

## **Virginia Retirement System 2010 Fiscal Impact Statement**

**1. Bill Number:** HB695

**House of Origin**      X   Introduced               Substitute               Engrossed

**Second House**               In Committee           Substitute               Enrolled

**2. Patron:**        Miller, J.H.

**3. Committee:** Appropriations

**4. Title:**        **Virginia Retirement System; retirees hired as school board security personnel.**

**5. Summary:** Provides that retired persons who are members of the Virginia Retirement System, the State Police Officers' Retirement System, or the Virginia Law Officers' Retirement System may be hired as local school board security personnel without interruption of 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 the Virginia Retirement System and the Joint Legislative and Audit 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 and local school divisions

**10. Technical Amendment Necessary:** No

**11. Other Comments:** Return to work bills have generally been confined to employee groups where critical shortages exist. VRS is not aware of any shortage with respect to school board security personnel. Because of the risk of changing retirement patterns, if these types of bills are not subject to restrictive criteria, they may have a cost impact as members may see this as an opportunity to retire earlier than currently expected. Changing patterns of retirement will have a financial impact on the defined benefit, health insurance credit and life insurance programs.

This bill contains an enactment clause which provides that VRS and JLARC jointly establish a waiting period preceding employment that will result in the provisions of this bill being actuarially cost neutral.

SB 213 is similar to this bill. However, SB 213 contains additional requirements that the school division, which hires these individuals, pay the employer contribution to the VRS during their employment as security personnel. These payments would be made to mitigate

the costs incurred by VRS due to changing patterns of retirement. SB 213 also specified a one calendar year waiting period subsequent to the person's effective date of retirement prior to being eligible for employment in such position.

**Date:** 1/25/2010 pas

**Document:** HB695.DOC