

OVERVIEW OF COMPENSATION BOARD FY21 BUDGET PRIORITIES AND POLICIES

During the 2020 Regular Session of the General Assembly, several new funding initiatives were proposed by the Governor and approved by the legislature for constitutional offices beginning July 1, 2020. However, during the reconvened session of the General Assembly on April 22, 2020, action was taken to unallot funding for these new initiatives and preclude implementation by directing the Compensation Board not to spend, commit, or otherwise obligate funding for these new initiatives. Therefore, the new initiative funding is not approved by the Compensation Board for inclusion in FY21 budgets.

New Positions, FY21

- **New Positions:** Positions and funding initially approved and then unallotted by the 2020 General Assembly for FY21, as follows, cannot be allocated at this time:
 - 29 new court services deputy sheriff positions;
 - 19 Assistant Commonwealth's Attorney positions and 10 paralegal and administrative positions in Commonwealth's Attorneys' offices;
 - 14 deputy clerk positions to establish a minimum of three staff positions in each Circuit Court Clerk's office.

A limited number of deputy sheriff, deputy circuit court clerk and deputy finance director positions available through the position reallocation policy will be reallocated in FY21. No other constitutional officer programs have funded positions available for reallocation in FY21.

There are no new jail construction or expansion projects requiring added staffing scheduled for completion in FY21 where positions were not already included in FY20.

Permanent Salaries, FY21

- **FY21 Salaries:** The FY21 budget provided on May 1, 2020, provides the base salary amounts approved for FY21, effective July 1, 2020.

Salary increases for specific constitutional office staff initially approved and then unallotted by the 2020 General Assembly for FY21, as follows, cannot be allocated at this time:

- Specific increases to entry level regional jail officers to match an increase previously provided for entry level deputy sheriffs - \$897 for each entry level jail officer with less than one year of service and \$938 for those with more than one year of service in a Compensation Board funded entry level jail officer position;
- Specific increases to Compensation Board funded Circuit Court Clerks' staff positions in Pay Bands 1 and 2 to address pay equity with district court clerk positions by increasing the Compensation Board entry-level salary and increasing salaries for positions with current salaries below the new entry-level;

- Specific increases to deputy and staff salaries in Treasurers' offices through re-funding approximately 50% of salaries of underfunded positions and re-funding salaries of 10% of unfunded positions;
- Specific increases to deputy and staff salaries in Commissioners of the Revenue's offices through re-funding 100% of salaries of underfunded positions and re-funding salaries of 10% of unfunded positions.

The 2020 General Assembly passed legislation and approved funding to increase the minimum wage from \$7.25/hour to \$9.50/hour effective May 1, 2021. Although the current minimum salary on the Compensation Board's classification and pay plan exceeds the annual salary at \$9.50/hour, any position with a Compensation Board salary that is currently underfunded will be affected by this language, and is anticipated to be increased in accordance with the approved legislation.

- **Salary Increases during FY21:** There are no across-the-board or performance-based increases approved for FY21 for any constitutional offices or regional jails. Funding for a salary bonus of 2% effective December 1, 2020, initially approved and then unallotted by the 2020 General Assembly for FY21 (and initially providing that the governing authority of such employees uses such funds to support the provision of a bonus) cannot be allocated at this time. Initial language regarding the bonus also included a contingency requirement that FY2020 year-end revenue exceed the threshold requiring a re-forecast for implementation to occur.
- **Population-Based Salary Increases for FY21:** Based on 2020 population estimates provided by the Weldon Cooper Center for Public Service, Greene County has met a locality population based threshold of 20,000 and Montgomery County has met a locality population based threshold of 100,000. Based upon this change, the salaries of Sheriffs, Circuit Court Clerks, Treasurers and Commissioners of the Revenue serving these localities, and the Commonwealth's Attorney serving Montgomery County, have been adjusted to reflect an increase effective July 1, 2020, based on authorizing language contained in the 2020 Appropriation Act. The salary of the Commonwealth's Attorney in Greene County is not affected by the population based threshold changes.
- **Automatic Regrades from Grade 7 to 8 for Sworn Deputies and Jail Officers (RBL):** Automatic re-grades from grade 7 to grade 8 for deputy sheriffs and regional jail officers occur on the first of the month on or after the one-year anniversary of the date of hire into a grade 7 position and are accompanied by a 4.56% salary increase.

Career Development Programs, FY21

The 2020 General Assembly did not approve funding to support additional participation in any career development program in FY21. However, salary increases for newly funded participation in FY21 are approved effective July 1, 2020 in some cases where existing funds have accrued through attrition of former funded participants. Salary increases for newly funded participants using existing program funding through attrition are included in the salaries listed in the FY21 budget provided on May 1, 2020.

