

## Virginia RE 2004 Fiscal Impact Statement

**1. Bill Number** HB491

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Tata

**3. Committee** Appropriations

**4. Title** Virginia Retirement System; Virginia Local Sickness and Disability Program.

**5. Summary/Purpose:**

Virginia Retirement System; Virginia Local Sickness and Disability Program. Creates a new optional local sickness and disability program for local employees similar to the program that exists for state employees. The Program is optional at the election of each local employer, with all costs to be borne by the local employer. The bill has a delayed effective date of July 1, 2005, but a pilot program is authorized beginning July 1, 2004.

6. No Fiscal Impact on the Commonwealth. Because the cost is experience based and the program is voluntary with local governments, it is not possible to determine the cost at this time. The current blended rate for the VSDP for state employees is 1.65% of covered payroll.

**7. Budget amendment necessary:** There are significant administrative costs associated with the establishment of this program. If this Bill is approved, VRS will require an additional appropriation of \$450,000 (NGF) in FY05 and \$185,000 (NGF) in FY06 and 3 FTE's.

**8. Fiscal implications:** The budget amendment request above assumes that the funds to establish this program will be borrowed from the state VSDP fund and then paid back through the rate charged to participating localities.

**9. Specific agency or political subdivisions affected:** VRS and political subdivisions that elect to participate.

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 01/29/04 / wgh

**Document:** h491