

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** SB1407

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Ruff

**3. Committee:** Finance

**4. Title:** Line of Duty Act; fire company personnel of the Virginia National Guard and Air National Guard.

**5. Summary:** This bill includes under the coverage of the Line of Duty Act individuals employed as fire company personnel for the Virginia Air National Guard or the Virginia National Guard's Fort Pickett Reserve.

**6. Budget Amendment Necessary:** Yes, Item 404 or Item 469 R. See item 8, below.

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	\$0	0.00	n/a
2012	\$3,836	0.00	To be determined
2013	\$4,404	0.00	To be determined
2014	\$5,007	0.00	To be determined
2015	\$5,656	0.00	To be determined
2016	\$5,656	0.00	To be determined
2017	\$5,656	0.00	To be determined

**8. Fiscal Implications:** This bill would expand coverage of the Line of Duty Act to include all individuals employed as fire company personnel for the Virginia Air National Guard or the Virginia National Guard.

Starting on July 1, 2011, the Line of Duty program will become fee-based. All state agencies and localities that opt to continue participating in the state program will pay a premium to the Department of Accounts (DOA) for each individual that is eligible to receive line of duty benefits.

This fee would be set at a rate to cover estimated death and health benefit expenses, a repayment of the loan from the Group Life fund to cover costs associated with the program during FY 2011, and administrative costs incurred by the Virginia Retirement System (VRS) and DOA associated with the calculation and processing of the benefit payments. At the

present time, the premiums charged to participating entities are based on a pay-as-you go basis. Any claims incurred by members of the fire personnel at Fort Pickett will increase the claims expense and impact the contribution rate in subsequent years.

The Department of Military Affairs (DMA) reports that 20 individuals would qualify for coverage under this bill; 16 as full-time employees and four as part-time. Employees who qualify for line of duty coverage and are full-time equivalent (FTE) are calculated at 100 percent of the rate, volunteers are calculated at a discounted rate of 25 percent of an FTE, and Virginia National Guard volunteers (or part-time employees) are calculated at a discounted rate of 10 percent of an FTE.

According to preliminary estimates provided by VRS, the premium cost in FY 2012 is anticipated to be \$233.89 for each FTE eligible to receive benefits under the Line of Duty Act. Therefore, the total cost to DMA is the combination of the FY 2012 rate of \$233.89 for 16 FTEs (\$3,742.24) and 10 percent of the FY 2012 rate of \$233.89 for four part-time FTEs, (\$93.56), for a total estimated cost of \$3,835.80. VRS estimates that the rate will increase in the upcoming years, to approximately \$268.51 per FTE in FY 2013, \$305.28 per FTE in FY 2014, and \$344.86 per FTE in FY 2015. Accordingly, it is anticipated that this bill could result in a cost to DMA of as much as \$5,656 per year in the out years. These rates are based on a calculation of premiums based on a current disbursement basis.”

Additionally, included in Item 469 R. of SB800, the Introduced Budget Bill, is \$3.4 million for the general fund portion of costs associated with Line of Duty Act Fund contribution rates for state agencies for FY 2012. The individuals employed by DMA to whom this bill would extend coverage are funded with federal dollars. Since the language as currently written applies only to the general fund portion of these positions, if the additional expense created by this bill does not qualify for federal reimbursement, this bill may result in an unfunded mandate for DMA. As such, the fiscal impact of this bill will either be entirely general, entirely federal, or otherwise absorbed by the agency.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia National Guard, Virginia Air National Guard, Department of Military Affairs, Department of Accounts, and Virginia Retirement System.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** January 27, 2011

c: Secretary of Public Safety  
Secretary of Finance