- **Sheriffs' Career Development Programs:** The Career Development Program includes two tracks: one for sheriffs whose offices are accredited by certain law enforcement standards committees/associations and one for sheriffs achieving certification with Virginia Commonwealth University. For FY21, 43 officers have qualified for the Career Development Program and have received a 9.30% salary increase effective July 1, 2020, including 10 newly funded officers using funds from attrition of former participants.
- **Master Deputy/Jail Officer Programs:** The 2013 General Assembly eliminated language that suspended the Master Deputy/Jail Officer programs and restricted participation to pre-2010 participants, and restored some previously reduced funds allowing participation at reduced levels using attrition funding. The 2017 General Assembly approved additional funding for further participation in the programs, allowing for full funding of the program for pre-2010 participating offices and for new offices certifying their participation through FY21.

For future participation by additional offices, 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:** The 2013 General Assembly eliminated language that suspended the program and restricted participation to pre-2010 participants, and restored some previously reduced funds. A total of 107 Career Prosecutors continue to be funded in the program in FY21, and 19 new Career Prosecutors are funded in the program in FY21 effective July 1, 2020 using available attrition savings. Existing funding is insufficient to fund 21 Career Prosecutors newly certified by the Commonwealths' Attorney for FY21.
- **Treasurers and Commissioners of the Revenue Career Development Programs:** The 2013 General Assembly eliminated language that suspended the programs and restricted participation to pre-2010 participants, and restored some previously reduced funds. A total of 66 Treasurers and 59 Commissioners continue to be funded in the programs in FY21, and 4 new Treasurers and 8 new Commissioners are funded in the programs in FY21 effective July 1, 2020 using available attrition savings. Existing funding is sufficient to fund all Treasurers newly certifying for FY21, but is insufficient to fund 1 Commissioner newly certifying for FY21.
- **Deputy Treasurers and Deputy Commissioners of the Revenue Career Development Programs:** The 2013 General Assembly eliminated language that suspended the programs and restricted participation to pre-2010 participants, and restored some previously reduced funds. A total of 183 Deputy Treasurers and 185 Deputy Commissioners continue to be funded in the programs in FY21 and 35 new Deputy Treasurers and 10 new Deputy Commissioners are funded in the program in FY21 effective July 1, 2020 using available attrition savings. Existing funding is insufficient to fund 14 Deputy Treasurers and 46 Deputy Commissioners newly certified by their Officers for FY21.

- **Circuit Court Clerks' Career Development Plan:** A total of 24 Circuit Court Clerks continue to be funded in the program in FY21, and 6 new Circuit Court Clerks are funded in the program in FY21 effective July 1, 2020 using existing program funding. Existing funding is sufficient to fund all Circuit Court Clerks newly certifying for FY21.
- **Deputy Circuit Court Clerks Career Development Plan:** A total of 76 Deputy Circuit Court Clerks continue to be funded in the program in FY21, and 9 new Deputy Circuit Court Clerks are funded in the program in FY21 effective July 1, 2020 using existing program funding. Existing funding is insufficient to fund 77 Deputy Circuit Court Clerks newly certified by their Clerk for FY21.

Other Funding Items, FY21

- **Technology Trust Funds:** Appropriation Act language provides for the use of \$1.98 million of Technology Trust Funds (TTF) in FY21 to offset previous general fund budget reductions. The 2020 General Assembly initially approved an additional \$1.0 million GF to reduce the amount of TTF used to offset previous budget reductions from \$1.98 million to \$0.98 million per year beginning in FY21, however, the unallotment approved during the reconvened 2020 legislative session will require maintaining the use of \$1.98 million of TTF to offset previous general fund budget reductions. The Compensation Board will continue to offset general operating budget reductions by this amount in FY21.
- **Office Equipment Funding:** No funding has been provided for office equipment in the approved budget for Constitutional Officers for FY21. 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, FY21

- **Vacancy Savings:** Policies restricting transfers of accumulated vacancy funds to other budget categories for one-time use for all Constitutional Officers are not required for FY21 at this time.
 - 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 10 for Compensation Board action on July 23. 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 are not currently restricted and can be used by all offices for restoration to prior base salary amounts for positions with salaries reduced due to previous across-the-board budget reductions, through April 12, 2021 and prior to the May 1 setting of the budget for a subsequent fiscal year.
- **Base transfers:** Base budget transfers of turnover funds to other budgeted categories may be considered under special circumstances in FY21. 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); amounts requested for transfer above \$10,000 per month require Compensation Board action;
 - 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, FY21

