

**Compensation Board
Briefing Package**

June 2002

Agency Background and Mission

The Compensation Board is comprised of three members: the Auditor of Public Accounts and the Tax Commissioner serve as ex-officio members and the Chairman is appointed by the Governor. Responsibilities of the Board as noted in the Code of Virginia and the Appropriation Act are:

* Determining the state's share of a reasonable budget for the following offices:

Sheriffs
Treasurers
Commissioners of the Revenue
Commonwealth's Attorneys
Circuit Court Clerks
Regional Jails
Directors of Finance

* Reimbursing local governments and regional jails for the state's share of the cost of housing inmates

* Administering the Technology Trust Fund – a non-general fund – to reimburse Circuit Court Clerks for automating access to and preserving digitally land record indexes and images.

The Board's mission is to not only determine a reasonable budget but also to assist Constitutional Officers through training, automation efforts and other means to improve efficiencies and to enhance the level of services provided by these offices to the citizens of Virginia. Constitutional Officers expect and receive a fair and reasonable budget based upon objective criteria, such as staffing standards, within the overall funding constraints set by the General Assembly. The Board has also been able to adopt general policies and procedures which allow a Constitutional Officer to address the specifics of an issue without micro-management by the Board. Finally, the Compensation Board has mechanisms in place to offer a fair and impartial hearing of specific and unique problems or issues.

Over the years the Compensation Board has assumed many functions beyond the reimbursement of payroll and expenses. The evolution into an information management agency, a fiscal agency and a source for training and consulting services has taken place within the confines of the traditional relationship between the Board, its staff and the Constitutional Officers, rising out of the reimbursement function begun in 1934.

Reports

The agency is responsible for two annual reports to the General Assembly. The first shows fiscal year efforts by court clerks and Commonwealth's Attorneys' offices in collecting unpaid court-ordered fines and fees. Our second report, the Jail Cost Report, details revenues

and expenses of each of Virginia's seventy-three local and regional jails. Both of these reports are available on the agency's website: www.scb.state.va.us

Initiatives/Output

- * Transferred the processing of monthly reimbursements for Constitutional Officers from a paper process to an automated, on-line process known as the Statewide Network Interface Project (SNIP). Processing 650 reimbursement requests per month, this translated into savings in paper, postage and efficiencies at the local and state level.
- * In a similar manner, the Compensation Board moved the annual budget request submissions of 650 Constitutional Officers from paper to an on-line environment.
- * Automated the recording of inmates in local and regional jails for purposes of reimbursement which not only eliminated tedious local and state paper processing but allowed the introduction of system edits which saved the Commonwealth millions of dollars in overpayments. This automated system, known as the Local Inmate Data System (LIDS) is the data source used in the forecasting of Inmate Populations (State and Local), and is used by DSS, FBI, Commonwealth's Attorneys, and Local Police and Sheriffs' Departments for locate purposes. It also interfaces with DCJS to record DNA information, and interfaces with the Social Security Administration to suspend benefits and for SSN verification.
- * Currently in the final phase of transferring the monthly docket request process from a paper process to a web-enabled system.
- * In cooperation with the Department of Technology Planning, assisted Circuit Court Clerks in the development of automation enhancement plans for their offices.
- * Developed a comprehensive training program for Constitutional Officers including: New Officer Training, Managing Jail Risk, a modular, two and half year Lawful Employment course and Deputy Training.
- * Developed the following career development programs in consultation with individual Constitutional Officer Associations:

Career Prosecutor Program for Commonwealth's Attorneys
(implemented)

Master Deputy and Enhanced Master Deputy Programs for Sheriffs
(partially implemented)

Career Development Program for Treasurers and their deputies
(partially implemented)

Career Development for Commissioners and their deputies
(not yet implemented)

- * Introduced an external audit program to review inmate data submissions from local and regional jails thereby saving the Commonwealth hundreds of thousands of dollars in improperly requested reimbursements.
- * Transferred training registration for Compensation Board training events to a web-based system.
- * Eliminated the monthly expense of maintaining toll free phone lines for customers to access agency data systems by switching to a hard token security device and the Internet.
- * Produce an annual “Customer Satisfaction Survey” (www.scb.state.va.us/reports.html) which is made available to all Constitutional Officers and local governing bodies for their input into agency services and operations.
- * In the past 63 months the agency has been in 100% compliance with the Prompt Payment Act with the exception of one month where we accomplished 97% compliance in payments and 99.9% compliance in dollars.
- * Reduced the number of budget appeals submitted by Constitutional Officers from a typical sixty to seventy a year in the late 1980’s to three in 2001.

