

## Virginia Retirement System 2012 Fiscal Impact Statement

**1. Bill Number:** SB53

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

**2. Patron:**        Watkins

**3. Committee:** Finance

**4. Title:**            Commonwealth Health Research Board; employees shall be eligible for membership in VRS.

**5. Summary:** Commonwealth Health Research Board; staffing. Provides that employees of the Commonwealth Health Research Board, which provides financial support for health research funded through assets distributed to the Commonwealth as a policyholder pursuant to the conversion of Blue Cross and Blue Shield of Virginia, shall be eligible for membership in the Virginia Retirement System. The Board currently has one full-time employee.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:**

**7a. Expenditure Impact:**

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
<b>Payroll</b>	89,000	89,000	89,000	89,000	89,000	89,000
<b>Estimated Contribution Rates</b>	8.76%	8.76%	16.41%	16.41%	16.20%	16.20%
<b>Estimated Pension Costs</b>	7,800	7,800	14,600	14,600	14,400	14,400
<b>Estimated HIC Rates</b>	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
<b>HIC Costs</b>	900	900	900	900	900	900
<b>Estimated VSDP Rates</b>	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
<b>VSDP Costs</b>	500	500	500	500	500	500
<b>Estimated Group Life Rates</b>	1.32%	1.32%	1.32%	1.32%	1.32%	1.32%
<b>Group Life Costs</b>	1,200	1,200	1,200	1,200	1,200	1,200
<b>Total</b>	10,400	10,400	17,200	17,200	17,000	17,000
<b>Percent of Projected Payroll</b>	11.7%	11.7%	19.3%	19.3%	19.1%	19.1%

In addition to above costs, depending upon whether the employee participates in the Commonwealth's 457 Deferred Compensation plan and at what level, there is also the

possibility that a cash match of up to \$480 per year could be made by the employer into the employee's 401(a) Cash Match plan.

**8. Fiscal Implications:** See above.

**9. Specific Agency or Political Subdivisions Affected:** Employees of the Commonwealth Health Research Board

**10. Technical Amendment Necessary:** See "Other Comments" below.

**11. Other Comments:** The estimate in section 7 above assumes that the employees of the Commonwealth Health Research Board will be treated as general state employees. Pension cost estimates are based on the plan in effect as of June 30, 2011, and are net of employee contribution of 5% of payroll. Other Post Employment Benefit (OPEB) costs and payroll are assumed to remain constant throughout the projection period.

Currently, the Commonwealth Health Research Board is established in statute as an "independent body;" a term which is somewhat unclear and does not appear to render the entity a state agency. In addition, the Commonwealth Health Research Board does not have a state agency code. For this reason, according to staff at the Department of Human Resource Management (DHRM), employees of the Commonwealth Health Research Board would not necessarily be considered state employees, and therefore would be ineligible for state health insurance coverage. The language of this bill would not authorize that coverage. One approach suggested by DHRM may be to "attach" the Commonwealth Health Research Board's employee(s) to a state agency, implement a MOU for staff support, and then the Commonwealth Health Research Board's employee(s) would be eligible for all state benefits.

**Date:** 01/18/2012

**Document:** SB 53.DOC