

Virginia Retirement System 2006 Fiscal Impact Statement

1. Bill Number HB471

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Cosgrove

3. Committee Appropriations

4. Title Retirement; state and local law-enforcement officers.

5. Summary/Purpose:

Retirement; state and local law-enforcement officers. Modifies the retirement benefits of state and local law-enforcement officers by (i) increasing from 1.7 percent to 2.5 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 retirement 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	-	-	-	-	-	-
SPORS-GF	8,098,000	8,422,000	8,759,000	9,109,000	9,473,000	9,852,000
VaLORS-GF	19,897,000	20,693,000	21,521,000	22,382,000	23,277,000	24,208,000
JRS-GF	-	-	-	-	-	-
Teacher-GF	-	-	-	-	-	-
Total GF	27,995,000	29,115,000	30,280,000	31,491,000	32,750,000	34,060,000
State-NGF	-	-	-	-	-	-
SPORS-NGF	1,843,000	1,917,000	1,994,000	2,074,000	2,157,000	2,243,000
VaLORS-NGF	1,544,000	1,606,000	1,670,000	1,737,000	1,806,000	1,878,000
Total NGF	3,387,000	3,523,000	3,664,000	3,811,000	3,963,000	4,121,000
Teacher-Local	-	-	-	-	-	-
Local Agregate	-	-	-	-	-	-
Total Local	-	-	-	-	-	-
Grand Total	31,382,000	32,638,000	33,944,000	35,302,000	36,713,000	38,181,000

This does not reflect the additional cost to local governments associated with the extension of this benefit to local law-enforcement officers because the rate for each locality is unique.

7. Budget amendment necessary: Yes. VRS request an additional appropriate of \$320,000 (NGF) in FY07 and one FTE in FY07 and FY08 if this bill is approved for systems development, communications and processing.

8. Fiscal implications: The bill also provides for death before retirement benefits for a non compensable cause for state police and law enforcement officers, sheriffs, sheriff's deputies, full-time firefighters and regional jailers to receive benefits comparable to death in the line of duty if the member should die while actively employed with a VRS participating employer from a non compensable cause.

The *Code of Virginia* requires the VRS to set contribution rates every two years. The costs associated with this bill will begin to accrue in FY07 and will be recognized as an increase in the employer contribution rates beginning in FY09.

9. Specific agency or political subdivisions affected: VRS, State Police, state agencies with employees in VaLORS, localities with law enforcement officers/ full-time firefighters with special benefits, sheriffs, localities with deputy sheriffs receiving special benefits and localities with local retirement plans.

10. Technical amendment necessary: Yes. The bill does not accomplish removal of the minimum age requirement for State Police retirement. It also removes the language in VaLORS requiring vesting to the hazardous duty benefit to prevent current retirees who are receiving the supplement from coming back into an eligible position to work a minimum of one month and be eligible for the higher multiplier in a second retirement has been removed. This could add considerable cost to the program.

The same vesting language should be placed in SPORS to prevent the potential unintended consequence of having retirees currently receiving the supplement to return for a minimum length of time (one month) to an eligible position and re retire under the higher multiplier.

11. Other comments: None

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