Background

Prior to examining the critical issues currently facing the Compensation Board, it is important to understand the evolutionary actions of the Compensation Board over the past 20 years, and place those actions in perspective.

From its inception in 1934 to well into the 1970’s, the Compensation Board approved Constitutional Officers budgets and reimbursed their approved expenses without benefit of salary scales, workload based staffing standards, or written policy guidelines. Constitutional Officers and local governments never knew how much, or even when, they would expect Compensation Board funding or additional positions.

Whenever a request was approved, or disapproved, the Constitutional Officers and local governments had no advice or knowledge as to the basis for the decision. Minutes of the Compensation Board meetings reflect actions regarding reimbursement for maintenance agreements on calculators, and other such minutia.

In addition to the perception of micromanaging the day-to-day activities of the Constitutional Officers, the absence of clear and understandable policy guidelines and staffing standards resulted in the perception of political favoritism. It appeared that those Constitutional Officers in favor with the Governor, or key members of the General Assembly, got more than those who were not. Disputes between the Constitutional Officers, local governments and the Compensation Board were usually settled in court, oftentimes with the Compensation Board on the losing side.

Members of the General Assembly, Constitutional Officers, local governments and Compensation Board members began to call for changes in the manner in which the Compensation Board conducted business. Between 1972 and 1994 there were 17 initiatives to review funding alternatives for Constitutional Officers (see Appendix A).

As is apparent from the number of studies and legislative actions during the 1972-1994 period, a significant change in approach and focus has occurred. Efforts from the 1970's to 1994 concentrated on abolishing the Compensation Board and providing state funds for Constitutional Officers by block grant. These efforts were resisted by Constitutional Officers, local governments and the legislature. With the defeat of Senate Bill 248 in 1991 which sought to implement the block grant approach recommended by the 1990 JLARC study, the Constitutional Officer associations began to call for increased support from the Compensation Board in the form of staffing standards, policy manuals, training and automation. The 1994 Blue Ribbon Strike Force report calling for block grant funding from the Compensation Board was opposed by all Constitutional Officer associations. (See Appendix B, letter from the Virginia Sheriffs' Association Executive Director to the Blue Ribbon Strike Force)

At the request of the Constitutional Officers, the General Assembly, through a series of actions in the past eight years, has placed greater responsibilities on the Compensation Board in order to improve the services that Constitutional Officers deliver on a daily basis to citizens of the Commonwealth. This process has been evolutionary in nature. It has required a consensus building approach on the part of the Constitutional Officers, the Compensation Board and the General Assembly. Rather than mandate training, the General Assembly has made it available. Rather than mandate improved employee development, the General Assembly has made the process available to those Constitutional Officers wishing to participate. Rather than developing staffing standards, the General Assembly directed the Compensation Board to develop the standards in cooperation with the Constitutional Officers.

Critical Issue: Why does the Commonwealth provide state funds to Constitutional Officers?

The primary functions administered by the Compensation Board, while not always funded to the extent desired by local governments or Constitutional Officers, have historically been funded to provide basic legal, fiscal and law enforcement services to the citizens of the Commonwealth.

The primary functions the Compensation Board administers originate in Article VII, Section 4 of the Constitution of Virginia. It is here that the five "Constitutional Officers" are enumerated as being elected by voters in each county and city. Thus, the original grounding of these functions dates back to the founding of Virginia. The Constitution of 1928 and the establishment of the Fee Commission in 1924 are the beginnings of the modern day funding of these offices by the state.

The assumption of the Commonwealth sharing in the funding of these offices is based on the realization that these officers provide services that benefit local citizenry, but indirectly and in some instances directly, benefit all citizens of Virginia. The five functions administered by

the Compensation Board are: 1) providing funding for Constitutional Officer legal expense; 2) receiving and analyzing each officer's annual budget request; 3) funding salaries and expenses of officers and their staff; 4) the reporting to the Compensation Board of inmate populations held in local and regional jails by Sheriffs and Superintendents, and making per diem payments based on that inmate population; and 5) funding for the automation of Clerks' land records.

