

# Virginia Retirement System

## 2006 Fiscal Impact Statement

### Revised

**1. Bill Number** SB393

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

**2. Patron**        Stolle

**3. Committee**    Finance

**4. Title**           Retirement; benefits for certain state and local public safety officers.

**5. Summary/Purpose:**

Retirement; benefits for certain state and local public safety officers. Makes several changes to the retirement benefits of state and local public safety officers and the funding of such benefits including an increase in the multiplier for creditable compensation for State Police and Sheriffs from 1.70% to 2.20%. Provides local option for certain other classes of local employees to be eligible for retirement benefits equal to State Police. The bill also mandates LEOS coverage for all deputy sheriffs with the additional costs of such coverage fully funded by the Compensation Board. Establishes a standard by which certain classes of employees will be considered for inclusion in the Virginia Law Officers' Retirement System.

**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	7,370,000	7,665,000	7,972,000	8,291,000	8,623,000	8,968,000
SPORS-GF	7,154,000	7,440,000	7,738,000	8,048,000	8,370,000	8,705,000
Total GF	14,524,000	15,105,000	15,710,000	16,339,000	16,993,000	17,673,000
SPORS-NGF	1,628,000	1,693,000	1,761,000	1,831,000	1,904,000	1,980,000
Total NGF	1,628,000	1,693,000	1,761,000	1,831,000	1,904,000	1,980,000
Local Funds	1,118,000	1,163,000	1,210,000	1,258,000	1,308,000	1,360,000
Grand Total	17,270,000	17,961,000	18,681,000	19,428,000	20,205,000	21,013,000

**6a. Expenditure Impact (State also pays the 5.00% employee contribution for deputies):**

	<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	10,684,000	11,111,000	11,555,000	12,017,000	12,498,000	12,998,000
SPORS-GF	7,154,000	7,440,000	7,738,000	8,048,000	8,370,000	8,705,000
Total GF	17,838,000	18,551,000	19,293,000	20,065,000	20,868,000	21,703,000
SPORS-NGF	1,628,000	1,693,000	1,761,000	1,831,000	1,904,000	1,980,000
Total NGF	1,628,000	1,693,000	1,761,000	1,831,000	1,904,000	1,980,000
Local Funds	1,118,000	1,163,000	1,210,000	1,258,000	1,308,000	1,360,000
Grand Total	20,584,000	21,407,000	22,264,000	23,154,000	24,080,000	25,043,000

**7. Budget amendment necessary:** Yes. The Compensation Board would need an appropriation in FY07 and FY08 for the State General Fund costs noted above. Additionally, Senate Bill 30, Item 66, Paragraph D1 would need to be revised to conform to the reimbursement provisions of this bill.

**8. Fiscal implications:**

There will be additional costs as a result of:

- Costs associated with the Commonwealth sponsored deputy sheriffs whose improved retirement benefits would be paid though the state Compensation Board.
- Costs of the improved State Police benefits.
- As currently drafted, the additional costs of the increased multiplier for sheriffs would not be funded through the Compensation Board and would be borne by the localities.

In addition, the Virginia Retirement System will require a NGF appropriation in the amount of \$200,000 to cover system's modifications, communication and education.

**9. Specific agency or political subdivisions affected:** VRS, local governments and State Police

**10. Technical Amendment Necessary:**

The substitute as drafted calls for all revenue collected from the proposed traffic offenses to be collected by the courts and remitted to the VRS. This approach to revenue collection, however, would call for a drastic change in the way VRS collects payroll contributions from participating employers, and would conflict with other provisions of the bill requiring the Compensation Board to reimburse localities for the higher costs of deputy sheriff benefits. A better approach would be to deposit all revenues from this source directly to the General Fund and use the normal appropriation process to allocate funds to the Compensation Board and the Department of State Police for the higher cost of VRS employer contributions.

**11. Other comments:** This bill does not address the employers who currently provide the LEOS benefit to the deputies. Including those employees under the same funding process would result in additional costs to the Commonwealth. The state General Fund costs for this group would be as follows:

**State pays only the employer share for deputies currently in LEOS:**

	<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	13,650,000	14,196,000	14,764,000	15,355,000	15,969,000	16,608,000

**State also pays the 5.00% employee contribution for deputies currently in LEOS:**

State-GF	19,788,000	20,580,000	21,403,000	22,259,000	23,149,000	24,075,000
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**Date:** 02/07/06/pas

**Document:** SB393