

Virginia Retirement System 2017 Fiscal Impact Statement

1. Bill Number: SB 939

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Lucas

3. Committee: Courts of Justice (Rereferred to Finance)

4. Title: Line of Duty Act; death benefit eligibility; Department of Military Affairs employees.

5. Summary: Confers eligibility for death and disability benefits under the Line of Duty Act to all employees of the Department of Military Affairs not currently eligible for such benefits whose death or disability is the direct or proximate result of the performance of official duties of the agency when those duties are related to a major disaster or emergency.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Fiscal impact estimates are not available. See Item 8 for further information.

8. Fiscal Implications: The added category of employees would only be eligible for LODA benefits in the event of a Governor-declared disaster or emergency. Therefore, it is difficult to estimate the fiscal impact due to the unknown frequency of Governor-declared disasters and emergencies and claims stemming from those situations. As described below, there would not be a current impact to the cost calculations for employers that participate in the VRS-administered LODA Fund.

For purposes of the following discussion, note the distinction between employers that fund their LODA benefits through the VRS-administered LODA Fund (“participating employers”) and those that fund their LODA benefits through some other mechanism (“nonparticipating employers”).

VRS does not currently charge participating employers premiums for employees whose only LODA-covered activity is potentially being called upon to work during a declared major disaster or emergency. VRS is not aware of how payment by nonparticipating employers for similarly situated local employees is handled. At the inception of the LODA Fund and based on advice from the plan actuary, VRS adopted a policy of charging 10% of the LODA participating employer annual charge for National Guard members and 25% of the annual charge for volunteers in recognition of the decreased amount of time that such individuals spend in line of duty related activities.

Likewise, a decision was made not to charge for employees whose only LODA-related activity would be during a declared major disaster or emergency, such as Department of Emergency Management employees who are otherwise not covered by LODA. In addition to the shorter period of time, if any, that these employees would spend in LODA-eligible activities, it was also taken into account that the employers may not be able to identify everyone who may be called upon to assist in a declared major disaster or emergency for purposes of the annual census upon which participating employer costs are based.

In keeping with this approach, there would not be a charge for these employees of the Department of Military Affairs. If, however, the estimated number of employees were to increase, or there were an increased number of declared major disasters or emergencies, the current approach may need to be revisited and there would need to be a charge imposed for these employees.

- 9. Specific Agency or Political Subdivisions Affected:** VRS, the Department of Military Affairs, and potentially all state agencies and local employers that participate in the LODA Fund and employ LODA-covered personnel.

10. Technical Amendment Necessary: No.

- 11. Other Comments:** The Line of Duty Act (“LODA”), Chapter 4 of Title 9.1 of the *Code of Virginia*, provides benefits to certain hazardous duty personnel and their families for qualifying disabilities or deaths that occur in the line of duty. SB 939 would add a new category of hazardous duty personnel eligible for LODA benefits: employees of the Department of Military Affairs when they are performing official duties related to a major disaster or emergency, as those terms are defined in § 44-146.16 of the *Code of Virginia* and as declared by the Governor.

Date: 01-17-2017

Document: SB939.DOC/VRS