Critical Issue: Why does state funding for Constitutional Officers need to be funneled through the Compensation Board?

In order to maintain a system of checks and balances, as well as separation of powers, the Constitutional Officers must have an executive branch agency to allocate funds appropriated by the legislature, with a right of judicial review by appeal. Additionally, Constitutional Officers cannot remain independent, and answerable to the people, if they are dependent upon funding administered solely by the local government.

Perhaps the greatest strength of the Compensation Board is the personalized individual service provided to Constitutional Officers which supports them, as they are directly answerable to the people of Virginia. As elected representatives of the people, Constitutional Officers must never become totally dependent upon either state or local funding, and must remain free of restrictive regulations concerning the daily management of their offices. This individual attention, however, is handled within the confines of an objective framework of budget review and staffing standards developed in conjunction with the individual officer associations. The Board is able to fairly and objectively address Constitutional Officers requests for funding by its reliance on workload based staffing standards, compensation and classification plans and written policies regarding other funding issues. The Board's mission - to determine and set a fair and reasonable budget for the Constitutional Officer - demands this constant attention to objectivity and equity in the decision making process.

Another strength of the Compensation Board is the Constitutional Officers' right to appeal Compensation Board and local government budget decisions to a three-judge panel. No other unit of local government - school boards, social service boards, police departments - has this right under law. Personalized, individual service handled in an equitable and objective manner, along with a statutory right to appeal annual budget decisions, combine to make the Compensation Board an effective and reasoned voice for the 650 officers throughout the Commonwealth.

The close professional relationship between the Compensation Board and the Constitutional Officers' professional associations is another strength. The Board makes every effort to keep these associations aware of pending policy and funding issues which would affect their membership. Additionally, the Compensation Board conducts an annual budget briefing for the leadership of the associations, actively participates in their annual meetings and continually seeks their input on proposed policy issues under consideration by the Board.

Another strength of the Compensation Board is its leadership role in getting technology into the offices of these elected officials. Not only has the Compensation Board automated its systems, but also it has provided \$18.4 million in state funding to Constitutional Officers for

information technology equipment in fiscal years 97 to 01. This leadership role in technology has allowed the Constitutional Officers to meet greater customer demands over the years without a corresponding increase in staff.

Another strength derives from the Compensation Board's shift to information management. For example, when Compensation Board staff conducts an audit of a jail's data submission into LIDS, the primary purpose is to ensure that the facility is properly requesting payment for prisoner days. However, an important by-product of that audit is oftentimes reflected in increased operational efficiency at the jail's records room and a greater understanding by jail management of population trends and the fiscal impact of jail operations on the local level. Similarly, Compensation Board assistance to Circuit Court Clerks in automating land records goes beyond the administration of the Technology Trust Fund, to include project management of private sector consultants to advise clerks on appropriate technological solutions to their records management needs.

Building upon its major strength of providing personalized and individual service to Constitutional Officers, the Compensation Board conducts training for newly elected Constitutional Officers in December of each year. These officials receive in-depth training from subject matter experts in the Compensation Board, Auditor of Public Accounts, Office of the Attorney General, Division of Risk Management and other state agencies on such diverse topics as lawful employment, conflicts of interest, risk management, and audit procedures. In 1997, the General Assembly, at the request of the Constitutional Officers, directed the agency to provide three additional annual training sessions (Lawful Employment, Jail Liability and New Deputy), each designed to address particular topics in day-to-day operations of Constitutional Officers.

The Compensation Board's role in automation and information management goes beyond the efficiency of service delivery to the ability of the Commonwealth's numerous policy and budgetary decision makers to make informed decisions on topics from jail population trends to staffing levels in the offices of Commonwealth's Attorneys, from the true cost to operate a particular jail to funding mechanisms for enhancing the retrieval capabilities of land records in 120 Clerks' offices. Knowledge is power and the Compensation Board recognizes as a strength, its ability to collect, collate and, where appropriate, audit data attached to fiscal transactions to produce accurate and timely reports and database files.

