

Virginia Retirement System 2010 Fiscal Impact Statement

1. Bill Number: SB213

House of Origin X Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron: Barker

3. Committee: Finance

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

5. Summary: Provides that a person retired under the Law-Enforcement Officers' Retirement System, the State Police Officers' Retirement System, or the Virginia Law Officers' Retirement System may be hired as a local school board security officer or security person without interruption of his retirement allowance under the following conditions: (i) the person has attained age 50 and has been retired for at least one full calendar year (or such longer period as established by the Board of the Virginia Retirement System) prior to commencing employment; (ii) the person has not retired pursuant to an early retirement incentive; (iii) the person did not voluntarily resign or voluntarily retire under the Workforce Transition Act of 1995; and (iv) the hiring school division pays to the Virginia Retirement System, during the person's employment as a local school board security officer or security person, the employer share of the retirement contribution that would otherwise be due if the person were a covered employee.

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: Yes. Currently, §51.1-155(B)(1) references only subdivisions 2 and 3. This legislation adds a new subdivision 4 which will need to be referenced in this section.

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 requires the school divisions, which hire these individuals, to pay the employer contribution to the VRS for these individuals during their employment as security personnel. These payments would be made to limit any cost impact to the VRS that may occur because of 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. Again, this provision is designed to mitigate some of the impacts related to changing retirement patterns.

HB 695 is similar to this bill, but does not require employer contributions. In addition, HB 695 contains an enactment clause which provides that VRS and JLARC jointly establish a waiting period preceding employment that will result in the bill's provisions being actuarially cost neutral.

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Document: SB213.DOC