FY13 per diem rates remain unchanged:

- For local responsible inmates housed in local or regional jails, \$4 per day
- For local responsible inmates housed in jail farms, \$18 per day
- For state responsible inmates housed in local or regional jails or jail farms, \$12 per day

Language in the Appropriation Act provides that should funding available for a quarterly per diem payment be insufficient to cover the entire amount of the payment, the payment will be pro-rated accordingly. Additional funds needed associated with inmate population growth will be determined based on updated population data during the fall 2012 budget development process and considered during the 2013 General Assembly session.

Federal Overhead Cost Recovery:

The methodology for recovery of the costs borne by the Commonwealth associated with the housing of federal inmates in local and regional jails (excluding construction costs) remains unchanged in FY13.

**COMPENSATION BOARD
FY13 SPECIFIC BUDGET ISSUES
SHERIFFS AND REGIONAL JAILS**

Withholding of Reimbursements: Since July 1, 2007, the Compensation Board has been authorized to withhold reimbursements due the locality for sheriff and jail expenses upon notification from the Superintendent of State Police that there is reason to believe that crime data reported by a locality to the Department of State Police in accordance with § 52-28, Code of Virginia, is missing, incomplete or incorrect. Upon subsequent notification by the Superintendent that the data is accurate, the Compensation Board shall make reimbursement of withheld funding due the locality when such corrections are made within the same fiscal year that funds have been withheld. The Board will review and act upon late data reporting as reported by the Department of State Police on a quarterly and annual basis.

**COMPENSATION BOARD
FY13 SPECIFIC BUDGET ISSUES
OTHER OFFICES**

**Commonwealth's Attorneys
Conversion of Offices from
Part-time to Full-time:**

The General Assembly has not approved funding to support the conversion of any part-time Commonwealth's Attorney's office requesting full-time status effective July 1, 2012.

**Circuit Court Clerks'
Technology Trust Funds:**

The 2010 General Assembly approved a line of credit in the amount of \$8 million for budgeting Technology Trust Fund cash in the year in which is it collected, beginning with FY11. Amounts available for budgeting each fall are based upon any unspent collections from prior years and a projection of incoming cash for the current year, which may be less than the maximum \$8 million level. Reimbursements for expenses incurred cannot exceed actual cash collected during the budget year.

Language providing for the use of up to \$3.98 million of Technology Trust Funds (TTF) to offset previous general fund budget reductions remains unchanged for FY13. However, based upon limited availability of funding for technology projects due to reduced collections in the Fund, and the lack of budget reductions to support allocation of the full \$3.98 million, the Compensation Board only anticipates using \$2.98 million of the authorized funds for general operating budgets.

**COMPENSATION BOARD
FY13 REIMBURSEMENT POLICIES
FUNDING LEVELS**

OFFICER SALARIES

**Sheriffs/Regional Jails,
Commonwealth's Attorneys,
and Clerks:**

100% of Appropriation Act amount.

**Treasurers and
Commissioners:**

50% of 1980 salary amount plus 100%
of all increases to Appropriation Act amount.

OFFICER BENEFITS

**Sheriffs/Regional Jails and
Commonwealth's Attorneys:**

FICA at 7.65% and VRS retirement at actual rate, not
to exceed 2.13%, paid on 100% of approved salary
amounts. Contributions for VRS Group Life Insurance
will be required in FY13, and reimbursement will be
made at 0.28%.

Clerks:

Benefit rates as stated above, paid on two-thirds of
approved salary amounts. Exception: benefit rates
are paid on one-third of approved salary amounts in
Prince William County.

**Treasurers and
Commissioners:**

Benefit rates as stated above, paid at same
percentage level as officer's salary.

**FULL-TIME PERMANENT STAFF SALARIES
& TEMPORARY (HOURLY/WAGE) STAFF SALARIES**

**Sheriffs/Regional Jails*,
Commonwealth's Attorneys,
and Clerks:**

100% of Compensation Board approved amount.

**Treasurers and
Commissioners:**

50% of Compensation Board approved amount.

*Exception: Reimbursement amounts for Medical, Treatment, Classification, and
Records positions in Sheriffs' offices and regional jails represent 2/3rds of the total salary
approved by the Compensation Board.

**COMPENSATION BOARD
FY13 REIMBURSEMENT POLICIES
FUNDING LEVELS**

**FULL-TIME PERMANENT STAFF BENEFITS
& TEMPORARY (HOURLY-WAGE) STAFF BENEFITS**

**Sheriffs/Regional Jails
and Commonwealth's
Attorneys:**

FICA at 7.65% for full-time staff and hourly staff, and VRS retirement at actual rate, not to exceed 2.13% for permanent staff positions only, paid on 100% of approved salary amounts. Contributions for VRS Group Life Insurance will be required in FY13, and reimbursement will be made at 0.28%.