Finally, the Master Deputy, Treasurers' Career Development and Career Prosecutor Programs, whose development was spearheaded by the Compensation Board, represents an agency strength as the Board moves from a reimbursement mechanism to a management development resource. Funded in the 1994 General Assembly session, the Master Deputy Program established a career development path for Deputy Sheriffs, bringing an increased focus to professionalism and training. The 1998 Career Prosecutor Program is intended to foster long-term career prosecutors out of the ranks of Assistant Commonwealth's Attorneys with three or more years of service. The success of these programs indicates the Board's ability and willingness to enhance Constitutional Officer management skills. The 1999 General Assembly directed the Compensation Board to develop a Career Development Plan for Treasurers and their deputies, and the 2000 General Assembly session provided funding for the Treasurers' program.

Summary of Critical Issues

The Commonwealth of Virginia faces a challenge. The Governor, and ultimately, the General Assembly must determine exactly what services provided by Constitutional Officers are valued and which of those services will be supported by the state and how state support will be provided. The answers to those questions will direct the Compensation Board in its continued transition from solely the reimbursement function to being the primary source Constitutional Officers go to for management, career development and staffing assistance, automation and training. The Board operates in the area between Code mandated activities (budgets, reimbursement and appeals, for example) and the historical policy perspective that Constitutional Officers must retain a degree of independence from both state and local government. The Code specified duties of the Board have seen a natural and desired expansion to encompass training, consulting and staffing issues - functions which reduce costs to the Commonwealth and local governments and which better serve the citizens.

Constitutional Officers are the service sector of representative democracy. Rather than representing citizens in a legislative body, these officials represent the citizens in the delivery of basic government services. Being locally elected, these officers report to the citizenry and deliver their service within the confines of state law, local ordinance and a combination of state and local funding.

Quality service delivery at appropriate cost is the primary mandate given the Constitutional Officers by the people of the Commonwealth. And it is in support of these two goals that the Compensation Board has progressed beyond its reimbursement function into areas of management training, consulting and as a liaison between state and local government.

Appendix A: General Assembly Initiatives Regarding Funding for Constitutional Officers (1972-2002)

<u>Date/Action Recommended</u>	<u>Study Group</u>	<u>Date Action Taken</u>
1972 - Reduce state funding to Constitutional Officers	Task Force	Not implemented
1972 - Abolish Compensation Board	Task Force	Not implemented
1972 - Amend appeals procedures	Task Force	Not implemented
1977 - Provide state funding for medical benefits	Virginia Advisory Legislative Council	Not implemented
1977 - Make Compensation Board salaries consistent with local scales	Virginia Advisory Legislative Council	Not implemented
1977 - Phase out local supplements	Virginia Advisory Legislative Council	Not implemented
1977 - Salary scales for employees of Constitutional Officers	Virginia Advisory Legislative Council	Implemented between 1977-1985 for all offices by the Compensation Board
1979 - Increase support for Commonwealth's Attorneys	Joint Subcommittee	Not implemented
1979 - Commonwealth's Attorneys' offices should be full funded by the Commonwealth	Joint Subcommittee	Not implemented
1979 - A formula should be developed for state aid to Sheriffs for law enforcement	Joint Subcommittee	Not implemented
1981 - State funding to Constitutional Officers should be by Block Grant	Task Force	Not implemented
1981 - Each Constitutional Officer should be allowed to use state funds at his discretion	Task Force	Not implemented

<u>Date/Action Recommended</u>	<u>Study Group</u>	<u>Date Action Taken</u>
1983 - The Compensation Board schedule for annual budget submissions should be accelerated	Institute of Government	Not implemented
1983 - The Compensation Board should develop policies and procedures	Institute of Government	1991
1990 - The Compensation Board should develop workload based staffing standards for the allocation of positions to Constitutional Officers	JLARC	Implemented by Compensation Board 1992-1994
1990 - Northern Virginia salary differential for Constitutional Officers	JLARC	Not implemented
1990 - Block Grant funding for Constitutional Officers	JLARC	Not implemented
1993 - Convert part-time Commonwealth's Attorneys' offices to full-time, based upon workload	General Assembly	1994
1994 - Abolish Compensation Board; use Block Grant	Blue Ribbon Strike Force	Not implemented
1996 - Reduce funding for Treasurers and Commissioners of the Revenue	Governor's Budget recommendation	Not implemented
1994 - Staffing Standards for Constitutional Officers	General Assembly	1994
1994 - Automation of Compensation Board monthly reimbursement system	General Assembly	1994
1994 - Master Deputy Program for Sheriffs	General Assembly	1994
1994 - Compensation Board to oversee and report on collection of delinquent court fines and fees	General Assembly	1994
1994 - Pay for Performance for employees of Constitutional Officers	General Assembly	1994

