

OVERVIEW OF COMPENSATION BOARD FY13 BUDGET PRIORITIES AND POLICIES

New Positions, FY13

- **New Positions:** No additional positions have been approved by the 2012 General Assembly for FY13 with the exception of staffing for one jail expansion project scheduled for completion in FY13. Jail related positions associated with this project have been allocated in accordance with funding approved by the General Assembly for FY13 as follows:
 - 120 new positions for staffing of the Meherrin River Regional with funding effective July 1, 2012; Transfer of jail related positions from closing local jails in Brunswick, Dinwiddie and Mecklenburg.

Permanent Salaries, FY13

- **FY13 Salaries:** The FY13 budget provided on May 24, 2012, provides the base salary amounts approved for FY13, effective July 1, 2012.
 - These amounts include restored reductions from FY12 for Sheriffs and Regional Jails. Where possible, funds reduced from salaries in FY12 have been restored in the FY13 budget to the original positions from where they were reduced. In cases where there have been changes to incumbents, classifications, or salaries of the previously reduced positions, funds have been restored in the base temporary salaries budget line, and can be transferred back to salaries as needed for other restoration actions.
- **Salary Increases:** The 2012 General Assembly has not provided for salary increases in FY13 for constitutional officers and their Compensation Board funded permanent staff positions. This includes across-the-board salary increases, performance-based increases and bonuses.

Career Development Programs, FY13

- **Sheriffs' Career Development Programs:** The Career Development Program includes two tracks: one for offices accredited by certain law enforcement standards committees/associations; and a certification program for offices without such accreditations. For FY13, 34 officers have qualified for the Accreditation Program and have received a 9.30% salary increase. The 2010 General Assembly approved language restricting participation in the program to officers that were funded with the salary increase prior to January 1, 2010. The 2012 General Assembly approved a Governor's amendment to allow one-time funding in FY13 for additional officers who met the program criteria prior to January 1, 2010 but for whom funding was not previously available; however, there are no officers that meet this criteria. Officers not eligible for, or participating in, the program prior to January 1, 2010 are not funded for participation in FY13.
- **Master Deputy/Jail Officer Programs:** No additional funding was specifically included in the Appropriation Act for Sheriffs' offices or regional jail facilities that certified their Master Deputy/Jail Officer programs to the

Compensation Board but are currently not funded for their participation in the program. The 2010 General Assembly approved language and funds for individual participants in the program that were funded in the program (i.e. receiving the pay supplement) as of January 1, 2010, but suspended the program for future participants becoming eligible on or after January 1, 2010. The 2012 General Assembly approved a Governor's amendment to allow one-time funding in FY13 for additional deputies/jail officers who met the program criteria prior to January 1, 2010 but for whom funding was not previously available. The Compensation Board will determine prior to July 1, 2012 whether unfunded but qualified deputies/officers eligible prior to January 1, 2010 can be identified for the use of these one-year funds.

Any future participation in any of the Master Deputy/Jail Officer 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. For future participation, budget language still requires that any office wishing to opt-in to participate in the Master Deputy/Jail Officer programs will need to notify the Compensation Board by July 1 that they have established the Program in their office, recognizing that additional funds will need to be requested for appropriation to the Compensation Board by the General Assembly.

- **Career Prosecutor Program:** Current Compensation Board funding provides for 52 career prosecutors currently participating in Commonwealth's Attorneys offices that will receive the associated 19.48% salary increase. The 2010 General Assembly approved language and funding for individual participants in the program that were funded in the program (i.e. receiving the pay supplement) as of January 1, 2010. The 2012 General Assembly approved a Governor's amendment to allow one-time funding in FY13 for additional career prosecutors who met the program criteria prior to January 1, 2010 but for whom funding was not previously available. This amendment will provide for 28 additional career prosecutors to receive the associated 19.48% salary increase in FY13 only. The program remains suspended for any individual participants not eligible for participation prior to January 1, 2010. Any future participation in the Career Prosecutor Program will require language to lift the program suspension and additional appropriation by the General Assembly in order for related salary increases to be funded.
- **Treasurers and Commissioners of the Revenue Career Development Programs:** The 2010 General Assembly approved language and funding for individual participants in the programs that were funded in the programs (i.e. receiving the pay supplement) as of January 1, 2010. The 2012 General Assembly approved a Governor's amendment to allow one-time funding in FY13 for additional officers who met the program criteria prior to January 1, 2010 but for whom funding was not previously available. This amendment will provide for 3 additional Treasurers and 7 additional Commissioners of the Revenue to receive the associated salary increases in FY13 only. The programs remain suspended for any individual participants not eligible for participation prior to 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.

