

Department of Planning and Budget

2002 Fiscal Impact Statement

1. Bill Number HB340

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

2. Patron Albo

3. Committee Militia, Police and Public Safety

4. Title Personnel administration; state employees ordered to active military service

5. Summary/Purpose:

Personnel administration; state employees ordered to active military service. Requires the Commonwealth to supplement the military pay of any state employee ordered to active duty in the (i) armed forces of the United States, or (ii) in the organized reserve forces of any of the armed services of the United States or of the Virginia National Guard. The bill requires such supplement to be an amount equal to the difference between his military pay, including any allowances and the amount such individual would have earned as a state employee during such period of military service

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-02	N/A	N/A	N/A
2002-03	2,590,005	N/A	GF
2003-04	2,590,005	N/A	GF

7. Budget amendment necessary: Yes, the appropriation of each agency involved would have to be increased, or the central program for compensation supplements (Item 511) in Central Appropriations could be increased.

8. Fiscal implications: There are a number of factors to consider regarding the possible impact of this bill; however, the primary issues to consider are as follows:

- The full cost of the state salary for these individuals is already included in the budgets of the state agencies where they are employed.
- If an agency does not need to backfill all of the positions of employees who are activated, then there should not be an impact on their budget.
- In fact, in some cases there may be a saving to the agency if the position is not backfilled because the agency will only be required to pay the increment between the state pay and the active duty pay (as opposed to paying the full cost of the state pay.)
- There will be an impact to the budgets of those agencies that operate on a 24-hour-a-day, 7-days-a-week schedule. Specifically, agencies such as the Department of Corrections, Department of Juvenile Justice, mental health facilities, mental retardation facilities and the State Police fall in this category. (These agencies receive most of their funds from the General Fund.)

- In the case of these agencies with 24-hour operations, there will be a requirement to either bring in new employees or increase the level of overtime in order to backfill the loss of those individuals ordered to active duty.
 - 1) In these cases, the amount budgeted for positions of employees who are activated will most likely be required to backfill the position.
 - 2) Any salary increment that these agencies will have to pay activated employees will be a direct impact upon their budgets.

The combined cost to these agencies (the amount that would have to be paid to activated employees) is estimated to be approximately \$1.3 million for a six-month deployment or \$2.6 million for a year-long deployment. Since the agencies involved are primarily funded with general fund dollars, this impact would be mostly to the general fund.

The number of state employees applicable (Reservists or National Guardsmen) were determined by the number of state employees that have recently taken military leave. The average military salary was based upon the following:

- Reserve Commissioned Officers make up approximately 25% of the applicable workforce.
- Average officer pay would be a grade of O-3 (Army Captain) with 10 years experience.
- Average NCO/Enlisted pay would be a grade E-5 (Sergeant) with 10 years experience.
- 6 percent increase for military personnel recently passed by the U.S. Senate is enacted.

			Assuming 6% raise starting 01/01/02	
Grade	Monthly Base Pay	Yearly Base Pay	Adjusted Monthly Base Pay	Adjusted Yearly Base Pay
O-3	3,992.70	47,912.40	4,232.26	50,787.14
E-5	1,962.90	23,554.80	2,080.67	24,968.09

Average monthly active duty base pay:
 $(25\% \times \$4,232.26) + (75\% \times \$2,080.67) = \$3,470.45$

The \$3,470 monthly amount was compared against the actual state salary of individuals that have recently taken military leave to determine the differential amount.

9. Specific agency or political subdivisions affected: All state agencies and Institutions of Higher Education.

10. Technical amendment necessary: No

11. Other comments: None

Date: 1/15/2002/jdh

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cc: Secretary of Finance

Secretary of Administration