



## LEGISLATIVE REPORT

2018 General Assembly Session Weeks 5-6  
February 27, 2018

### **General Assembly approves budget plans: *VGEA and State Employees prefer House plan***

The House and Senate approved their respective amendments to Governor McAuliffe's biennial budget last Thursday. The VGEA has never seen a General Assembly session when the two chambers' budget plans were more far apart.

The reason they are so different can be summarized into two words, *Medicaid expansion*. The Senate plan does not change Virginia's current Medicaid participation, while the House has included a modified form of full expansion. If the House version prevails, it would greatly increase federal funding to Virginia, freeing up hundreds of millions in general funds that can be redirected to other needs.

One of those areas is state employee salary and benefits (see the details below). As you will see, the House budget plan addresses virtually every VGEA salary priority, while the Senate version does almost nothing.

The two budgets now cross to the other body and go through the necessary process to begin the budget conference. We expect this process to be

completed tomorrow and then the small group of budget conferees will be announced. Below are specific amendments affecting State employee compensation and benefits.

## **Common Compensation and Benefit Actions**

- Both budgets fully fund the employer share of pension costs at the rate set by the Virginia Retirement System (VRS) Trustees.
- Both plans require the Department of Human Resource Management (DHRM) to incorporate a shared-savings incentive program as part of the health care programs it administers for public employees. This is consistent with the recommendations in DHRM's review of shared-savings incentive programs completed last November.
- Both budgets clarify that, on or after January 1, 2019, the state health plans shall provide coverage for diagnosis and treatment of autism spectrum disorder for those ages two through 18, contingent upon final passage of [SB 593](#) (Senator Jill Vogel) of the 2018 General Assembly Session.

- Both plans also retain \$118.2 million to cover the employer

share of health insurance cost increases during the biennium. This will enable the state to continue funding employees' rising health care coverage 86 percent.

### ***SENATE Budget Plan***

- Eliminates \$49.4 million General Fund (GF) for a 2.0% state employee and state-supported employee pay raise effective December 2019, and directs the Governor to include (in his next introduced budget), funding necessary to offset any downward revisions of the revenue forecast for Fiscal Year (FY) 2019 and FY 2020, at an amount sufficient to provide a 2 percent raise for state employees, state supported local employees, and teachers, effective July 1, 2019.
- Retains \$13.9 million in the introduced budget to cover the employee share of health insurance cost increases during the biennium.

### ***HOUSE Budget Plan***

- Adds \$36.9 million GF in FY 2020 to make the 2% salary increase for state and state-supported local employees start sooner. It would change from activating in December 2019 to July 1, 2019 instead.
- Adds \$24.6 million GF for an additional 1 percent merit salary adjustment for classified state employees, effective June 10, 2019. A portion of the funding included for the merit pay amendment comes from redirecting \$13.9 million included in the introduced budget for the state to pay the employee share of the 2019 and 2020 health insurance premium increases.
- Authorizes a contingent 2 percent bonus for state employees in the first year. This bonus is contingent on June 30, 2018 discretionary general fund balances and undesignated revenue surpluses being at least equal to \$32.8 million GF.
- Adds \$38.7 million GF over the biennium to provide targeted salary increases to specific public safety personnel including correctional officers in the Departments of Corrections and Juvenile Justice, Virginia Marine Police officers, direct care staff in facilities of the Department of Behavioral Health and Developmental Services (DBHDS) and law enforcement deputy sheriffs, effective January 2019.
- Directs DHRM to include language in contracts with third-party administrators designed to improve transparency in pharmacy costs by requiring those administrators to: 1) maintain policies and procedures for transparency in their pharmacy benefit administration programs; 2) transparently provide information to state employees through an explanation of benefits regarding the cost of drug reimbursement; dispensing fees; co-payments; coinsurance; the amount paid to the dispensing pharmacy for the claim; the amount charged to the third party administrator for the claim by the third party administrator's pharmacy benefit manager; and the amount charged by the third party administrator to the Commonwealth; as well as 3) provide a report to the Department of Human Resource Management of the aggregate difference in amounts between reimbursements made to pharmacies for claims covered by the state employee insurance plan, the amount charged to the third-party administrator for the claim by that administrator's pharmacy benefit manager, and the amount charged by the third-party administrator to the Commonwealth as well as an explanation for any difference.

- Removes \$13.9 million in the introduced budget to cover the employee share of health insurance costs increases during the biennium.

As previously described, the next step is taking the House and Senate approved Budget Plans into "conference." A small group of legislators will be appointed to act as "conferees," those who participate in the meetings. That group will then meet to consider both budget plans and compromise until they arrive at one budget that satisfies both Chambers. After the General Assembly passes it, that plan will be sent to Governor Northam for action.

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## ***Pending Legislation List***

The VGEA lobbies on your behalf during the entire General Assembly Session, which will process nearly 3,000 bills in just 60 days. Each piece of legislation follows the same path, from being drafted and filed by a legislator, to Committee assignment and deliberation, where the bill dies or is passed. If passed, the bills will later be vetoed or signed into law by the Governor.

Each year, we keep watch on the bills and budget amendments that may potentially affect state employees and retirees. We compile and maintain a list of these on [vgea.org](http://vgea.org) as a reference for VGEA members. The list is updated regularly so you can follow bills through the House and Senate.

View the updated VGEA [2018 Legislation List](#) here.

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## ***THANK YOU for sending your letters!*** **The VGEA delivered packets to legislators**

The VGEA asked for and received hundreds of letters written by its members to enlist their state senators and delegates as partners in their quest for higher pay. The letters have been delivered to all 40

state senators and influential members of the House Appropriations Committee.

These genuine accounts about workers and their families helped legislators to understand their priorities.

You can always find your legislators' contact information at the [Who is my legislator?](#) link. Contact information for all [Senators](#) and [Delegates](#) can also be found at



*Pictured, from left, are Delegate Steve Landes, House Appropriations Chairman Chris Jones and Senate Finance Chairman Emmett Hanger.*

[viriniageneralassembly.gov](http://viriniageneralassembly.gov). Call to make an appointment, or drop in on your representatives. Most of them are more than happy to take time to talk with their constituents and listen to their concerns.

Remember, we also have a **new Governor and 15 new Delegates who may have never heard from you!** Help the VGEA to make the *VOICE* of state employees heard. ***Better pay is the VGEA's number one Legislative Priority - make it yours too!***

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