<u>Date/Action Recommended</u>	<u>Study Group</u>	<u>Date Action Taken</u>
1996 - Compensation Board to oversee and allocate funds for Clerks' Technology improvements	General Assembly	1996
1996 - Automation of jail inmate reporting	General Assembly	1996
1997 - Expansion of Master Deputy Program	General Assembly	1997
1997 - Develop a Career Prosecutor Program for Commonwealth's Attorneys	General Assembly	1997
1997 - Additional training for Constitutional Officers in lawful employment, jail management	General Assembly	1997
1998 - Develop a Jail Cost Report	General Assembly	1998
1999 - Develop Career Development Plan for Treasurers and their deputies	General Assembly	1999
1999 - Develop an Enhanced Master Deputy Program for Sheriffs	General Assembly	1999
1999 - Increase Compensation Board audit oversight of jail per diem payments	General Assembly	1999
1999 - Funding approved for the Career Prosecutor Program	General Assembly	1999
2000 - Funding approved for the Treasurers' Career Development Program	General Assembly	2000
2002 - Funding approved for the Compensation Board to upgrade its reimbursement system	General Assembly	Work in progress



Virginia Sheriffs' Association

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August 26, 1994

- President
James H. Bowman
- Immediate Past President
James H. Dunning
- 1st Vice President
F. W. Howard, Jr.
- 2nd Vice President
Robert D. Crockett
- Secretary
Terry W. Hawkins
- Treasurer
Robin P. Stanawey
- Legislative Committee Chairman
Clay B. Hester

Mr. Paul M. Benenati
Governor's Commission on Government Reform
P.O. Box 1475
Richmond, Va 23212.

Dear Mr. Benenati:

Thank you for discussing with me the efforts and consideration of the Public Safety Committee relating to the abolition of the Compensation Board. The members of the Virginia Sheriffs' Association would appreciate reviewing a copy of the report and recommendations. We consider this one of the most important issues on the horizon for the 1995 session of the General Assembly. As you may imagine, the sheriffs from across Virginia are beginning to phone me and indicate their vehement opposition to abolish the Compensation Board. I sincerely appreciate the time you took with me Monday, August 2, 1994 to discuss the report with me.

From a historical prospective, the association addressed a issue similar to this in 1990, when it opposed SB 248, which provided for the abolition of the Compensation Board and funding to constitutional officers with block grants.

Having not reviewed specifically the Public Safety's Committee report and recommendations, I will attempt to discuss a number of issues that came forth in 1990, and that I anticipate are being discussed by members of the Public Safety Committee.

STAFFING STANDARDS

The Virginia Sheriffs' Association and the Compensation Board have concurrently developed professional staffing standards for sheriffs offices. A few years ago, the association appointed a staffing standards committee to specifically establish standards for law enforcement, court services, corrections, overcrowding, dispatching services and administrative staff functions. The General Assembly, through the Appropriations Act, has implemented many of these professional staffing standards. In other words, sheriffs' offices are getting funded based on need rather than other subjective reasoning. Further, the General Assembly passed in the 1994 session, language in the Appropriations Act which specifically directs the Compensation Board to fund sheriffs' offices based on staffing standards.