- **Deputy Treasurers and Deputy Commissioners of the Revenue Career Development Programs:** The 2010 General Assembly approved language and funding for individual participants in the programs that were funded in the programs (i.e. receiving the pay supplement) as of January 1, 2010. The 2012 General Assembly approved a Governor's amendment to allow one-time funding in FY13 for additional deputies who met the program criteria prior to January 1, 2010 but for whom funding was not previously available. This amendment will provide for 53 additional deputy treasurers and 32 additional deputy commissioners of the revenue to receive the associated salary increases in FY13 only. The programs remain suspended for any individual participants not eligible for participation prior to 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.

Other Funding Items, FY13

- **Technology Trust Funds:** Appropriation Act language provides for the use of \$2.98 million of Technology Trust Funds (TTF) in FY13 to offset previous and current general fund budget reductions. The Compensation Board has continued to offset general operating budget reductions by this amount.
- **Office Equipment Funding:** No funding has been provided for office equipment in the approved budget for Constitutional Officers for FY13. For Sheriffs and Regional Jails, requests for Livescan/upgrades previously considered by the Compensation Board through the budget approval process will now be considered on an individual basis and presented as a docket request item at the Compensation Board's regularly scheduled monthly board meetings. Sheriffs and Superintendents are reminded that the Board may consider one-time transfers of an office's accrued vacancy savings to fund its livescan/upgrade needs. (Note for Clerks: Technology Trust Funds are not a part of your base budget funds and budgeting is handled separately in the months of August and September).
- **Training Events:** Additional allowance funding is not available for the reimbursement of attendance at non-Compensation Board-sponsored training events such as VALECO and the Association's annual meeting. However, attendance at these events is considered a reimbursable expense if funds are available in your budget. All Officers will continue to be reimbursed for the approved travel-related expenses associated with attending Compensation Board-sponsored training events such as Lawful Employment and New Officer Training.

Transfer Policy, FY13

- **Vacancy Savings:** Policies restricting transfers of accumulated vacancy funds to other budget categories for one-time use for all Constitutional Officers will not be required in FY13.
 - Officers who wish to leave permanent positions vacant for the entire fiscal year and transfer the funds to temporary salaries or office expenses should submit their requests to the Compensation Board not later than July 1 for Compensation Board action on July 25. For offices requesting to transfer annual salary amounts for medical and food service contracts must provide information regarding the costs of such contracts.
- **Turnover:** Turnover funds can be used by ALL offices as follows, through April 17 and prior to the May 1 setting of the budget for a subsequent fiscal year:
 - Restoration to prior base salary amount for employees with salaries reduced due to across-the-board budget reductions;
 - Salary increases in accordance with Compensation Board salary policy involving classification actions that result in a change in pay band;
 - FY12 policy restricting the use of turnover for in-band pay adjustments is presently still in effect, but future action related to this restriction may be considered in the latter part of FY13.
- **Base transfers:** Base budget transfers of turnover funds to other budgeted categories may be considered under special circumstances in FY13. Base budget transfers within other budget categories can be requested by all offices but require Compensation Board action.
- **One-time transfers:** One-time transfers can be made by ALL offices as follows:
 - From Vacancy Savings, Temporary or Office Expenses to Equipment (not in the base) but transfers require Compensation Board action;
 - Between Temporary and Office Expenses or from Vacancy savings to one of these categories, not to exceed \$10,000 per month (not in the base);
 - Exception – no transfers from Temporary or Office Expenses of funds available in those categories through approved one-time transfers of Vacancy Savings funds.

