

Virginia Retirement System

2006 Fiscal Impact Statement

1. Bill Number SB398

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Hanger

3. Committee Finance

4. Title Health insurance credits; teachers and other local school board employees.

5. Summary/Purpose:

Health insurance credits; teachers and other local school board employees. Increases the monthly health insurance credit for retired teachers from \$2.50 to \$4.00 for each full year of the retired member's creditable service. The bill also eliminates an overall cap to the credit, and adds retired full-time, salaried employees of local school boards as recipients of the credit. The bill is applicable for current and future retirees from positions as teachers or full-time, salaried employees of local school boards.

6. No Fiscal Impact (or)

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	17,766,000	18,477,000	19,216,000	19,985,000	20,784,000	21,615,000
Total GF	17,766,000	18,477,000	19,216,000	19,985,000	20,784,000	21,615,000
State-NGF	-	-	-	-	-	-
SPORS-NGF	-	-	-	-	-	-
VaLORS-NGF	-	-	-	-	-	-
Total NGF	-	-	-	-	-	-
Teacher-Local	27,428,000	28,525,000	29,666,000	30,853,000	32,087,000	33,370,000
School-Local	7,641,000	7,947,000	8,265,000	8,596,000	8,940,000	9,298,000
Pol Sub-Local	-	-	-	-	-	-
Total Local	35,069,000	36,472,000	37,931,000	39,449,000	41,027,000	42,668,000
Grand Total	52,835,000	54,949,000	57,147,000	59,434,000	61,811,000	64,283,000

6a. 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	8,883,000	9,238,000	9,608,000	9,992,000	10,392,000	10,808,000
Total GF	8,883,000	9,238,000	9,608,000	9,992,000	10,392,000	10,808,000
State-NGF	-	-	-	-	-	-
SPORS-NGF	-	-	-	-	-	-
VaLORS-NGF	-	-	-	-	-	-
Total NGF	-	-	-	-	-	-
Teacher-Local	13,714,000	14,263,000	14,834,000	15,427,000	16,044,000	16,686,000
School-Local	4,135,000	4,300,000	4,472,000	4,651,000	4,837,000	5,030,000
Pol Sub-Local	-	-	-	-	-	-
Total Local	17,849,000	18,563,000	19,306,000	20,078,000	20,881,000	21,716,000
Grand Total	26,732,000	27,801,000	28,914,000	30,070,000	31,273,000	32,524,000

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, but would not be recognized in the employer contribution rates until FY08.

8. Fiscal implications: The fiscal impact calculations for this bill include both the pre-funded and the pay-as-you-go costs. The General Accounting Standards Board (GASB) will require that future liabilities that are not covered under a 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 local school divisions.

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/21/06pas

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