



LEGISLATIVE REPORT

2018 General Assembly
End of Session

March 16, 2018

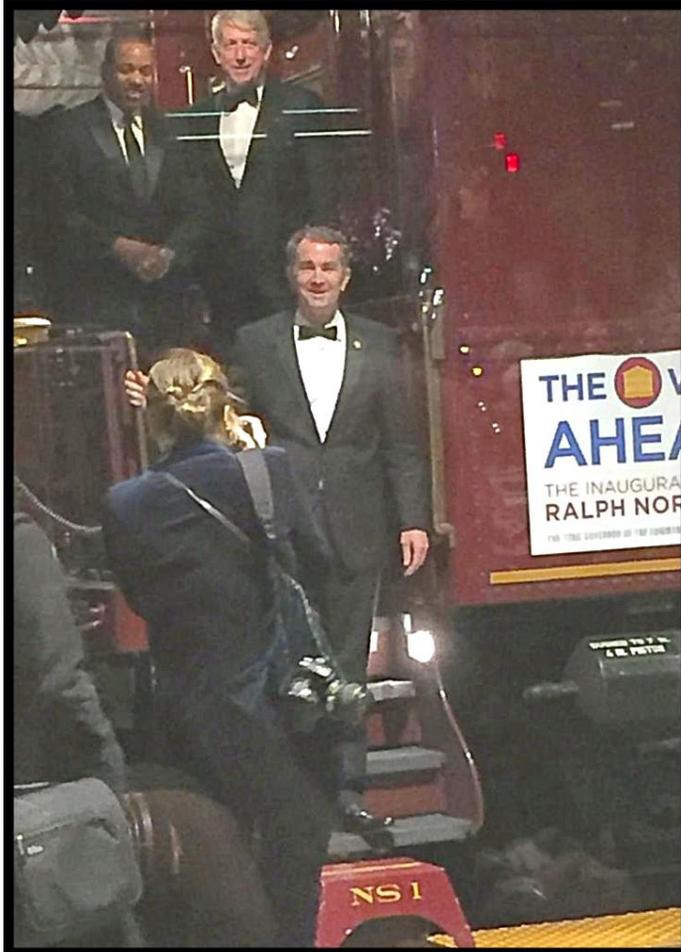
Governor Northam calls legislators to Return to Richmond April 11

Budget status and other unfinished business

The 2018 Regular Session of General Assembly adjourned "sine die" (or with no appointed date for return - in this case meaning for the final time) at mid-afternoon last Saturday, March 10. During the 60-day session, a total of 1,833 bills and resolutions were passed while 206 bills and resolutions were continued until 2019. The most important work of the session, however, remained incomplete, as **the General Assembly failed to enact a state budget for the 2018-2020 biennium.**

The final week of this regular session was marked by very **public and bitter disagreements between House and Senate leaders.** The week began with anger in the Senate over perceived slights by the House that included inaction on a number of Senate passed bills.

It soon spread to disagreement over House/Senate proportional representation on various boards and commissions, certain judicial elections and a State Corporation Commission vacancy. Also causing tension was the disregard of some traditions, such as which body initiates procedural resolutions for operation of the General Assembly session or a special session.



Governor Ralph Northam steps from a train as he arrives at his Inaugural Ball last January. Behind him (from left) are Lieutenant Governor Justin Fairfax and Attorney General Mark Herring.

Norment(R-James City) that was widely perceived as a direct personal attack on House Speaker Kirk Cox. Many thought those remarks suggested the Speaker should resign, because his stance on Medicaid expansion was contrary to that of his leadership team. It was also said that he relied on Democratic votes to get it passed.

This was compounded further by perceived House criticism of certain unfunded "aspirational" actions in the Senate budget and a House claim that the Senate budget initially passed was out of balance. Underlying all of this were **opposing positions on Medicaid expansion**, which was included in the House Budget Plan but not the Senate's.

The week culminated with a fiery floor speech by Senate Majority Leader Tommy

Although Norment later indicated that he was only saying that he would have resigned in such a situation, the House fired back saying that the Senate was only able to pass a Washington Metropolitan Area Transit Authority (WMATA) Metro funding bill because of Democratic votes. Through it all, Cox publicly remained above the fray, telling everyone to go home, rest and listen to their constituents.

Technically now, HB 29/30 and SB 29/30 (the House and Senate budget bills) are dead, as are other bills that were in conference committees that dealt with legislative representation on various boards and commissions, and resolutions dealing with a number of judicial elections.

