

Virginia Retirement System
2006 Fiscal Impact Statement
Revised 1/25

1. Bill Number HB35

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

2. Patron Tata

3. Committee Appropriations

4. Title Teachers; health insurance credits increased for those retired.

5. Summary/Purpose:

Health insurance credits; teachers. Increases the monthly health insurance credit to retired teachers from \$2.50 to \$4 for each full year of the retired member's creditable service. Increases the cap on the credit from \$75 to \$120 per month. The bill is applicable to current and future retirees and is effective July 1, 2006.

6. Fiscal Impact Estimates are:

6a. Expenditure Impact (Full-Funding):

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
State-GF	-	-	-	-	-	-
SPORS-GF	-	-	-	-	-	-
VaLORS-GF	-	-	-	-	-	-
JRS-GF	-	-	-	-	-	-
Teacher-GF	15,792,000	16,424,000	17,081,000	17,764,000	18,475,000	19,214,000
Total GF	15,792,000	16,424,000	17,081,000	17,764,000	18,475,000	19,214,000
State-NGF	-	-	-	-	-	-
SPORS-NGF	-	-	-	-	-	-
VaLORS-NGF	-	-	-	-	-	-
Total NGF	-	-	-	-	-	-
Teacher-Local	24,381,000	25,356,000	26,370,000	27,425,000	28,522,000	29,663,000
Local Agregate	-	-	-	-	-	-
Total Local	24,381,000	25,356,000	26,370,000	27,425,000	28,522,000	29,663,000
Grand Total	40,173,000	41,780,000	43,451,000	45,189,000	46,997,000	48,877,000

6b. Expenditure Impact (Pay-as-you-go):

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
State-GF	-	-	-	-	-	-
SPORS-GF	-	-	-	-	-	-
VaLORS-GF	-	-	-	-	-	-
JRS-GF	-	-	-	-	-	-
Teacher-GF	7,156,000	7,442,000	7,740,000	8,050,000	8,372,000	8,707,000
Total GF	7,156,000	7,442,000	7,740,000	8,050,000	8,372,000	8,707,000
State-NGF	-	-	-	-	-	-
SPORS-NGF	-	-	-	-	-	-
VaLORS-NGF	-	-	-	-	-	-
Total NGF	-	-	-	-	-	-
Teacher-Local	11,048,000	11,490,000	11,950,000	12,428,000	12,925,000	13,442,000
Local Agregate	-	-	-	-	-	-
Total Local	11,048,000	11,490,000	11,950,000	12,428,000	12,925,000	13,442,000
Grand Total	18,204,000	18,932,000	19,690,000	20,478,000	21,297,000	22,149,000

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 FY07 and would be recognized as an increase in the employer contribution rates beginning in FY09.

8. Fiscal implications: The fiscal impact calculations for this bill include both the pre-funded and the pay-as-you-go costs. The Government Accounting Standards Board (GASB) will require that future liabilities that are not covered under the pay-as-you-go funding plan must be reported. The Virginia Retirement System Board of Trustees has certified rates for the 2006-2008 biennium for the HIC in order to begin funding these liabilities.

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

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/23/2006/pas

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