

## Virginia Retirement System 2020 Fiscal Impact Statement

1. **Bill Number:** HB 480

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:** Subramanyam

3. **Committee:** pending

4. **Title:** Virginia Retirement System; enhanced retirement benefits for 911 dispatchers

5. **Summary:** Adds 911 dispatchers to the list of local employees eligible to receive enhanced retirement benefits for hazardous duty service similar to those provided to state police officers if the local employer elects to offer enhanced retirement benefits. Under current law, localities may provide such benefits to first responders, including firefighters and emergency medical technicians, and certain other hazardous duty positions. The bill provides that such benefits would be available only to dispatchers hired starting in 2021.

6. **Budget Amendment Necessary:** Yes. In Item 494, VRS would need a NGF appropriation of approximately \$112,000 for FY 2020 to cover the cost of programming and testing, as well as updating employee and employer communications, with minimal ongoing costs.

7. **Fiscal Impact Estimates:** More detail on the fiscal impact is explained in Item 8 below.

8. **Fiscal Implications:** The provisions of the bill would make 911 dispatchers, hired on or after January 1, 2021, eligible to receive enhanced hazardous duty benefits if local employers opt to provide the enhanced coverage. The cost of the benefits would be borne by the local political subdivision.

The most recent information available indicates that there are 119 local 911 centers throughout Virginia that answer wireless 911 calls as referenced in *Code of Virginia* § 56-484.12. Since dispatchers are currently not specifically identified by job name in VRS employer reporting and the bill only impacts new hires on or after January 1, 2021, it is difficult to anticipate the number of members who could be eligible. The Integrated Service Program at VITA, which provides support to the 911 Board, was able to provide generalized staffing information indicating that smaller localities may have 5-6 dispatchers, while the largest localities could have up to 150 dispatchers on staff. Based on this information, VRS assumes that there could potentially be in excess of 1,000 full-time dispatchers statewide. However, only those hired on after January 1, 2021, could potentially be impacted by this legislation.

The bill will provide localities with the option to provide enhanced hazardous duty coverage to 911 dispatchers who are hired on or after January 1, 2021. Under § 51.1-138, localities can make an irrevocable election to provide enhanced hazardous duty benefits to any or all of the various categories of employees listed. The election involves choosing between a 1.7% multiplier and a 1.85% multiplier for the retirement benefit, as well as the option to elect a hazardous duty supplement currently equal to \$1,187 per month and continuing until normal retirement age under Social Security. The employer may make an irrevocable election to provide these enhancements. The normal retirement age for employees eligible for enhanced hazardous duty coverage becomes age 60 rather than 65, and employees are eligible for an unreduced benefit at age 60 with at least five years of service credit or at age 50 with at least 25 years of service credit.

Therefore, even if a locality is already providing enhanced hazardous duty coverage to other eligible job classifications, it would need to follow the standard election procedures of requesting an actuarial study and then passing a new resolution to add the benefit for 911 dispatchers hired on or after January 1, 2021. If the employer chooses to do nothing, their new emergency dispatchers would not receive the benefit.

- 9. Specific Agency or Political Subdivisions Affected:** VRS, participating local employers, and VRS members who would become eligible for hazardous duty benefits.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill would add full-time dispatchers for a public safety answering point, as defined in § 56-484.12<sup>1</sup> and hired on or after January 1, 2021, to the categories of local employees who are eligible for enhanced hazardous duty benefits, at the election of their employer, under § 51.1-138. Under the legislation as drafted, it appears that a currently employed dispatcher could leave a position and be rehired on or after January 1, 2021, and receive the higher benefits in a locality that has elected them. In order to mitigate the cost impacts of this potential, an amendment could be considered specifying that the provisions apply to a dispatcher hired “for the first time as a dispatcher by a VRS-covered employer” on or after January 1, 2021.

Local employers that participate in VRS may make an irrevocable election to provide categories of hazardous duty employees specified in § 51.1-138 with benefits equivalent to those provided under the State Police Officers’ Retirement System (SPORS). Benefits for SPORS members include a supplement payable from retirement until the retiree’s normal Social Security retirement age, as well as a higher multiplier of 1.85, instead of 1.7. Age and service requirements for an unreduced retirement benefit also differ for those with enhanced hazardous duty benefits. Normal retirement age is age 60. Eligibility for an unreduced benefit is age 60 with at least five years of service credit or at age 50 with at least 25 years of service credit.

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<sup>1</sup> "Public safety answering point" or "PSAP" means a facility (i) equipped and staffed on a 24-hour basis to receive and process 9-1-1 calls or (ii) that intends to receive and process 9-1-1 calls and has notified CMRS providers in its jurisdiction of its intention to receive and process such calls.

Local elections to provide hazardous duty benefits to other eligible categories of employees are retroactive, so that any active employee in the eligible category will receive the enhanced benefits, which will also be applied to any past hazardous duty service. This bill would only apply to new hires on and after January 1, 2021 and apply to prospective service only.

Local employees who are not eligible for enhanced hazardous duty benefits under § 51.1-138, and who were hired on or after January 1, 2014, are in the Hybrid Retirement Plan. Under this legislation, new 911 dispatchers whose employers have elected enhanced benefits would be in Plan 2 instead of the Hybrid Plan.

Whether to provide these enhanced benefits is a local election funded by each separately actuarially rated locality that participates in VRS. If the bill is enacted, any locality that wishes to provide enhanced hazardous duty benefits to its full-time dispatchers must adopt a resolution adding dispatchers to the locality's list of covered employees under § 51.1-138. Adding benefits for these employees would be an individual decision by each participating locality and would not be mandatory. In general, electing these benefits would increase the locality's contribution rate and its liabilities, however the prospective application would mitigate the impact.

In its 2008 report, *Review of State Employee Total Compensation*, <http://jlarc.virginia.gov/pdfs/reports/Rpt378.pdf>, the Joint Legislative Audit and Review Commission (JLARC) developed an assessment of several occupational groups and rated these groups based on level of risk and responsibility (see Appendix D, pages 156-57). In addition, JLARC developed a set of guidelines that could be used in conjunction with its risk and responsibility assessment to ascertain if a given occupation merits consideration for inclusion in enhanced benefits. While the report focused more specifically on roles within state government agencies and evaluating such roles for potential membership in VaLORS, JLARC's guidelines could be applied when reviewing the inclusion of new employee groups for coverage with enhanced hazardous duty benefits. Below is an excerpt from JLARC's report:

“...Indicators such as informal SPORS and VaLORS membership criteria and actual enhanced plan membership indicate that any employee being considered for enhanced benefits should show an elevated risk of job-related injury and be directly responsible for protecting the safety of others, especially members of the public. Based on the work conducted during this review, JLARC staff have compiled a set of guidelines that can be used in conjunction with the assessment presented Table D-2 to ascertain if a given occupation merits consideration for enhanced benefits...”

**Date:** 01-12-2020

**Document:** HB480.DOC/VRS