

Virginia Retirement System 2005 Fiscal Impact Statement

1. Bill Number SB1014

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

2. Patron Hanger

3. Committee Rules

4. Title Health insurance; credits for retired teachers and school board employees, removes cap.

5. Summary/Purpose:

Health insurance credits; teachers and other local school board employees. Increases the monthly health insurance credit to retired teachers from \$2.50 to \$4.00 for each full year of the retired member's creditable service. The bill also eliminates an overall cap to the credit, and adds all retired full-time, salaried employees of local school boards as recipients to the credit. Under current law, only teachers and certain administrative personnel are included under the Code provision, while all other retired full-time, salaried employees of local school boards receive a credit in the amount of \$1.50 for each full year of the retired member's creditable service under a different Code provision for local government employees. The bill is applicable to current and future retirees.

6.

Fiscal Impact Estimates are:

6a. Expenditure Impact:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
STATE GF						
VALORS GF						
SPORS GF						
JRS						
TEACHERS STATE	\$ 8,855,000	\$ 9,120,000	\$ 9,394,000	\$ 9,676,000	\$ 9,966,000	\$ 10,265,000
TOTAL GF						
STATE NGF						
VALORS NGF						
SPORS NGF						
TOTAL NGF						
TEACHERS LOCAL	\$ 13,282,000	\$ 13,681,000	\$ 14,091,000	\$ 14,514,000	\$ 14,949,000	\$ 15,398,000
LOCAL AGGREGATE						
TOTAL LOCAL						

- 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 school divisions.
- 10. Technical amendment necessary:** No
- 11. Other comments:** None

Date: 01/21/05 / wgh

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