Other Funding Policies, FY13

- **5% Pay Increase related to SB497 and Transition of 5% VRS Member Contribution to Officer/Employee:** While not a matter of Compensation Board policy, SB497 was passed by the 2012 General Assembly as amended by the Governor, and requires that persons employed by local government employers be required to pay the 5% employee contribution to the Virginia Retirement System. Local government employers 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 government employers 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. Additionally, the 2012 General Assembly approved a language amendment clarifying that localities are able to provide supplements to the salaries of constitutional officers as set in the General Appropriation Act using local funds in order to comply with the provisions of Chapter 822, 2012 Acts of Assembly (SB497).
- **Division of Risk Management Liability Insurance/Surety Bond Premium Recovery:** Included in the Appropriation Act for FY13 is continued language requiring that 100% of the amount of the Compensation Board's payment for liability insurance and surety bond premiums on behalf of Constitutional Officers and their employees to the Division of Risk Management be recovered from payments made to localities. Distribution of the recovery amount for the premiums paid is based upon a prorated number of positions covered in each office. Each office's related cost will be recovered from the July payroll reimbursement amount prior to electronic transfer of funds to the locality.
- **Constitutional Officers' VRS Retiree Health Care Credit Premium Recovery:** Included in the Appropriation Act for FY13 is continued language requiring that 100% of the amount of the Compensation Board's payment for the retiree health care credit premium on behalf of Constitutional Officers and their employees to the Virginia Retirement System be recovered from payments made to localities. Distribution of the recovery amount for the retiree health care credit is based upon a prorated amount of salary funds for each office, and does not include recoveries on behalf of Directors of Finance, Regional Jails, or localities not participating in the Virginia Retirement System. Each office's related cost will be recovered from the July payroll reimbursement amount prior to fund transfer to the locality.

- **Withholding of Reimbursements:** Language in the Appropriation Act provides that the Compensation Board is 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.
- **Aid to Localities Reductions:** Language and an associated funding reduction totaling \$50 million in FY13 was approved by the 2012 General Assembly (down from \$60 million in FY12) and creates a reversion clearing account to achieve savings in funding provided as aid to localities. This action requires that within 30 days of the enactment of HB1301, the Department of Planning and Budget (DPB) is to provide an estimate of aid to localities 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 payments they receive. Although a locality's choice to achieve savings through reducing funds from the Compensation Board for some or all constitutional officer programs will not result in a reduction in the budget set by the Compensation Board, officer's should be aware that monthly reimbursements during the year could be reduced or eliminated in order to achieve the locality-designated savings.
- **June Payroll Shift:** Based upon action by the 2002 General Assembly, the Compensation Board's reimbursement cycle for fiscal year payroll and expenses has permanently changed. While the Compensation Board has always reimbursed expenditures one month in arrears, prior to FY02 it included an accelerated schedule in June to reimburse both May and June expenditures prior to the end of the fiscal year. In FY02, localities did not receive a reimbursement for June expenditures. Instead, June 2002 expenditures were reimbursed in the month of July 2002, or the beginning of FY03. In FY03, localities received reimbursements for the months of June through May. Since FY04, this reimbursement schedule has remained the same, with localities receiving reimbursement payments for the months of June through May in the months of July through June. This has not changed the budget cycle for the fiscal year, however, which is still established on a fiscal year cycle, beginning July 1 and ending June 30. Because of this change, officers should keep in mind that expenditures in the month of June of each year will be reimbursed out of budgeted funds available for the following fiscal year and could result in a delay in reimbursement of expenditures in the later months of the fiscal year.

Requests for Additional Compensation Board Funding

- Due to current funding constraints, requests for additional funding in any budget category have little chance of approval during FY13. The Compensation Board reserves the right to make future budget adjustments as may be necessary to limit expenditures in the case of reduced appropriation balances that emerge at a later date.

Exceptions

- The Compensation Board will consider exceptions to these policies upon written request of Constitutional Officers, Finance Directors or Jail Superintendents.

If you have further questions, please contact a member of the Compensation Board staff:

Sheriffs and Regional Jails – Joan Bailey – 804-225-3435, joan.bailey@scb.virginia.gov;

Commissioners of the Revenue, Treasurers and Finance Directors – Bill Fussell – 804.225.3475, william.fussell@scb.virginia.gov;

Commonwealth's Attorneys & Circuit Court Clerks – Paige Christy – 804.225.3442, paige.christy@scb.virginia.gov;

Clerks' Technology Trust Funds – Charlotte Lee – 804.225.3366, charlotte.lee@scb.virginia.gov

Local Governments

Charlene Rollins – 804.225.3321, charlene.rollins@scb.virginia.gov;

Charlotte Lee – 804.225.3366, charlotte.lee@scb.virginia.gov; or

Robyn de Socio – 804.225.3439, robyn.desocio@scb.virginia.gov