

# Virginia Retirement System

## 2001 Fiscal Impact Statement

**1. Bill Number** HB2783

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

**2. Patron** Diamonstein

**3. Committee** Appropriations

**4. Title** Deferred compensation plan; local school board employees.

**5. Summary/Purpose:**

This bill creates a "cash match" program to provide an incentive for school employees to participate in 403(B) Tax deferred savings programs. This bill includes all public school employees in the Commonwealth of Virginia, including not just teachers, but also support personnel. The Bill provides that the Commonwealth shall pay the entire cost of such a "cash match" and transfer the funds to employees' deferred compensation accounts in any amounts that may be appropriated for such purposes from time to time and directs the Virginia Retirement System (VRS) to work with local school superintendents to develop appropriate procedures. This bill requires that an amount equal to the Commonwealth's contribution to state employees' deferred compensation accounts also be made for the benefit of local school board employees.

6. There are currently 115,000 school teachers in the Commonwealth of Virginia. There are also 20,000 support personnel that participate in the VRS in addition to those support personnel that participate in local retirement plans. If a program such as this became law and the cash match amount were equal to the current state match of \$40 per month and 50% of the teachers and the support personnel participating in the VRS took advantage of the program, the annual cost would be \$32 million per year in general funds. VRS has no way of knowing what the actual usage would be and provides these numbers for illustrative purposes only.

7. Budget amendment necessary: None

8. Fiscal implications: Because the provision of matching funds for deferred compensation programs for school employees is subject to the appropriation of funds, any fiscal implications are subject to budget language that would appropriate funds for the purpose of the bill.

9. Specific agency or political subdivisions affected: VRS and public school divisions.

10. Technical amendment necessary: None

11. Other comments: This bill is similar to but broader in scope than HB1666.

**Date:** 01/26 /01/ wgh

**Document:** hb2783