

Virginia Retirement System 2011 Fiscal Impact Statement

1. Bill Number: HB2144

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

2. Patron: Johnson, J.

3. Committee: Courts of Justice

4. Title: Virginia Retirement System; health insurance credits for certain employees.

5. Summary: Increases the monthly health insurance credits for retired constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees, from \$1.50 for each year of creditable service to \$4.00 for each year of creditable service.

6. Budget Amendment Necessary: Yes. The cost of this legislation will be reflected in increased employer contributions for FY12.

7. Fiscal Impact Estimates:

7a. Expenditure Impact:

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY 16</u>	<u>FY17</u>
Constitutional Officers (GF)	3,438,000	3,541,000	3,647,000	3,756,000	3,869,000	3,985,000
Registrars (GF)	61,000	63,000	65,000	67,000	69,000	71,000
Social Services (GF)	1,667,000	1,717,000	1,769,000	1,822,000	1,877,000	1,933,000
Total General Funds:	\$5,166,000	\$5,321,000	\$5,481,000	\$5,645,000	\$5,815,000	\$5,989,000

8. Fiscal Implications: By *Code*, the cost of the Health Insurance Credit for these members is borne by the Commonwealth. See Expenditure Impact.

9. Specific Agency or Political Subdivisions Affected: VRS, the Department of Social Services, State Compensation Board, State Board of Elections and any VRS participating locality that provides the optional \$1 retiree health credit to eligible retirees.

10. Technical Amendment Necessary: Yes. Given the increase to \$4 proposed in this bill, employees in the two localities that have made the election in Section 51.1-1403.B (see Other Comments below) would receive the same health insurance credit benefit as state employees and teachers. As a result, the provisions set forth in Section 51.1-1403.B, would no longer be necessary, and the General Assembly may wish to repeal Section 51.1-1403.B. In the event

that this subsection is repealed, VRS would refund the assets in the supplemental plans to the two affected localities.

- 11. Other Comments:** The analysis does not include any potential impact to the two groups, the City of Roanoke and Pittsylvania County, whose eligible members receive the additional \$1.00 per year of service as provided under Section 51.1-1403.B. The cost of the additional \$1 credit is borne by the locality.

Given the increase to \$4 proposed in this bill, the employees in these two localities would receive the same health insurance credit benefit as state employees and teachers. As a result, the provisions that allow for an additional \$1 credit, set forth in Section 51.1-1403.B, would no longer be necessary and the assets in the supplemental plans would be refunded to the respective employers.

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