BLOCK GRANT FUNDING

In 1988, as I recall, staff of the Joint Legislative Audit and Review Committee

- Region I
R. D. Carrico
- Region II
J. E. Richardson
- Region III
Billy B. McPherson
- Region IV
J. W. Rittenhouse
- Region V
Lynn C. Armentrout
- Region VI
Thomas N. Faust
- Region VII
Damon E. Davis
- Region VIII
A. D. Mathews
- Region IX
Jimmy E. Weaver
- Region X
R. J. Roberts

Executive Director
John W. Jones

(JLARC) were directed to undertake a series of studies geared toward replacing the Compensation Board's funding of the constitutional officers with a block grant system. As each study was produced over a period of months, one constitutional officer association after another adopted resolutions opposing block grant funding. The VSA opposed block grant funding in 1990, for the following reasons:

- Loss of Autonomy as Independent, Elected Constitutional Officers

Sheriffs are popularly elected by the people of Virginia. They are not "employees" of local or state government; as such, they cannot be entirely dependent on the local or state government for funding. A block grant, no matter how it is administered, would be controlled by the local governing body. While the law may prevent the governing body from spending the money for another purpose, they could simply fail to appropriate the money to the sheriff. As an example, HB 599 for police department funding did not result in police departments receiving more money. It simply provided more state funds to the local treasury for appropriation by the governing body as they saw fit.

- Loss of Right to Judicial Appeal

While seldom used in the past few years by sheriffs, the right of a sheriff, by law, to appeal Compensation Board and local government budget decisions to a special three-judge panel is critical to the continued independence of the sheriff. Clearly, the sheriff must have sufficient funds to preserve the public safety; an arbitrary decision by the Compensation Board or the local government regarding resources would render the sheriff incapable of performing his constitutional duties. Accordingly, the appeal process was established early, but enhanced by the 1993 session of the General Assembly. No other local body receiving state aid (schools, colleges, community service boards, etc.) have this right under Virginia law. With a block grant, what is there to appeal?

- Shifting the Burden of Funding of Sheriffs to the Local Government

A carefully crafted block grant formula would, no doubt, include a "no loss" provision and provide a base level funding to the sheriff for the first year or two. After that, we must rely on recent history to see what happens to block grant funding. Take, for example, reductions in HB 599 funding in the past few years. Change one or two equations in the formula, and everybody, regardless of need, gets cut. More importantly, local

government officials will tell you about level funding of the Standards of Quality (SOQ) funding over the past few years. When adopted, SOQ funding provided a far greater percent of local school funding than it does today, simply because of inflation. In short, a change to a block grant has only one "client": local governments. Over the long run, as has been proven with SOQ, 599 funding and a host of other state aid programs, the local government simply picks up a greater percent of costs that had previously been met by the state.

- Ability to Respond to Changing Conditions and Emergencies

The alleged merit of a block grant is that local governments would get every dollar allocated. Notwithstanding the fact that it will remain static over the years, the amount is known and easy to budget. However, a block grant system assumes that all localities' needs are identical. For example, a sheriff in one county may have sufficient funds from the block grant to investigate every serious felony, while the sheriff in another jurisdiction faces an overcrowded jail. A block grant offers NO flexibility to meet higher priority needs in the Commonwealth during a budget year. The Compensation Board, on the other hand, can and has in years past, redirected unspent funds to meet critical needs in sheriffs' offices resulting from jail overcrowding, overtime caused by natural disasters, or specific investigatory needs. With a block grant, what you get is what you get. I recall working with the Compensation Board a few years ago when the AVTEX plant suddenly closed in Warren County, resulting in an inordinate need for overtime funding when the Commonwealth seized the plant's assets. I do not recall the total cost, but it was in the tens of thousands of dollars, and Warren County certainly did not have the money. The Compensation Board was able to provide the funding and allow the sheriff to protect the plant's assets from pilferage or damage. A block grant would have resulted in a severe financial burden on the county, or, the sheriff would not have been able to protect the plant's assets.

- Loss of Constitutional Officers

As local governments begin paying more and more of the total cost of a sheriff's operations (and Treasurers and Commissioners as well) they will soon question the necessity of electing the sheriff when they can hire a police chief. If they are paying the bill, they might as well have an "employee" working for them (the chief) rather than a sheriff who works for the people.

In summary, I can find no benefit whatsoever to block grant funding for constitutional officers. And, I believe that local government administrators will share my viewpoint, based upon their testimony in 1991 regarding this issue. Frankly, I had assumed that every county administrator and city manager would welcome the opportunity to get more state money under their control, and was surprised to hear many of them make similar arguments in opposition to block grant funding.

Allow me to address the issue of abolishing the Compensation Board.