- **5% Salary Amount and Transition of 5% VRS Member Contribution to Officer/Employee related to Chapter 822, 2012 Acts of Assembly (SB497 of 2012 General Assembly) – Non-Supplanting Language:** While not a matter of Compensation Board policy, during the reconvened session of the 2013 General Assembly, a Governor’s amendment was approved preventing local governments from using Compensation Board funding to supplant local funds provided for the salaries of constitutional officers and their employees under the provisions of Chapter 822, 2012 Acts of Assembly, who were affected members in service on June 30, 2012. In accordance with the provisions of SB497 from the 2012 Session of the General Assembly (aka Chapter 822, 2012 Acts of Assembly), localities provided a 5% salary increase (unless phasing-in) on July 1, 2012 to constitutional officers and their employees to offset the transition of the

payment of the 5% member contribution to VRS for retirement premiums from the locality to the employee. Any Compensation Board funded salary increase funds cannot be used to offset the 5% salary increase amount (or phase-in amount) funded by the locality in association with this VRS contribution change. This language regarding non-supplanting of local funds does not apply to any salary supplement amounts provided by localities that exceed the 5% increase related to the VRS member contribution amount, nor does it apply to employees hired into a Compensation Board funded position after July 1, 2012 (or after July 1, 2010 if "plan 2" employees have been required to pay their own 5% member contribution since that time).

- **Required Data Submissions:** Language was approved by the 2014 General Assembly requiring that all law enforcement agencies receiving funding from the Compensation Board (including local and regional jails) provide the necessary data and meet the necessary data requirements to participate in the Statewide Automated Victim Information and Notification System (SAVIN), administered for the Commonwealth's jails through the Virginia Center for Policing Innovation.
- **Constitutional Officers' VRS Retiree Health Care Credit Premium Recovery:** Included in the Appropriation Act for FY21 is continued language requiring that 100% of the unfunded 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. The recovery amount is estimated at a statewide total of \$902,456 and the Compensation Board is appropriated base funding of just under \$1.70 million in FY21 to pay the difference between the recovery amount and the estimated premium amount of \$2.61 million in FY21. Distribution of the recovery amount for the retiree health care credit is based upon a prorated amount projected for each office based upon prior year actual costs, and does not include recoveries on behalf of Directors of Finance, Regional Jails, or localities not participating in the Virginia Retirement System. Changes in estimated costs for FY21 based upon actual FY20 costs may result in a change to each office's estimated recovery amount. Each office's related cost is anticipated to be recovered from the July payroll reimbursement amount prior to fund transfer to the locality.
- **Division of Risk Management Liability Insurance/Surety Bond Premium Recovery:** Included in the Appropriation Act for FY21 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 (DRM) be recovered from payments made to localities. New language approved by the 2016 General Assembly requires that DRM identify premium amounts by office, incorporating factors such as claims history, staffing, and average daily jail populations, and results in a different distribution of premium recovery amounts by office than the previous distribution based upon staffing levels. In FY21, the total VARISK general liability premium will increase approximately 8.88% by \$1 million, and every office's proportion of the new total will change somewhat in FY21 based upon these factors; some offices will see an increase of up to 48.88% in their premium amounts, while other offices will see a decrease in their premium amounts. Estimates of the FY21 recovery amounts reflecting these changes

were provided on March 25, 2020. Each office's related cost is anticipated to be recovered from the July payroll reimbursement amount prior to electronic transfer of funds to the locality. However, budget language allows for recoveries to occur in more than one month if necessary.

- **Body Worn Camera Local Funding Language:** The 2019 General Assembly approved language based on a recommendation of the 2018 Body Worn Camera study work group establishing guidelines for staffing requirements by localities for Commonwealth's Attorneys' offices to provide funding to support one Assistant Commonwealth's Attorney for every 75 body worn cameras employed by local law enforcement officers, but allows for any locality to implement alternative staff funding with the consent/agreement of the Commonwealth's Attorney. Any agreed upon funding formula between the impacted Commonwealth's Attorney and the locality employing body worn cameras shall be filed with the Compensation Board by July 1 of each year and shall remain in effect unless modified by the agreement of both parties until June 30th of the following year. Additional information regarding reporting for this requirement and additional workload impact data collection requirements for Commonwealth's Attorneys and local law enforcement agencies for FY21 will be provided in a separate communication.
- **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.
 - **Withholding language** was also approved by the 2015 General Assembly and amended by the 2016 General Assembly to provide that the Compensation Board is also authorized to withhold reimbursements due the locality for sheriff and jail expenses if a Sheriff fails to self-certify his or her compliance with the information transmittal requirements for the Sex Offender and Crimes Against Minors Registry. Any funds withheld shall be reimbursed once the Sheriff makes the proper certification regarding compliance when the certification is made within the same fiscal year that funds have been withheld.
- **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 funding limitations, requests for additional funding in any budget category are unlikely to be approved during FY21. 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:

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