

## Department of Planning and Budget 2024 Fiscal Impact Statement

**1. Bill Number: HB806**

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

**2. Patron:**    Rasoul

**3. Committee:** Appropriations

**4. Title:** Department of Human Resource Management; employee designation and payment policies; nursing staff at state psychiatric hospitals.

**5. Summary:** Directs the Department of Human Resource Management to amend its policies to authorize the Department of Behavioral Health and Developmental Services and state psychiatric hospitals to designate as full-time employees nursing staff and psychiatric technicians who work at least 36 hours per week. The bill prohibits the Department from requiring reductions in pay or other benefits for such employees based solely on the fact that the employee works 36 hours per week. This bill is a recommendation of the Joint Legislative Audit and Review Commission and the Behavioral Health Commission.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate. See section 8 below.

**8. Fiscal Implications:** This legislation would allow certain employees at facilities operated by Department of Behavioral Health and Developmental (DBHDS) to qualify as full-time employees. Currently, of the estimated 712 filled positions that would be eligible for this change, only 15-20 opt for a 36-hour work week. Currently, if an employee is only scheduled for 36 hours, they will receive a reduced benefit upon retirement and for life insurance benefit purposes. This legislation would allow DBHDS to authorize employees to receive full benefits and pay with a 36-hour schedule.

The fiscal impact of this legislation on state facilities is indeterminate, as it will depend on how many state facilities will adopt 12-hour shift scheduling, and how many eligible employees would opt to change their schedules. Because the legislation specifies that an eligible employee's pay cannot be reduced, this fiscal impact statement assumes that a current 40-hour employee who opts for a 36-hour week would still receive the same total salary at an increased hourly rate and DBHDS may require additional funds to backfill the gap in scheduled hours.

For reference, if half of the currently filled positions opt for a 36-hour week, this would result in a possible gap of 1,424 hours. If DBHDS is able to recruit additional nurses to backfill those hours at 36 hours per position, an additional 40 employees (31 RNs and 9 LPNs) would

be needed to cover those hours a cost of \$96,200 (\$141,797 with fringe) for each registered nurse and \$60,606 (\$96,732 with fringe) for each licensed practical nurse.

Using the figures above, this would result in a cost to facilities of \$5,266,295 per year.

|                          |    |            |              |
|--------------------------|----|------------|--------------|
| Registered Nurse         | 31 | \$ 141,797 | \$ 4,395,707 |
| Licensed Practical Nurse | 9  | \$ 96,732  | \$ 870,588   |
| Total                    |    |            | \$ 5,266,295 |

While the bill is written in a way that requires that the employee be considered “full-time” without a reduction in pay or benefits, DBHDS has interpreted this to mean no reduction in the “hourly” rate of pay. If DBHDS implements the plan in this manner, a nurse who chooses a 36-hour week would still only be paid for 36 hours, but not receive a reduction in full-time benefits. DBHDS also anticipates the potential for cost avoidance as providing this option to employees may result in reduced reliance on contract staff.

Both the Virginia Retirement System and Department of Human Resource Management have indicated that the legislation will have no impact on their operations.

**9. Specific Agency or Political Subdivisions Affected:** Department of Behavioral Health and Developmental Services, Department of Human Resource Management.

**10. Technical Amendment Necessary:** No

**11. Other Comments:** This bill is a companion to SB177. Consideration might be given to clarify whether “full-time” refers to hourly pay or annual compensation.