

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: Passed the House

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 (DHRM) to amend its policies to authorize the Department of Behavioral Health and Developmental Services and state psychiatric hospitals to have the option to designate as full-time employees nursing staff and psychiatric technicians who work at least 36 hours per week in order to allow state hospitals to utilize 12-hour shifts for such staff without requiring a reduction in pay or other benefits for such employees based solely on the fact that the employee works 36 hours per week. DHRM shall also examine whether this change in policy should be extended to comparable direct care positions at other executive branch agencies to help improve recruitment and retention of critical nursing and other direct care positions experiencing high turnover or vacancy rates. 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. The substitute legislation clarifies that this policy would be an option and not a requirement. 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.