Virginia Retirement System
2009 Fiscal Impact Statement
REVISED (See Other Comments)

1. **Bill Number:** HB1684

   House of Origin   _X_ Introduced   ___ Substitute   ___ Engrossed

   Second House   ___ In Committee   ___ Substitute   ___ Enrolled

2. **Patron:**   Valentine

3. **Committee:** Appropriations

4. **Title:**   **Retirement System; retirees may be hired as nurses without interrupting retirement benefits.**

5. **Summary:** Virginia Retirement System; retirees hired as nurses. Provides that retired persons who are members of the Virginia Retirement System may be hired as nurses without interrupting their retirement benefits under the following conditions: (i) the person has been receiving such retirement allowance for a minimum period of time as jointly determined by VRS and the Joint Legislative Audit and Review Commission; (ii) the person has not retired pursuant to an early retirement incentive; and (iii) the person did not voluntarily resign or voluntarily retire under the Workforce Transition Act of 1995.

6. **Fiscal Impact Estimates:** See Other Comments below.

7. **Budget Amendment Necessary:** No

8. **Fiscal Implications:** See Other Comments below.

9. **Specific Agency or Political Subdivisions Affected:** VRS, DMHMRSAS and any other employer who employs registered nurses, clinical nurse specialist or practical nurses as licensed or certified pursuant to §54.1-3000 et seq., nurse practitioners who are licensed or certified pursuant to §54.1-2957 and nurses aides whether or not they are licensed or certified pursuant to §54.1-3000 et seq.

10. **Technical Amendment Necessary:** No

11. **Other Comments:** This legislation is modeled after a similar program that allows retired teachers serving in a critical shortage area to return to work. Without the restrictions in this bill, returning to work after retirement would have a cost impact as members would see this as an opportunity to retire earlier than currently expected. Changing patterns of retirement would have a cost impact on the defined benefit, health insurance credits and life insurance programs.

The Governor's Health Reform Commission in its report, *Roadmap for Virginia's Health*, recommended that to address the nursing shortage in the Commonwealth, the Governor "should develop legislation that removes barriers for retired state employee nurses, so that they may reenter the workforce while collecting retirement."

In addition, a previous version of this bill was referred to JLARC for review as a part of the *State Employee Compensation* study. JLARC reported that in instances where an agency is experiencing high turnover and/or vacancy rates for mission-critical positions, a return-to-work initiative could provide temporary help. The report found that the program's impact on agencies' broad staffing problems is likely to be minimal, but could be an effective tool in targeted instances. JLARC staff further noted that, "the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHRSAS) reported that the agency's psychiatric nurse turnover rate averaged 24 percent in 2006. DMHMRSAS stated that this turnover, coupled with projections that Virginia's demand for nurses will be 30 percent greater than its supply in the next several years, indicate that meeting the current and future demand for nurses will be extremely difficult to achieve through enhanced recruitment alone. A return-to-work initiative for nurses could help DMHMRSAS and other nurse-dependent agencies temporarily address staffing shortages by retaining experienced nursing staff."

Finally, JLARC concluded that "return-to-work initiatives can be an appropriate means of addressing agencies' staffing challenges when circumstances justify their use. JLARC noted that if any such initiative is to be ongoing it should be reviewed periodically for its effectiveness, cost, and continued need. Therefore, the General Assembly may wish to insert a sunset provision into any of the return-to-work initiatives it permits."

Date: Revised 1/23/2009 pas
Document: HB1684.DOC