

Virginia Retirement System 2004 Fiscal Impact Statement

1. Bill Number HB244

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

2. Patron Nutter

3. Committee Appropriations

4. Title Retirement; service credit for state employees when there is no general salary increase

5. Summary/Purpose: Provides that state employees shall be credited with up to 12 months of additional retirement service credit for each fiscal year that the Commonwealth does not provide a general salary increase. The amount of service credit to be credited to each such employee shall be equal to the number of months that the person was in service as a state employee in the relevant fiscal year, rounded up to the nearest whole month. Local government employees are not eligible to receive the additional service credit.

6. Fiscal Impact Estimates are: (in millions)

	FY05	FY06	FY07	FY08	FY09	FY10
State GF	\$129.06	\$132.94	\$136.92	\$141.03	\$145.26	\$149.62
State NGF	\$129.06	\$132.94	\$136.92	\$141.03	\$145.26	\$149.62
SPORS GF	\$18.88	\$19.45	\$20.03	\$20.64	\$21.26	\$21.89
SPORS NGF	\$2.10	\$2.16	\$2.23	\$2.29	\$2.36	\$2.43
VALORS GF	\$51.97	\$53.53	\$55.13	\$56.79	\$58.49	\$60.25
VALORS NGF	\$9.17	\$9.45	\$9.73	\$10.02	\$10.32	\$10.63
JRS GF	\$19.43	\$20.01	\$20.61	\$21.23	\$21.87	\$22.52

7. Budget amendment necessary: Yes. If this Bill is approved, VRS will require an additional appropriation of \$200,000 (NGF) for systems development and communications in FY05.

8. Fiscal implications: The fiscal impact does not include the effect of this Bill on the health insurance credit. The fiscal impact assumes no increase in FY05 and one year with no increase in every seven years. Liabilities associated with this bill would accrue in FY05 and FY06, but would not be recognized in the employer contribution rates until FY07.

9. Specific agency or political subdivisions affected: VRS and state agencies

10. Technical amendment necessary: No

11. Other comments: This Bill only applies to state employees and does not address local governments and school divisions. VRS is concerned that this Bill introduces the concept of “weighted service” to a group of state employees outside of the Judicial Retirement System.

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