Clerks:

Benefit rates as stated above, paid on two-thirds of approved salary amounts. Exception: benefit rates are paid on one-third of approved salary amounts in Prince William County.

**Treasurers and
Commissioners:**

Benefit rates as stated above, paid on one-half of approved salary amounts.

OFFICE EXPENSES

**Sheriffs/Regional Jails,
Commonwealth's Attorney's,
And Clerks:**

100% of Compensation Board approved amount.

**Treasurers and
Commissioners:**

50% of Compensation Board approved amount.

**COMPENSATION BOARD
FY13 REIMBURSEMENT POLICIES
FUNDING LEVELS**

EQUIPMENT

Sheriffs/Regional Jails:

No funding is provided in FY13 for equipment.

Funding previously considered during the budget allocation process for LIVESCAN equipment is now considered on an individual request basis at regularly scheduled Board Meetings.

**Commonwealth's Attorneys,
Treasurers and
Commissioners:**

No funding is provided in FY13 for equipment.

Clerks:

Clerks' technology funding requests will be considered by the Compensation Board at its September 2012 Board Meeting after on-line budget requests are submitted in August. A stress factor will not be applied. An estimate of fiscal year 2013 technology trust funds has been provided on the Compensation Board website to assist in automation planning for the upcoming fiscal year.

Based on language approved by the 2010 General Assembly, a line of credit of up to \$8 million will allow the Compensation Board to budget incoming collections in FY13.

As provided in prior years, up to \$3.98 million in TTF is available for transfer to cover general fund operating costs of Circuit Court Clerks.

**COMPENSATION BOARD
FY13 REIMBURSEMENT POLICIES
FUNDING LEVELS**

**MEETING AND CONFERENCE
EXPENSES**

All Officers:

We anticipate continuing to offer programs in FY13 for new officers and for lawful employment practices. Reimbursement will continue to be provided for expenses related to attendance at these training programs. Training will also be provided on a monthly basis for COIN (reimbursement and personnel processing system) and LIDS (Local Inmate Data System – per diems). No other funding is available for reimbursement of attendance at non-Compensation Board sponsored training events, although associated expenses may be reimbursed through existing office expense funding.

**SUBSTITUTE PROSECUTOR
EXPENSES**

**Commonwealth’s Attorneys
Only:**

Direct reimbursement of travel expenses is provided to all Commonwealth's Attorneys and assistant Commonwealth's Attorneys not requesting hourly rate reimbursement.

Reimbursement of hourly rate fees, not to exceed \$50 per hour, plus expenses, only provided for "part time" Commonwealth's Attorneys or assistants.

**EXCEPTION TO TREASURERS'
FUNDING LEVELS**

100% of all Compensation Board approved expenses are reimbursed for the cities of Lynchburg and Richmond. Two-thirds of all Compensation Board approved salary and office expenses are reimbursed for the cities of Danville and Williamsburg.

**COMPENSATION BOARD
FY13 REIMBURSEMENT POLICIES
FUNDING LEVELS**

JAIL PER DIEM PAYMENTS

Per Diem Payments:

Funding rates established to compensate localities for the costs of housing inmates were revised for FY11 and remain unchanged in FY13. The per diem rates for offenders that are arrested on a state warrant are, as required by law: \$4 for local responsible inmates housed in a local or regional jail, and \$18 for such inmates housed in a jail farm; \$12 for all state responsible inmates housed in all jail facilities.

**Federal Overhead
Recovery:**

Language is included in the Appropriation Act for the recovery of the federal and out-of-state share of all state-funded costs including personnel, non-personnel (excluding construction costs), vehicle expenses, and grants. The Compensation Board determines the overhead recovery amount based upon the most recent available Jail Cost Report, and will deduct it from the quarterly per diem payment for state and local inmates. Jails that are not owed sufficient quarterly per diem amounts against which to recover the overhead amount will be required to submit a payment to the Compensation Board in the amount that the overhead costs exceed the per diem payment amount.

**Emergency Medical
Expenses:**

The Compensation Board may reimburse localities for costs of emergency medical care for state responsible inmates due for transfer to the Department of Corrections, not to exceed \$377,010 per year statewide. The Compensation Board approves and reimburses these expenses in November and May of each fiscal year.