

Virginia Retirement System 2010 Fiscal Impact Statement

1. Bill Number SB 368

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

2. Patron Puckett

3. Committee Finance

4. Title Virginia Retirement System; creditable compensation of teachers.

5. Summary/Purpose: Virginia Retirement System; creditable compensation of teachers.
 Provides that the creditable compensation of teachers for retirement purposes under the Virginia Retirement System shall include all compensation payable to teachers by their public school boards, including compensation that is not pursuant to a contract for teaching. Such additional compensation would include pay for coaching athletics and participating in other after-school activities.

6. Fiscal Impact Estimates are:

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					
JRS-GF					
Teacher-GF	\$13,811,000	\$14,225,000	\$14,652,000	\$15,092,000	\$15,545,000
Total GF	<u>\$13,811,000</u>	<u>\$14,225,000</u>	<u>\$14,652,000</u>	<u>\$15,092,000</u>	<u>\$15,545,000</u>
State-NGF					
SPORS-NGF					
VaLORS-NGF					
Total NGF					
Teacher-Local	\$21,323,000	\$21,963,000	\$22,622,000	\$23,301,000	\$24,000,000
Local Aggregate					
Total Local	<u>\$21,323,000</u>	<u>\$21,963,000</u>	<u>\$22,622,000</u>	<u>\$23,301,000</u>	<u>\$24,000,000</u>
Grand Total	<u>35,134,000</u>	<u>\$36,188,000</u>	<u>\$37,274,000</u>	<u>\$38,393,000</u>	<u>\$39,545,000</u>

- 7. Budget amendment necessary:** Yes. The cost of this legislation will be reflected in increased employer contribution rates for FY11. This measure would also increase the unfunded liability by \$289,149,000 which will decrease the funded ratio of the teacher plan.
- 8. Fiscal implications:** According to the Virginia Department of Education, approximately \$119 million in supplemental payments are made to teachers above and beyond their annual contract salaries. Although this bill applies only to additional pay earned by school teachers, it creates a precedent for additional pay earned by all members of the system, including overtime pay.
- 9. Specific agency or political subdivisions affected:** VRS and public school divisions
- 10. Technical amendment necessary:** No
- 11. Other comments:** None

Date: 1/25/2010 psb

Document: SB368