

# Virginia Retirement System

## 2006 Fiscal Impact Statement

**1. Bill Number** HB369

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

**2. Patron** Carrico

**3. Committee**

**4. Title** Retirement; state employees, police, law-enforcement and certain local law-enforcement officers.

**5. Summary/Purpose:**

Retirement; state employees, state police and law-enforcement officers, and certain local law-enforcement officers. Modifies the retirement benefits of non-law-enforcement state employees by increasing from 1.7 percent to 2.0 percent the percentage of average final compensation multiplied by the years of creditable service and modifies the retirement benefits of state police and law-enforcement officers and certain local law-enforcement officers by (i) increasing from 1.7 percent to 2.7 percent the percentage of average final compensation multiplied by the years of creditable service in such positions, and by deleting the supplemental allowance currently paid to members upon retirement until their Social Security retirement age, and (ii) deleting the minimum age requirement for members with 25 or more years of service.

**6. Fiscal Impact Estimates are:**

**6a. Expenditure  
Impact:**

	<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	55,102,000	57,306,000	59,598,000	61,982,000	64,461,000	67,039,000
SPORS-GF	8,608,000	8,952,000	9,310,000	9,682,000	10,069,000	10,472,000
VaLORS-GF	19,778,000	20,569,000	21,392,000	22,248,000	23,138,000	24,064,000
JRS-GF	-	-	-	-	-	-
Teacher-GF	102,648,000	106,754,000	111,024,000	115,465,000	120,084,000	124,887,000
Total GF	186,136,000	193,581,000	201,324,000	209,377,000	217,752,000	226,462,000
State-NGF	68,472,000	71,211,000	74,059,000	77,021,000	80,102,000	83,306,000
SPORS-NGF	1,959,000	2,037,000	2,118,000	2,203,000	2,291,000	2,383,000
VaLORS-NGF	1,534,000	1,595,000	1,659,000	1,725,000	1,794,000	1,866,000
Total NGF	71,965,000	74,843,000	77,836,000	80,949,000	84,187,000	87,555,000
Teacher-Local	158,476,000	164,815,000	171,408,000	178,264,000	185,395,000	192,811,000
Local Aggregate	-	-	-	-	-	-
Total Local	158,476,000	164,815,000	171,408,000	178,264,000	185,395,000	192,811,000
Grand Total	416,577,000	433,239,000	450,568,000	468,590,000	487,334,000	506,828,000

**7. Budget amendment necessary:** Yes. VRS request an additional appropriation of \$350,000 (NGF) in FY07 if this bill is approved for systems development and communications

**8. Fiscal implications:** The *Code of Virginia* requires the VRS to set contribution rates every two years. The costs associated with this bill would accrue in FY07, but would not be recognized in the employer contribution rates until FY09.

**9. Specific agency or political subdivisions affected:** VRS, state agencies, State Police, political subdivisions, and local governments participating in VRS and certain other state hazardous duty employees covered under VaLORS.

**10. Technical amendment necessary:** No.

**11. Other comments:** The language removes the requirement that the person must vest to the hazardous duty benefit. The bill, as written, would allow retirees currently receiving the hazardous duty supplement to qualify for the higher multiplier if they were re-employed for a minimum period of time (one month) in a position eligible for the higher multiplier. This could add considerable cost to the program.

**Date:** 01/22/06 / PAS

**Document:** HB369