

# Virginia Retirement System

## 2012 Fiscal Impact Statement

### Revised

**1. Bill Number:** SB53

House of Origin ☐ 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 deemed employees of the Department of Accounts and shall be entitled to all benefits available to state employees as provided by law, including VRS benefits and state employee health benefits. The Board currently has one full-time employee.

**6. Budget Amendment Necessary:** No. Funding for the state employee benefits will be provided through resources of the CHRB.

**7. Fiscal Impact Estimates:**

	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>	1.00%	1.00%	1.05%	1.05%	1.05%	1.05%
<b>HIC Costs</b>	900	900	900	900	900	900
<b>Estimated VSDP Rates</b>	0.47%	0.47%	0.58%	0.58%	0.58%	0.58%
<b>VSDP Costs</b>	400	400	500	500	500	500
<b>Estimated Group Life Rates</b>	1.19%	1.19%	1.32%	1.32%	1.32%	1.32%
<b>Group Life Costs</b>	1,100	1,100	1,200	1,200	1,200	1,200
<b>Total</b>	10,200	10,200	17,200	17,200	17,000	17,000
<b>Percent of Projected Payroll</b>	11.5%	11.5%	19.3%	19.3%	19.1%	19.1%

Estimated costs above reflect both general and non-general funds. Payroll is assumed to remain constant throughout the projection period. The substitute bill fiscal impact estimates have been updated to reflect the General Assembly estimated contribution rates for FY 2013 and FY 2014.

In addition to the above costs, health insurance costs paid by the employer are in the range of approximately \$10,000 to \$12,000 per year, and will increase over time. 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 and the Department of Accounts

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

**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.

In the original FIS, the VRS noted that the Commonwealth Health Research Board did not have a state agency code. The substitute bill provides that employees of the Commonwealth Health Research Board will be employees of the Department of Accounts and eligible for all benefits available to state employees, including VRS benefits and state employee health care.

Further, the enactment clause in the substitute sets forth that the Commonwealth Health Research Board shall enter into a memorandum of understanding with the Department of Accounts concerning staff support to the Board and that nothing in the bill is to be construed to limit the Board's authority to hire such staff as it deems necessary, nor is it to be interpreted to alter the source of funding of the salaries and compensation of such staff from the Commonwealth Health Research Fund.

This substitute bill is identical to HB180H1.

**Date:** 2-16-2012

**Document:** SB53S1.DOC