

# Department of Planning and Budget

## 2002 Fiscal Impact Statement

**1. Bill Number** HB1270

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed  
**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

**2. Patron** Bloxom

**3. Committee** General Laws

**4. Title** Exemptions from the Virginia Personnel Act

**5. Summary/Purpose:**

Delete the exemption for no more than two employees of each executive branch agency who serve as the chief deputy, or equivalent, and confidential assistant for policy or administration. Current law provides that these two positions are "at -will" positions. The bill also deletes references to this exemption in provisions relating to transitional severance benefits, early retirement options, and appointments by the Director of the Department of Game and Inland Fisheries and the Superintendent of the Department of State Police.

**6. Fiscal Impact Estimates are:** Indeterminate

**7. Budget amendment necessary:** No

**8. Fiscal implications:**

The provisions of this bill would phase -out the "at -will" employment status of chief deputies and confidential assistants. Specifically, the bill indicates that employees currently serving as such "at-will" employees will remain "at -will" employees. It is assumed that any new employees hired as chief deputies or confidential assistants would go forward, be covered under the Virginia Personnel Act and would have access to the grievance process just as any other state employee would.

The bill also removes the exemption that currently prevents chief deputies and confidential assistants from being eligible for Workforce Transition Act (WTA) separation benefits. Since the bill does not distinguish between chief deputies and confidential assistants that are currently in service and those hired in the future, it is assumed that regardless of hire date, all such employees will have WTA benefit eligibility upon enactment of the bill's provisions.

It is not known how chief deputies, confidential assistants, or other "at -will" employees will be asked to leave their positions in the course of a normal year. In the past, in such situations, the employee is given some sort of severance. However, one of the consequences of this bill is that these employees would be provided with Workforce Transition Act (WTA) eligibility which would entitle them to severance plus the coverage of life and health insurance benefits for up to one year. Therefore, the addition of this eligibility will have a fiscal impact to agencies involved. In the course of a typical year, this is not likely to be significant to the Commonwealth as a whole because there are not a large number of such employees that are released from employment in any normal year.

There could be a significant impact to the Commonwealth upon transition of one Gubernatorial administration to another. This is due mainly to the fact that any new administration may replace any and all existing "at -will". During such years, there could be a significant impact if a great many of "at -will" employees are released from employment. However, this bill would remove chief deputies and confidential assistants hired after the passage of the bill as "at -will" employees and thus most likely preclude them from being replaced during future Gubernatorial transitions. Nonetheless, this bill would create a pool of individuals that were not previously eligible for WTA benefits.

The actual benefit under WTA due to an employee is a function of the number of years of state service. The more years of service, the more severance is due to the terminated employee. The maximum severance benefit is 36 weeks of salary. The group of employees addressed in this bill may not necessarily have a large number of years of service, however, they are among the highest paid. Any amount that does not have to be paid -out because of a short tenure may be overcome by the fact that these employee salaries are higher than most in state government. The following table summarizes the WTA severance benefit.

	<b>WTA Severance Benefits:</b>		
Years of Service	Weeks of Salary (Standard)	Weeks of Salary (Tenure-based)	Tenure-based Conditions
2 Years or Less	4	0	
9 Years or Less	4	1	for each year over 2
14 Years or Less	12	2	for each year over 9
15 Years or More:	0	2	for each year, maximum 36 weeks

In addition to these severance benefits, state agencies must continue to pay for the life and health insurance benefits for separated employees for up to one year. In fiscal year 2001, the average annual amount paid by the Commonwealth for an employee's health insurance coverage was \$3,801 and the group life insurance contribution per employee was 0.80 percent of payroll.

9. Specific agency or political subdivisions affected: All state agencies with the excluding Independent agencies.

10. Technical amendment necessary: No

11. Other comments: None

**Date:** 1/30/2002/jdh

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cc: Secretary of Administration

Secretary of Finance