

# Virginia Retirement System 2011 Fiscal Impact Statement

**1. Bill Number:** HB1594

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

**2. Patron:**        Iaquinto

**3. Committee:** Appropriations

**4. Title:**            Virginia Law Officers' Retirement System; adds attorneys for State, etc., as members.

**5. Summary:** Virginia Law Officers' Retirement System. Adds attorneys for the Commonwealth and their assistants as members of the Virginia Law Officers' Retirement System.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** According to the Compensation Board, since the impacted localities have reached the reimbursement cap, the additional costs associated with this bill will be borne by the respective locality. In addition, this analysis only includes positions covered by the Compensation Board for which data was available. There are some positions which are solely funded by the locality for which data was not available.

**7a. Expenditure Impact:**

	<u>FY12 Cost</u>	<u>FY13 Cost</u>	<u>FY14 Cost</u>	<u>FY15 Cost</u>	<u>FY16 Cost</u>	<u>FY17 Cost</u>
State - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPORS - General Fund	-	-	-	-	-	-
VALORS - General Fund	-	-	-	-	-	-
JRS - General Fund	-	-	-	-	-	-
Teacher - General Fund	-	-	-	-	-	-
<b>TOTAL General Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
State - Non-General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPORS - Non-General Funds	-	-	-	-	-	-
VALORS - Non-General Funds	-	-	-	-	-	-
<b>TOTAL - Non-General Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Teacher - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Political Subs - Schools	-	-	-	-	-	-
Political Subs - Comm Attorney	3,990,000	4,110,000	4,233,000	4,360,000	4,491,000	4,626,000
<b>TOTAL Local Funds</b>	<b>\$ 3,990,000</b>	<b>\$ 4,110,000</b>	<b>\$ 4,233,000</b>	<b>\$ 4,360,000</b>	<b>\$ 4,491,000</b>	<b>\$ 4,626,000</b>
<b>Grand Totals</b>	<b>\$ 3,990,000</b>	<b>\$ 4,110,000</b>	<b>\$ 4,233,000</b>	<b>\$ 4,360,000</b>	<b>\$ 4,491,000</b>	<b>\$ 4,626,000</b>

**8. Fiscal Implications:** Localities will fund the difference between the general VRS rate and the increased rate resulting from the enhanced benefits provided.

**9. Specific Agency or Political Subdivisions Affected:** VRS, Commonwealth's Attorneys, their staff and the Virginia Law Officers' Retirement Plan

**10. Technical Amendment Necessary:**

**11. Other Comments:**

The bill, as drafted, results in the following:

- For purposes of the multiplier versus the supplement, the Commonwealth's Attorneys would be treated like any new employee entering in VALORS. In other words, the Commonwealth's Attorneys would not be eligible for the supplement and instead would be subject to the 2.0% multiplier.
- Previous service would not transfer to VALORS. It would remain in the employee's respective plan and receive the 1.70% multiplier applied to that service.
- Previous VRS service earned by the Commonwealth's Attorneys would not be counted as hazardous duty unless it was actual hazardous duty service in a position covered by SPORS, VaLORS or LEOS. Any such non-hazardous duty service would be subject to the 1.70% multiplier. Similarly, hazardous duty service in a covered position on or after 7/1/2011 would be subject to the 2% multiplier.
- Commonwealth's Attorneys would not immediately vest to the VaLORS benefit, unless they qualified under 51.1-216 A2 (any employee in service on June 30, 2002 and July 1, 2002). In other words, this group of employees would need five years of hazardous duty service in VaLORS, LEOS or SPORS to count toward the five year vesting requirement.
- It will take 5 years in VaLORS (or a combination of VALORS, SPORS, & LEOS) for the Commonwealth's Attorneys to get the VaLORS benefit (age, service, and 2% multiplier). However, if they are in service on June 30, 2002 and July 1, 2002, and they are credited with 5 or more years of service they are not subject to the VALORS vesting requirements (51.1-216).

**Background:**

As background, in 1999 the General Assembly and Governor approved the establishment of the Virginia Law Officers Retirement System (VaLORS) to provide benefits generally equivalent to state police officers to certain other law enforcement and corrections positions. There have been numerous bills introduced since that time to allow additional groups to become eligible to participate in VaLORS which have not been approved.

In its December 2008 report, *Review of State Employee Total Compensation*, Joint Legislative Audit and Review Commission (JLARC) developed an assessment of several occupational groups and rated these groups based on level of risk and responsibility. (See

Appendix D of the JLARC report.) In addition, JLARC developed a set of guidelines which could be used in conjunction with its risk and responsibility assessment to ascertain if a given occupation merits consideration for inclusion in enhanced benefits.

**Date:** 01.27.2011

**Document:** HB1594.doc