

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.

The provisions of this bill require that localities provide all deputy sheriffs with the enhanced law enforcement officers' retirement (LEOS) benefits with a 1.7 percent multiplier and the annual supplement.

State police officers and sheriffs would receive a 2.0 percent multiplier and the annual supplement. In addition, the retirement multiplier for hazardous duty service performed by state police and sheriffs would increase by 0.025% for each full year over age 55 at the time of the member's retirement and by an additional 0.025% for each full year of creditable service in excess of 25 years at the time of the member's retirement. In all cases, the retirement multiplier would be capped at 2.2%.

Effective January 1, 2008, localities will be authorized, at their option and cost, to increase the multiplier for LEOS members to 2.0 percent with the supplement and to provide the enhanced age and service multiplier increase as provided for sheriffs and state police after age 55 and 25 years of service with a maximum multiplier of 2.2%.

Finally, the bill provides that the Compensation Board shall reimburse localities, based on the local fiscal stress index, for a portion of the additional cost to the localities of providing enhanced benefits to sheriffs' deputies. The bill requires that the amount of the reimbursement be set forth in the Appropriations Act.

6. Fiscal Impact Estimates are:

6a. Expenditure Impact:

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
State-GF						
SPORS-GF	6,595,000	6,859,000	7,133,000	7,418,000	7,715,000	8,024,000
VaLORS-GF						
JRS-GF						
Teacher-GF						
Total GF	6,595,000	6,859,000	7,133,000	7,418,000	7,715,000	8,024,000
State-NGF						
SPORS-NGF	1,501,000	1,561,000	1,623,000	1,688,000	1,756,000	1,826,000
VaLORS-NGF						
Total NGF	1,501,000	1,561,000	1,623,000	1,688,000	1,756,000	1,826,000
Local- Manadatory	23,165,000	24,092,000	25,055,000	26,057,000	27,099,000	28,183,000
LEOS Coverage						
Grand Total	31,261,000	32,512,000	33,811,000	35,163,000	36,570,000	38,033,000

7. Budget amendment necessary: Yes.

8. Fiscal implications: There could be additional costs as a result of:

- The additional costs of the increased multiplier for sheriffs would not be funded through the Compensation Board, but instead by localities.
- The fiscal impact detailed in the table above does not include the impact on localities electing to provide the 2.0 multiplier and the age and service increase for years of service beyond age 55 and 25 years of service. Any costs associated with these benefits would be the responsibility of the employing local government.
- The Compensation Board shall reimburse localities, based on the local fiscal stress index, for a portion of the additional cost to the localities of providing enhanced LEOS benefits to sheriffs' deputies. The bill requires that the amount and the reimbursement be set forth in the Appropriations Act.
- The additional costs for locally funded, full time sheriff deputy positions will be funded entirely by the locality. Additionally, local governments will fund the retirement costs attributable to any local salary supplements for Compensation Board funded positions.
- In addition, the Virginia Retirement System will require a NGF appropriation in the amount of \$300,000 to cover system's modifications, one FTE, and costs of communication and member education.

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

10. Technical amendment necessary: No

11. Other comments: This legislation does not include regional jail officers funded through the Compensation Board.

Additionally, the VRS will require a delayed implementation of October 1, 2008 for the provision that allows local governments to elect the 2.0% multiplier. Implementation of this provision will require extensive VRS administrative and system enhancements.

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