

Virginia Retirement System 2014 Fiscal Impact Statement

1. Bill Number: SB 256

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

2. Patron: Deeds

3. Committee: Finance

4. Title: Virginia Law Officers' Retirement System; conservation officers.

5. Summary: Adds conservation officers of the Department of Conservation and Recreation as members of the Virginia Law Officers' Retirement System. Conservation officers would accrue retirement benefits under the Virginia Law Officers' Retirement System (VaLORS) only for creditable service on or after July 1, 2014.

6. Budget Amendment Necessary: Yes. This bill would require a budget amendment. The higher VaLORS contribution rate as a result of adding these employees would become effective July 1, 2014.

In addition, the following amendment was added to this bill prior to its passage by the Senate :

That the provisions of this act shall not become effective unless an appropriation effectuating the purposes of this act is included in a general appropriation act passed in 2014 by the General Assembly that becomes law.

7. Fiscal Impact Estimates: The annual cost to the Plan to include conservation officers as members in VaLORS would be \$238,000. This is based on an increased annual cost of 0.17% percent of payroll for VaLORS and a 0.01% reduction in annual cost as a percent of payroll for the State Plan.

	<u>FY15 Cost</u>	<u>FY16 Cost</u>	<u>FY17 Cost</u>	<u>FY18 Cost</u>	<u>FY19 Cost</u>	<u>FY20 Cost</u>
State - General Fund	\$ (148,000)	\$ (148,000)	\$ (148,000)	\$ (148,000)	\$ (148,000)	\$ (148,000)
SPORS - General Fund	-	-	-	-	-	-
VaLORS - General Fund	529,000	529,000	529,000	529,000	529,000	529,000
JRS - General Fund	-	-	-	-	-	-
Teacher - General Fund	-	-	-	-	-	-
TOTAL General Fund	\$ 381,000	\$ 381,000	\$ 381,000	\$ 381,000	\$ 381,000	\$ 381,000
State - Non-General Funds	\$ (194,000)	\$ (194,000)	\$ (194,000)	\$ (194,000)	\$ (194,000)	\$ (194,000)
SPORS - Non-General Funds	-	-	-	-	-	-
VaLORS - Non-General Funds	51,000	51,000	51,000	51,000	51,000	51,000
TOTAL - Non-General Funds	\$ (143,000)	\$ (143,000)	\$ (143,000)	\$ (143,000)	\$ (143,000)	\$ (143,000)
Teacher - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Political Subdivisions - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Totals	\$ 238,000	\$ 238,000	\$ 238,000	\$ 238,000	\$ 238,000	\$ 238,000

Estimated projections based on employee data and valuations results as of June 30, 2013 and assume a level population throughout projection period.

Payroll projections include only known payroll increases; including FY 2014 across the board merit increase and increases for compression for State employees and payroll increases for Teachers & Locals employees transitioning member contribution requirements effective July 1, 2012.

8. **Fiscal Implications:** As of June 30, 2013, the funded status of the VaLORS plan stood at 54.1%. As this bill applies benefits prospectively, it does not increase the unfunded liability of the plan. As of June 30, 2013 there were approximately 100 conservation officers who would be affected by this change. Twenty positions that would be covered under this legislation are vacant, and three employees are currently at the Academy and therefore are not yet commissioned.
9. **Specific Agency or Political Subdivisions Affected:** VRS and any conservation officers of the Department of Conservation and Recreation commissioned pursuant to § 10.1-115. In addition, employers that have VALORS covered employees would be impacted by any change to the contribution rate.
10. **Technical Amendment Necessary:** No.
11. **Other Comments:** SB256 would add any conservation officer of the Department of Conservation and Recreation commissioned pursuant to § 10.1-115 to the definition of employee for purposes of membership in the Virginia Law Officers' Retirement System (Chapter 2.1 of Title 51.1, §§ 51.1-211 et seq.). In order to be commissioned under § 10.1-115, an individual must be at least 21 years of age and have graduated from high school or obtained an equivalent diploma. The individuals must be recommended by the Director of the Department of Conservation and Recreation and approved by the Governor prior to being commissioned by the Secretary of the Commonwealth.

The bill does not transfer all of the members' prior VRS service into VaLORS. Only creditable service on or after July 1, 2014 may be used to accrue VaLORS retirement benefits. As a result, the member would not immediately vest to the VaLORS hazardous duty provisions.

This bill also provides that no conservation officer who becomes a member of VaLORS under this provision will be eligible to retire under VaLORS unless the officer has five or more years of creditable service as a member of VaLORS or as a member of the State Police Officers' Retirement System (SPORS) or as a local employee covered by enhanced hazardous duty benefits.

The enactment clause provides that any person who becomes a member of VaLORS pursuant to this provision will be eligible only for those VaLORS retirement benefits that are provided to employees who commence employment or reemployment on or after July 1, 2014. This means that any officer who becomes eligible for VaLORS coverage under this provision will be eligible for the 2% multiplier for hazardous duty service and will not be eligible for the 1.7% multiplier and the supplement provided in § 51.1-217(B).

Because conservation officers at the Department of Conservation and Recreation are not currently in VaLORS, any conservation officer without prior VRS service who is hired on or after January 1, 2014 will be covered by the Hybrid Retirement Program. If this bill were to pass, these members, as well as any conservation officers hired on or after the effective date of this legislation would also go into VaLORS and not be covered by the Hybrid Retirement Program.

In 1999, the General Assembly and Governor approved the establishment of VaLORS to provide benefits generally equivalent to state police officers to certain other law enforcement and corrections positions. There have been numerous bills introduced since that time to allow additional groups to become eligible to participate in VaLORS which have not been enacted.

In its 2008 report, *Review of State Employee Total Compensation*, <http://jlarc.virginia.gov/reports/Rpt378.pdf>, the Joint Legislative Audit and Review Commission (JLARC) developed an assessment of several occupational groups, including special and regular conservation officers with the Department of Conservation and Recreation, and rated these groups based on level of risk and responsibility (See Appendix D, Pages 156 – 157). In addition, JLARC developed a set of guidelines which could be used in conjunction with its risk and responsibility assessment to ascertain if a given occupation merits consideration for inclusion in enhanced benefits.

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