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## COMMONWEALTH OF VIRGINIA

### *Compensation Board*

P.O. Box 710  
Richmond, Virginia 23218-0710

April 9, 2010

#### EMAIL MEMORANDUM

TO: Constitutional Officers and Directors of Finance  
Regional Jail Superintendents  
Governing Bodies

FROM: Robyn M. de Socio, Executive Secretary

RE: FY10 Budget Actions Approved by the 2010 General Assembly

I write to provide you with additional information regarding actions taken by the 2010 General Assembly with respect to reimbursable funding for the remainder of FY10. The budget bill as introduced for FY10 (caboose bill) and approved by the General Assembly includes reductions impacting funding to localities in support of constitutional officers. Although I informed you of these funding reductions and shortfalls in earlier communications sent on [December 18, 2009](#) and [March 16, 2010](#), I want to be certain there is consistent and clear information available regarding these actions and their implementation. These funding items include:

- One-day's pay funding reduction (furlough)
- Discontinued reimbursement for retirement and group life insurance premiums
- Per diem funding shortfall
- Federal funds supplant (not reducing funds to localities)

#### One-Day Pay Reduction (Furlough)

For FY10, the legislature approved the elimination of funds for one day of pay (furlough) for all officers and their employees, based upon 1/249<sup>th</sup> of base salary for all positions funded by the Compensation Board, including all constitutional officers, regional jails, regional drug prosecutors and directors of finance. The reduction in reimbursement amount will also include FICA (social security premium), as fringe benefits are reimbursable based on actual salaries paid. The amount of reduction attributed to each office has already been included in the COIN system (based upon salaries as of March 31), and shows as a bottom line reduction to authorized funds. As with other reductions in place in COIN (September 2009 across-the-board reductions; Aid to Localities reductions), this savings amount must be achieved no later than the May payroll reimbursement, as June reimbursements are paid from Compensation Board appropriations for the following fiscal year.

Although state employees have a specified furlough day of May 28, 2010 this is not a mandatory furlough day for constitutional officers and employees. There is no requirement that constitutional officers and their employees take a specific furlough day, or all at one

time on the same day. However, as local governments are not obligated to cover the expense of one day that will not be reimbursed, officers will need to work with their localities to determine whether the locality will require Compensation Board funded positions to take a day of furlough to achieve the savings that will be withheld from reimbursements. If a day of furlough is taken prior to May 31, officers can utilize the Leave Without Pay CB10 option in COIN to reduce the reimbursement for the furlough day. Localities should be advised that there is no intention that any employee's salary or service time for the purposes of VRS retirement be reduced based upon the day of pay that is to be withheld.

#### Discontinued 3-month Retirement & Group Life Insurance Premium Reimbursements

For FY10, the legislature approved the elimination of three months of reimbursement of the employer share of retirement and group life insurance premiums paid on actual salary amounts reimbursed for all officers and employees, including constitutional officers, regional jails, regional drug prosecutors, and directors of finance. This proposal was included in the introduced budget bill, along with proposals to eliminate these reimbursements entirely in FY11 and FY12. Although the legislature restored funding for reimbursements of these expenses in FY11 and FY12, the Compensation Board still must withhold three months (equal to one quarter) of reimbursements in the current fiscal year. Based upon the Compensation Board's payment cycle that reimburses expenses for June from the following year's appropriation, and a significant number of localities choosing to implement Aid to Localities reductions through constitutional offices, sufficient savings cannot be achieved by withholding reimbursements for these payroll expenses for the months of May or June. Implementation is already underway to withhold these reimbursements from payments made in late March, April and May, affecting reimbursements of payroll expenses for the months of February, March and April, 2010. Offices that still have reimbursable salary expenses for May will again see reimbursements for retirement and group life insurance premiums based upon the payable salaries. All offices will see reimbursements for these premiums on payable salaries for the June payroll reimbursement.

#### Fourth Quarter Per Diem Payment Shortfall

As noted in my previous communications, funding was reduced in the introduced caboose bill by \$3.6 million, and no funding was provided for an earlier projected need of approximately \$6.5 million. In addition to this, state responsible inmate populations in local and regional jails have grown, driving up the cost of per diem payment amounts due. The total funding shortfall at this time for the fourth quarter payment is approximately \$13.1 million statewide. With no changes made by the legislature to funding amounts available for the fourth quarter per diem in FY10, the Compensation Board will pro-rate remaining funds available across all jail facilities in accordance with the provisions of Item 70,A., Chapter 781, 2009 Acts of Assembly. When the fourth quarter payment is made in late April, it is anticipated that each jail's reduction will equate to approximately 64% of the fourth quarter amount due.

#### FY10 Federal Funds Supplant

As many of you are aware, a decision was made at 2009 fiscal year-end to convert prior state general fund reimbursements of payroll and expenses for Sheriffs' offices and Regional Jails to federal stimulus funds. This conversion was handled centrally by state finance agencies, but communicated to you through the Compensation Board. The caboose bill included a proposal that was approved by the legislature to also supplant prior FY10 general

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fund reimbursements for Sheriffs' offices and Regional Jails with Recovery Act State Fiscal Stabilization Funds. This is not a funding reduction item, but will result in the reassignment of prior reimbursements from state general fund dollars in the amount of \$109 million statewide to federal stimulus dollars in FY10, as was done at FY09 year-end. The Compensation Board is currently communicating with other state finance agencies to work out the logistics of the funding conversion, and to determine what accounting and reporting requirements may need to be communicated to local offices. I will write to provide you with additional information regarding this transaction within the next month.

I hope you find this additional information helpful in understanding the implementation of actions approved by the 2010 General Assembly with regard to the remainder of the current fiscal year. If you have additional questions regarding the implementation of these items, please contact your program technician, Charlene Rollins, Charlotte Luck, or me. For questions regarding the per diem shortfall, you may also contact Kari Bullock or Anne Wilmoth.

c: Compensation Board Members and Staff  
John W. Jones, Virginia Sheriffs' Association  
Robert Q. Harris, Commonwealth's Attorneys' Services Council  
Alan D. Albert, LeClair Ryan PC  
John "Chip" Dicks, Future Law, LLC  
Ron Jordan, Advantus Strategies  
Madeline I. Abbitt, Abbitt Consulting Inc  
Michael Amyx, Virginia Municipal League  
Janet Areson, Virginia Municipal League  
James D. Campbell, Virginia Association of Counties  
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