

Virginia Retirement System 2010 Fiscal Impact Statement

1. Bill Number: HB273

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

2. Patron: Englin

3. Committee: Appropriations

4. Title: Virginia Retirement System; benefits for local law enforcement, correctional, and emergency response

5. Summary: This bill provides optional benefits for local law enforcement, correctional and emergency response employees in a locality exempt from enrolling its deputy sheriffs in the enhanced hazardous duty retirement program. It would allow an exempt locality to provide a new version of the program to its hazardous duty employees while providing its own hazardous duty supplement in lieu of the supplement provided under the current version of the enhanced hazardous duty retirement program.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>
State-GF					
SPORS-GF					
VaLORS-GF					
Teacher-GF					
Total GF					
State-NGF					
SPORS-NGF					
VaLORS-NGF					
Total NGF					
Teacher-Local					
Local Alexandria	1,174,000	1,209,000	1,245,000	1,282,000	1,320,000
Total Local	1,174,000	1,209,000	1,245,000	1,282,000	1,320,000
Grand Total	1,174,000	1,209,000	1,245,000	1,282,000	1,320,000

7. Budget Amendment Necessary: No

- 8. Fiscal Implications:** See expenditure impact above.
- 9. Specific Agency or Political Subdivisions Affected:** VRS, State Compensation Board, and the City of Alexandria
- 10. Technical Amendment Necessary:** No
- 11. Other Comments:** VRS believes that only the City of Alexandria would be eligible for the provisions of this bill. Deputy Sheriffs in Alexandria are currently enrolled in regular VRS under which they first become eligible for an unreduced retirement benefit at 50/30. In addition to the VRS benefit, the City of Alexandria provides an additional retirement supplement that exceeds the supplement provided by VRS to its hazardous duty participants.

HB273 would allow the City of Alexandria to elect to enroll its deputies in a version of the enhanced hazardous duty retirement program that provides for unreduced retirement at 50/25, but without the hazardous duty supplement normally provided to these retirees. The City of Alexandria could then allow its deputies to retire from VRS potentially five years earlier at 50/25 and still furnish its locally provided supplement.

The bill would also allow the City of Alexandria to elect a retirement multiplier for its deputies at the rate of either 1.7% or 1.85% as is available under the enhanced hazardous duty retirement program to all other localities.

After discussion with Compensation Board staff, VRS determined that the added costs of HB273 would be borne entirely by the City of Alexandria. The City of Alexandria already receives reimbursements from the Compensation Board at the maximum rate allowed. Therefore, the Compensation Board would incur no increase in cost as a result of HB273. Moreover, the bill contains explicit language that any increases in retirement costs attributed to the bill's provisions shall be borne solely by the locality.

The bill is optional, leaving the new benefit structure to be triggered only when the City notifies VRS of intent to enroll its deputies in the new benefit structure.