

Virginia Retirement System 2014 Fiscal Impact Statement

1. Bill Number: HB 306

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

2. Patron: Lingamfelter

3. Committee: Appropriations

4. Title: Deputy sheriffs; eligibility for enhanced retirement benefits.

5. Summary: Provides that any prior service of a deputy sheriff as a commissioned conservation officer of the Department of Conservation and Recreation would count toward any vesting requirement for enhanced retirement benefits for deputy sheriffs and would be deemed as service rendered in a hazardous position for the purpose of determining eligibility for the annual retirement supplement paid to deputy sheriffs. The provisions of the bill would apply to persons retiring on or after July 1, 2014.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: HB 306 would allow deputy sheriffs who have prior service as a commissioned conservation officer of the Department of Conservation and Recreation to use this prior service to qualify for the hazardous duty supplement under § 51.1-138. This service would be used towards qualifying for the supplemental retirement benefit set out in § 51.1-206 that is available to certain hazardous duty members who retire with 20 or more years of hazardous duty service. This supplement is payable from the member's retirement until he or she reaches Social Security retirement age. The amount of the hazardous duty supplement is currently \$13,128 per year.

As commissioned conservation officer service is not currently categorized as hazardous duty for purposes of Title 51.1, VRS does not track this type of service systematically. Further, due to historical changes in job classifications and reporting, identification of prior service as a conservation officer is a manual process that would require documentation from the Department of Conservation and Recreation and would likely take place at the time of a member's request for retirement. Therefore, it is not possible to provide a current cost estimate on all members with such service.

For those members who would be affected by this bill, the cost associated with providing the hazardous duty supplement can be quite substantial as compared to the value of their VRS benefit. The hazardous duty supplement can increase the member's plan liability anywhere from 30-70% depending upon the member's age and compensation level.

Even though the employers of deputy sheriffs are already providing the hazardous duty supplement, granting additional service that is eligible for this benefit can still increase costs because without the additional service these members would not qualify for the supplement. Granting eligibility for the hazardous duty supplement for prior service as a commissioned conservation officer would provide enhanced benefits at an earlier age than anticipated, causing an unexpected loss for the employer. The earlier eligibility for the supplement could also potentially provide an incentive for employees to retire earlier than anticipated.

Passage of this bill could create a precedent for similar requests from other hazardous duty personnel who could benefit from this type of legislation, including state police, firefighters, local police, emergency medical technicians, correctional officers, etc.

Exhibit 1 provides estimated increases in retirement liabilities for various prior service levels. The total impact on individual employers would vary based on the number of deputy sheriffs who have prior commissioned conservation officer service.

Exhibit 1
Hazardous Duty Supplement
Increase in Liability per Eligible Member

Additional Years of Eligibility Service Granted	Increase in Unfunded Liability
1	\$ 14,000
3	\$ 45,000
5	\$ 81,000
7	\$ 122,000
10	\$ 194,000

Note: This table does not include potential liabilities associated with retirements that might occur earlier than expected.

- 8. Fiscal Implications:** See Fiscal Impact Estimates above.
- 9. Specific Agency or Political Subdivisions Affected:** VRS, active deputy sheriffs with prior service as a commissioned conservation officer of the Department of Conservation and Recreation, and their employers.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** The bill would allow an active-duty sheriff who has prior service as a commissioned conservation officer of the Department of Conservation and Recreation to count this prior service towards eligibility for the enhanced hazardous duty benefits available under § 51.1-138 and, by reference, § 51.1-206(B). These enhanced benefits are provided to State Police officers with at least 20 years of service, to some Virginia Law Officers, and to

certain local hazardous duty officers where the locality has elected to provide these enhanced benefits.

Currently, one of the major benefits of the enhanced hazardous duty coverage is the hazardous duty supplement. This supplement is provided from the date of the member's retirement until he or she reaches Social Security retirement age. For state employees, other than state police officers, hazardous duty positions are enumerated in § 51.1-212. State police officers are defined in §51.1-201. This legislation allows service as a commissioned conservation officer with the Department of Conservation and Recreation to count towards these enhanced benefits even though this service is not currently categorized as hazardous duty for purposes of Title 51.1.

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