

Virginia Retirement System 2007 Fiscal Impact Statement

1. **Bill Number** SB1166

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.

This bill increases the benefit multiplier for members of the State Police Retirement System (SPORS) from 1.7 percent and the annual supplement to 1.85 percent and the annual supplement. The multiplier for sheriffs (principal officer only) will also be increased from 1.7 percent and the annual supplement to 1.85 percent and the annual supplement.

Local governments will be required by July 1, 2008 to provide LEOS benefits with the 1.7 percent benefit multiplier and the annual supplement to deputy sheriffs. In addition, localities may also elect to provide eligible employees the LEOS benefits with the 1.85 percent benefit multiplier and the annual supplement that is provided to State Police and sheriffs.

Enactment language in the bill also requires the Virginia Retirement System to permit localities not providing LEOS benefits to sheriffs deputies prior to July 1, 2008 to phase-in payment of the additional employer contribution costs due to the adoption of LEOS benefits.

6. **Fiscal Impact Estimates are:**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
SPORS-GF	2,340,000	2,434,000	2,531,000	2,632,000	2,737,000	2,846,000
Total GF	2,340,000	2,434,000	2,531,000	2,632,000	2,737,000	2,846,000
SPORS-NGF	533,000	554,000	576,000	599,000	623,000	648,000
Total NGF	533,000	554,000	576,000	599,000	623,000	648,000
Grand Total	2,873,000	2,988,000	3,107,000	3,231,000	3,360,000	3,494,000

7. Budget amendment necessary: Yes.

7. Fiscal implications: There will be additional costs above those in Item 6 due to:

- The additional fiscal impact on localities due to requirement to provide LEOS coverage (1.7 benefit multiplier and annual supplement) to deputy sheriffs effective July 1, 2008. However, actual costs to the localities will depend upon whether the locality will use the phase in over five (5) year option. Costs associated with these benefits above Compensation Board reimbursement amounts will be the responsibility of the employing local government.
- The impact on localities electing to provide the 1.85 benefit multiplier and annual supplement. Costs associated with these benefits above Compensation Board reimbursement amounts will be the responsibility of the employing local government.
- The additional cost of providing LEOS benefits for locally funded sheriff deputy positions will be funded entirely by the locality. In addition, local governments will fund the retirement costs attributable to any local salary supplements for Compensation Board funded positions.
- The Virginia Retirement System will require a NGF appropriation in the amount of \$200,000 to cover system modifications and one FTE.

9. Specific agency or political subdivisions affected: VRS, Department of State Police and SPORS, and the Compensation Board

10. Technical amendment necessary: Yes

See "Other Comments" below.

11. Other comments: Two additional items are highlighted.

First, the third enactment clause contains two provisions. The first (lines 99-105) addresses the political subdivisions that are not required by this legislation to participate in LEOS as they have benefits that exceed benefits provided under this legislation. The remainder of that enactment clause (lines 106-112) addresses reimbursement to localities for the cost of LEOS benefits. However, including the reimbursement provisions in the enactment clause that provides an exemption to certain localities may limit the proposed reimbursement methodology to only those localities qualifying for an exemption.

In order to clarify the terms of reimbursement by the Compensation Board to the participating localities, a fourth enactment clause that contains the last two sentences beginning with the “However,...” on Line 106 should be added.

In addition, for purposes of calculating the additional costs of the basic LEOS benefits, on line 109, strike “such retirement supplement” and insert “retirement allowance provided in clause (i) in subsection A of § 51.1-206.”

Second, Item 473, paragraph F, in House Bill 1650 contains language that is both duplicative and has portions that conflict with the provisions of SB 1166. To avoid any conflict with the provisions of SB 1166, the language in Item 473, paragraph F. of HB 1650 should be removed.

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