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**HOUSE BILL NO. 665**

Offered January 13, 2016

Prefiled January 11, 2016

A *BILL to amend the Code of Virginia by adding in Title 30 a chapter numbered 58, consisting of sections numbered 30-362 through 30-366, relating to the creation of the Commission on Employee Retirement Security and Pension Reform.*

Patrons—Howell and Cole

Referred to Committee on Rules

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Title 30 a chapter numbered 58, consisting of sections numbered 30-362 through 30-366, as follows:**

**CHAPTER 58.****COMMISSION ON EMPLOYEE RETIREMENT SECURITY AND PENSION REFORM.**

**§ 30-362. Commission on Employee Retirement Security and Pension Reform; purpose; membership; terms; quorum; expenses.**

A. The Commission on Employee Retirement Security and Pension Reform (the Commission) is established in the legislative branch of state government. The purposes of the Commission shall be to study, report, and make recommendations relating to the financial soundness of retirement plans covering state and local government employees including the Virginia Retirement System (§ 51.1-124.1 et seq.), retirement benefits pursuant to § 51.1-138, the hybrid retirement program under § 51.1-169, the State Police Officers' Retirement System (§ 51.1-200 et seq.), the Virginia Law Officers' Retirement System (§ 51.1-211 et seq.), and the Judicial Retirement System (§ 51.1-300 et seq.); the suitability of retirement plans offered or maintained for current state and local government employees and the attributes of retirement plans that will be suitable for future employees; the impact on state and local governments of the anticipated retirement of experienced employees between 2016 and 2026 and strategies for replacing such employees; and the elements of compensation and benefits packages that are essential to attracting and retaining a highly productive state and local government workforce. In carrying out its duties, the Commission shall study the unfunded liabilities of state and local defined benefit retirement plans and strategies for reducing such liabilities, additional options for employee retirement, investment choices and products offered by the Virginia Retirement System, incentives for state and local government employees to make voluntary contributions to their employer-sponsored retirement plans, contributions by the Commonwealth and local governments to retirement plans for employees, and additional options for employee compensation and benefits.

The Commission shall make such recommendations as it deems appropriate with respect to the foregoing matters.

B. The Commission shall consist of 19 members that include 10 legislative members, seven nonlegislative citizen members, and two state officials, as follows: the Speaker of the House of Delegates, the Chairman of the House Committee on Appropriations, the Chairman of the House Committee on Finance, and three members of the House of Delegates to be appointed by the Speaker of the House of Delegates; the Majority Leader of the Senate, any Chairman of the Senate Committee on Finance who is not the Majority Leader of the Senate, and two members of the Senate to be appointed by the Senate Committee on Rules; four nonlegislative citizen members to be appointed by the Speaker of the House of Delegates, one of whom shall be appointed from a list of five nominees jointly submitted by the Virginia Association of Counties and the Virginia Municipal League and one of whom shall be appointed from a list of three nominees submitted by the Virginia Education Association; three nonlegislative citizen members to be appointed by the Senate Committee on Rules, one of whom shall be appointed from a list of five nominees jointly submitted by the Virginia Sheriff's Association and the Virginia State Police Association; and the Directors of the Department of Human Resource Management and the Virginia Retirement System, who shall serve *ex officio* with nonvoting privileges. All other Commission members shall have voting privileges. Nonlegislative citizen members shall be citizens of the Commonwealth of Virginia.

C. Legislative members and other state government officials shall serve terms coincident with their terms of office. Nonlegislative citizen members shall serve a five-year term. Vacancies shall be filled in the same manner as the original appointments.

D. The Commission shall elect a chairman and vice-chairman for a three-year term. Upon the expiration of such three-year term, the Commission shall elect a new chairman and vice-chairman for a

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59 two-year term. The chairman and vice-chairman may not succeed themselves to the same position. The  
60 Commission shall hold meetings quarterly or upon the call of the chairman. A majority of the voting  
61 members of the Commission shall constitute a quorum.

62 E. Members of the Commission shall be compensated for their service and reimbursed for all  
63 reasonable and necessary expenses incurred in the performance of their duties as provided in the  
64 general appropriation act. Funding for compensation of nonlegislative citizen members and for the  
65 reasonable and necessary expenses incurred by all Commission members shall be provided from existing  
66 appropriations to the Commission.

67 **§ 30-363. Powers and duties of Commission.**

68 A. The Commission shall have the power and duty to:

69 1. Hold meetings and functions at any place within the Commonwealth that it deems necessary;

70 2. Conduct public hearings and designate a member of the Commission to preside over such  
71 hearings;

72 3. Conduct studies and gather information and data in order to accomplish its purposes as set forth  
73 in § 30-362; and

74 4. Report on or before December 1 of each year on its activities and findings, including any  
75 recommendations for legislation, to the General Assembly and the Governor. The annual report shall be  
76 submitted by the chairman as provided in the procedures of the Division of Legislative Automated  
77 Systems for the processing of legislative documents and reports and shall be published as a state  
78 document.

79 B. The Commission shall have access to the information and records of the Virginia Retirement  
80 System and any corporations or subsidiaries thereof or other entities owned, directly or indirectly, or  
81 otherwise created by or on behalf of the System.

82 C. Confidential or proprietary records of the Virginia Retirement System or its subsidiary  
83 corporations provided to the Commission shall be exempted from the Virginia Freedom of Information  
84 Act (§ 2.2-3700 et seq.).

85 D. The Commission shall initially focus on the financial soundness of retirement plans covering state  
86 and local government employees including present unfunded liabilities of state and local defined benefit  
87 retirement plans. The Commission shall develop strategies and recommendations for reducing such  
88 unfunded liabilities.

89 **§ 30-364. Staffing; funding for actuarial and statistical analyses.**

90 A. The Division of Legislative Services shall provide staff support to the Commission. Technical  
91 assistance shall be provided by the staffs of the Department of Human Resource Management and the  
92 Virginia Retirement System. Administrative staff support shall be provided by the Office of the Clerk of  
93 the House of Delegates.

94 B. In conducting its study, the Commission may employ actuaries and other experts, conduct  
95 statistical analyses, engage in financial modeling, and undertake such other activities it deems  
96 appropriate in furtherance of and consistent with its duties under this chapter. The costs for such  
97 actuaries, experts, statistical analyses, and financial models utilized to study retirement plans, retirement  
98 options, and other retirement matters on behalf of state employees and employees of political  
99 subdivisions and school divisions participating in the Virginia Retirement System shall be paid by the  
100 Virginia Retirement System. Such costs shall be borne by each trust fund in the Virginia Retirement  
101 System in the same ratio as the assets of each trust fund, as of the preceding June 30, bear to the total  
102 trust funds of the Virginia Retirement System on that date.

103 **§ 30-365. Cooperation of agencies of state and local governments.**

104 Every department, division, board, bureau, commission, authority, or political subdivision of the  
105 Commonwealth shall cooperate with, and provide such assistance to, the Commission as the Commission  
106 may request.

107 **§ 30-366. Expiration of chapter.**

108 The provisions of this chapter shall expire on July 1, 2021.