

# Virginia Retirement System 2006 Fiscal Impact Statement

**1. Bill Number** HB431

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

**2. Patron**        Griffith

**3. Committee**   Appropriations

**4. Title**            Virginia Retirement System; benefits.

**5. Summary/Purpose:**

Virginia Retirement System; benefits. Increases monthly retirement benefits of future retirees by increasing the percentage of average final compensation multiplied by the amount of creditable service according to the years of service as follows:

Years of Creditable Service	VRS/SPORS/ VaLORS w/supplement	VaLORS – w/o Supplement	
		Non-hazardous Svc	Hazardous Svc
Less than 25	1.70%	1.70%	2.00%
25 or more, but less than 30	1.80%	1.80%	2.30%
30 or more, but less than 35	1.90%	1.90%	2.60%
35 or more, but less than 40	2.00%	2.00%	2.90%
40 or more	3.00%	3.00%	3.30%

**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	7,072,000	7,355,000	7,649,000	7,955,000	8,273,000	8,604,000
SPORS-GF	425,000	442,000	460,000	478,000	497,000	517,000
VaLORS-GF	746,000	776,000	807,000	839,000	873,000	908,000
JRS-GF	-	-	-	-	-	-
Teacher-GF	9,130,000	9,495,000	9,875,000	10,270,000	10,681,000	11,108,000
<b>Total GF</b>	<b>17,373,000</b>	<b>18,068,000</b>	<b>18,791,000</b>	<b>19,542,000</b>	<b>20,324,000</b>	<b>21,137,000</b>
State-NGF	8,788,000	9,140,000	9,506,000	9,886,000	10,281,000	10,692,000
SPORS-NGF	97,000	101,000	105,000	109,000	113,000	118,000
VaLORS-NGF	58,000	60,000	62,000	64,000	67,000	70,000
<b>Total NGF</b>	<b>8,943,000</b>	<b>9,301,000</b>	<b>9,673,000</b>	<b>10,059,000</b>	<b>10,461,000</b>	<b>10,880,000</b>
Teacher-Local	14,095,000	14,659,000	15,245,000	15,855,000	16,489,000	17,149,000
Local Agregate	12,147,000	12,633,000	13,138,000	13,664,000	14,211,000	14,779,000
<b>Total Local</b>	<b>26,242,000</b>	<b>27,292,000</b>	<b>28,383,000</b>	<b>29,519,000</b>	<b>30,700,000</b>	<b>31,928,000</b>
<b>Grand Total</b>	<b>52,558,000</b>	<b>54,661,000</b>	<b>56,847,000</b>	<b>59,120,000</b>	<b>61,485,000</b>	<b>63,945,000</b>

- 7. Budget amendment necessary:** Yes. VRS requests an additional appropriation of \$330,000 (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 and would be recognized as an increase in the employer contribution rates beginning in FY09.
- 9. Specific agency or political subdivisions affected:** VRS, state agencies, school systems, local governments that provide special benefits for hazardous duty officers, teachers and localities, State Police, VaLORS.
- 10. Technical amendment necessary:** No
- 11. Other comments:** None

**Date:** 01/23/06/pas

**Document:** HB431