Savings of \$842,000

I chose this amount based upon the Compensation Board's administration budget shown in Chapter 966. According to the JLARC studies which recommended block grant funding, a "state agency" (they didn't say which one) would still be required to administer the block grant, set staffing standards, etc. Thus, some portion of the \$842,000 would be required to provide sufficient staff to administer the grant.

The Cost of Administering the Block Grant Should be determined and Compared to the Reimbursement System Presently in Place.

I have no idea what it actually costs to reimburse localities on a monthly basis, but given the many other services performed by the Compensation Board, of which I am aware, I would bet that the actual reimbursement costs is substantially less than \$842,000.

Let me provide you with a good "rule of thumb" right out of Chapter 966 regarding overhead costs of a block grant. The FY95 total Compensation Board appropriation is \$329 million, of which \$842,000 is budgeted for administration. Simple division reveals that the Compensation Board delivers \$390 in state aid for every dollar spent on overhead. Compare that to the Department of Education budget, which is set at \$3 billion, with an administration budget of \$25 million, i.e., a ratio of only \$116 dollars of state aid to each dollar spent on overhead. I would hope that your committee seriously considers the total overhead cost of a block grant by looking at the costs in other agencies. I am sure that Bruce W. Haynes, Executive Secretary of the Compensation Board, could provide you with precise data regarding reimbursement costs, and I suggest that you call him.

Compensation Board Services to Sheriffs Other than Reimbursement of Expenses

The Compensation Board provides far more services to sheriffs than setting their budgets and reimbursing the local governments for expenditures. The Compensation Board staff provides invaluable assistance to sheriffs regarding management and funding issues. They often serve as a "clearing house" for new ideas, or approaches to problem solving. The Compensation Board also offers a number of training events I have participated in including their "New Officer" training, offered in December of each year for newly elected constitutional officers. The information they provide has resulted in a better trained sheriff and has been cited in at least one court case involving wrongful discharge as a defense. Thanks to the Compensation Board training, the sheriff won the case and no damages were awarded.

The Compensation Board has also been instrumental in developing new programs for sheriffs' offices, e.g., the Master Deputy Program and Pay for Performance. Without the leadership of the Compensation Board, it is doubtful if we would have been as successful in achieving legislative approval of these two critical programs.

The Compensation Board has also been instrumental in providing state funds to automate sheriffs' offices and jails. The Compensation Board's goal of a PC in every jail and sheriff's office is nearly complete, which has resulted in a significant manpower savings that can be redirected to other priority needs. I have heard sheriffs across the state praise the Compensation Board for this innovation. The Compensation Board is also in the process of putting their monthly reimbursement system on-line, which will also serve to reduce the staff time and associated expenses of a manual system. Sheriff with jails can look forward to a direct electronic interface, via PC, with the Department of Corrections for reporting inmate population and time computation. The automation of inmate data will provide all decision makers with timely and reliable data on which to base decisions regarding jail funding, staffing, length of sentence, and other critical components of the criminal justice system.

Jail Block Grant Funding

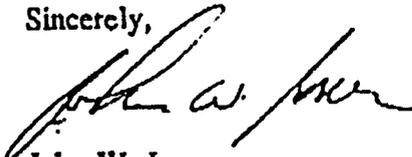
As you know, the Appropriations Act provides funding for block grants for local jails and for certain treatment positions within local jails. Sheriffs are currently experiencing funding deficits in terms of salaries for those

positions. Often when other employees in state government and deputy sheriffs receive regular increases in salary, block grant employees receive no increases, because the block grant was not increased. This has resulted in an additional burden on localities and demoralization of block grant employees because often they do not receive raises other employees receive.

I hope that I have provided you with a clear picture of why the present Compensation Board reimbursement system is critical to the interest of sheriffs. I would invite you to appear at the Legislative Committee meeting of the Virginia Sheriffs' Association on Thursday, September 29, 1994, at 9:00 A.M. at the Blacksburg Marriott. As you may imagine, this is a subject that is of grave interest to the Virginia sheriffs, and we would appreciate your appearance to discuss this issue further in the event this proposal is seriously considered.

Again, I appreciate your willingness to discuss this important issue with me and look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Jones", written over a horizontal line.

John W. Jones
Executive Director

JWJ/slg