

**VIRGINIA RETIREMENT SYSTEM
2002 Fiscal Impact Statement**

1. **Bill Number** HB877

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

2. **Patron** Phillips

3. **Committee** Appropriations

4. **Title** Retirement; creditable compensation for teachers and college faculty

5. **Summary/Purpose:**

This bill provides that creditable compensation for public school teachers and faculty in higher education may include remuneration for extra duties and remuneration for teaching on a contractual basis during the summer or after normal day times school hours.

6. **Fiscal Impact Estimates are:**

6a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02			
2002-03			
2003-04	\$5.5 million		Teacher State Share
	\$7.7 million		Teacher Local Share
	Undetermined		State GF and NGF

7. **Budget amendment necessary:** Yes. Item 511.

8. **Fiscal implications:** There is also a fiscal impact on the Commonwealth because the provisions of this bill extend to those who teach in institutions of higher education. Chapter 1073 of the 2000 Act of Assembly requires the VRS to conduct actuarial valuations annually. The costs associated with this bill would accrue in FY03 and FY04, but would not be recognized in the employer contribution rates until FY04.

9. **Specific agency or political subdivisions affected:** VRS, public school divisions, and institutions of higher education.

10. **Technical amendment necessary:** No

11. **Other comments:** This benefit provision would only assist those who were engaging in activities qualifying for the additional pay during their highest thirty-six consecutive months of compensation. This is normally the final three years of a career. It also offers the opportunity to increase pay during the final three years to increase the retirement benefit.

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