They left the timing and scope of a Special Session up to the Governor to decide. Also, because the General Assembly adjourned without filling certain judicial vacancies and electing a new SCC judge, the Governor has the authority to appoint people to those positions, although they must later be confirmed by the General Assembly.

The Governor indicated in remarks last Saturday that he intended to call a Special Session "sooner rather than later" and that **he would be introducing a new budget** saying, "It will include Medicaid expansion and the significant investments that the savings from expanded coverage will generate to fund key priorities like education, workforce development and **salary increases for public servants**, with a particular focus on men and women in law enforcement."

"Sooner" turned out to be last Monday, as the Governor signed an official proclamation calling the **General Assembly back into session on April 11**, one week before the scheduled date of the reconvened veto session, for the express purpose of "adopting budgets for the Commonwealth of Virginia."

The Governor declined to reveal his intent on the SCC judgeship saying only that, "All options are on the table right now."

If the past is any guide (we have seen this play out **five times in the past 17 years**), Governor **Northam will introduce his new**

budget (which is expected to closely resemble the McAuliffe budget) in both chambers. All members will come to the Capitol for one or two days. The House and Senate will then substitute and approve their versions of the budget as previously passed by the respective chambers for the Governor's budget, and the House bill (traditionally the legislative vehicle for passage of the budget) will then be placed in a conference committee after both reject the other's version of the budget. This will essentially place things in the same posture as they were when the regular session was adjourned.

The General Assembly will then recess until the budget conferees have come to an agreement on a budget which they must constitutionally issue before July 1.

Thirteen legislators were selected to participate in the original Budget Conference Committee. These same conferees are expected to serve during the Special Session. Named by the Speaker of the House were: **Jones, S.C.** (*R-Suffolk*), **Peace** (*R-Hanover*), **Garrett** (*R- Lynchburg*), **Knight** (*R-Virginia Beach*), **Torian** (*D- Prince William*), and **Sickles** (*D-Fairfax*). The conferees named by the co-chairs of the Senate Finance Committee were: **Hanger** (*R-Rockingham*), **Norment** (*R-James City*), **Ruff** (*R- Mecklenburg*), **Newman** (*R-Lynchburg*), **Wagner** (*R-Virginia Beach*), **Saslaw** (*D-Fairfax*), and **Howell** (*D-Fairfax*).

Now is a great time to **contact the conferees above as well as your own Senators and Delegates to tell them state workers need pay increases!** If you have previously sent a letter to info@vgea.org, it has been presented in the VGEA packet. But that doesn't mean you can remain silent now. It's vital to **contact these legislators NOW**. Imagine them meeting and saying, "how do we know state employees need a raise? I haven't heard from **any of my constituents** about this!" Please don't let that happen!

Given the underlying wide policy chasm (whether or not to expand Medicaid) to be bridged before any budget progress can occur, plus the fact that **approval of that initiative could change if only one or two Senate votes were different**, the behind the scenes maneuvering is expected to be intense. We will provide additional updates on this matter as events unfold.

Common compensation and benefit actions in Both Senate and House proposed budgets:

- 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 was recommended in DHRM's review of shared-savings incentive programs completed last November.
- 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**.

It's most **likely the items above will be included** in any final budget. The conferees will **negotiate the differences between the two original plans, some of which are:**

SENATE Budget Plan

- **Eliminated \$49.4 million General Fund (GF) for a 2.0% state employee and state-supported employee pay raise**

effective December 2019, and directed 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.
- **Retained \$13.9 million in the introduced budget to cover the employee share of health insurance cost increases** during the biennium.

HOUSE Budget Plan

- **Added \$36.9 million GF in FY 2020 to make the 2% salary increase for state and state-supported local employees start six months sooner.** It would have changed from activating in December 2019 to July 1, 2019.
- Authorized a **contingent 2 percent bonus for state employees in the first year.** This bonus would have been contingent on June 30, 2018 discretionary general fund balances and undesignated revenue surpluses being at least equal to \$32.8 million GF.
- **Added \$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.
- Directed DHRM to include language in contracts with third-party administrators designed to **improve transparency in pharmacy costs.**
- Added \$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 would have come 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.
- **Removed \$13.9 million in the introduced budget to cover the employee share of health insurance** cost increases during the biennium.

Final Legislation List

The VGEA lobbies on your behalf during the entire General Assembly Session, which was 60 days long. 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 be amended, vetoed or signed into law by the Governor. Amendments and vetoes by the Governor will be acted on by the General Assembly during the reconvened session on April 17.

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 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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