

Virginia Retirement System 2008 Fiscal Impact Statement

1. Bill Number: HB1154

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Phillips

3. Committee: Appropriations

4. Title: **Retirement credit for unused sick leave.**

5. Summary: Retirement credit for unused sick leave. House Bill 1154 provides that the unused sick leave balances of state and local employees who are not covered by the Virginia Sickness and Disability Program or an employer-sponsored short- or long-term disability sickness plan would be converted into service retirement credit upon the effective date of retirement. Unused sick leave would be converted into retirement credit at the rate of one month of service for each 173 hours of unused sick leave.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
State-GF	\$4,629,000	\$4,814,000	\$5,007,000	\$5,207,000	\$5,415,000	\$5,632,000
SPORS-GF	\$1,147,000	\$1,193,000	\$1,241,000	\$1,291,000	\$1,343,000	\$1,397,000
VaLORS-GF	\$1,849,000	\$1,923,000	\$2,000,000	\$2,080,000	\$2,163,000	\$2,250,000
JRS-GF						
Teacher-GF						
Total GF	<u>\$7,625,000</u>	<u>\$7,930,000</u>	<u>\$8,248,000</u>	<u>\$8,578,000</u>	<u>\$8,921,000</u>	<u>\$9,279,000</u>
State-NGF	\$5,752,000	\$5,982,000	\$6,221,000	\$6,470,000	\$6,729,000	\$6,998,000
SPORS-NGF	\$261,000	\$271,000	\$282,000	\$293,000	\$305,000	\$317,000
VaLORS-NGF	\$143,000	\$149,000	\$155,000	\$161,000	\$167,000	\$174,000
Total NGF	<u>\$6,156,000</u>	<u>\$6,402,000</u>	<u>\$6,658,000</u>	<u>\$6,924,000</u>	<u>\$7,201,000</u>	<u>\$7,489,000</u>
Teacher-Local						
Local Aggregate						
Total Local						
Grand Total	<u>\$13,781,000</u>	<u>\$13,781,000</u>	<u>\$13,781,000</u>	<u>\$13,781,000</u>	<u>\$13,781,000</u>	<u>\$13,781,000</u>

7. Budget Amendment Necessary: Yes.

- The additional costs of the proposed legislation will be reflected in higher employer contribution rates for FY 2009 and FY 2010. In addition, VRS will an appropriation of

\$100,000 to cover the costs of one (1) additional FTE to handle member records and enhancements to myVRS for employers to report sick leave balances for eligible employees.

- As introduced, House Bill 1154 will have a fiscal impact on local political subdivisions and school boards. However, VRS neither collects nor maintains data on the extent to which local employers provide short- and long-term disability programs or eligible employees' sick leave balances. As a result, the VRS actuary is unable to quantify the costs to the teacher or local political subdivision retirement plans.

8. Fiscal Implications: See Expenditure Impact above.

9. Specific Agency or Political Subdivisions Affected: VRS, state agencies, local school boards, and participating localities

10. Technical Amendment Necessary: See Item 11

11. Other Comments:

This could result in significant unfunded liability for an employer that would not be realized until the employee's actual retirement when the cost for the service is to be recognized in the employer's rate.

Date: 01/24/2008 pas

Document: HB1154.DOC