

Virginia Retirement System 2005 Fiscal Impact Statement

1. Bill Number HB1503

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

2. Patron Shuler

3. Committee Appropriations

4. Title Health insurance; credits for retired teachers.

5. Summary/Purpose:

Health insurance credit for retired teachers. Increases the health insurance credit for retired teachers to \$4 per month for each year of creditable service with no monthly cap. Under current law, retired teachers with 15 or more years of service are allowed a health insurance credit of \$2.50 per month for each year of creditable service with a cap of \$75 per month.

6. Fiscal Impact Estimates are:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>State</i>	<i>Local</i>
2004-05		
2005-06	\$9,321,000	\$13,981,000
2006-07	\$9,601,000	\$14,401,000
2007-08	\$9,889,000	\$14,833,000
2008-09	\$10,185,000	\$15,278,000
2009-10	\$10,491,000	\$15,736,000
2010-11	\$10,805,000	\$16,208,000

7. Budget amendment necessary: No. The Code of Virginia requires the VRS to set contribution rates every two years. The costs associated with this bill would accrue in FY06, but would not be recognized in the employer contribution rates until FY07.

8. Fiscal implications: The above costs are pay-as-you-go. Prefunded costs would be greater. There may be implications for financial reporting as a result of not prefunding post employment benefits.

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

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/20/05 / wgh

Document: HB1503

cc: Secretary of