

Virginia Retirement System 2020 Fiscal Impact Statement

1. Bill Number: HB 536

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: Carr

3. Committee: pending

4. Title: Virginia Retirement System; accidental death and dismemberment benefits; definitions.

5. Summary: Changes the funding structure for the Virginia Retirement System's (VRS) obligation to fund a college savings trust account for higher education for a qualifying child of a VRS member who dies as a result of an accident caused by a felonious assault committed by someone other than an immediate family member. The bill requires VRS to contribute to such trust account an amount equal to the current average cost, as published by the State Council of Higher Education for Virginia, of four years of tuition and mandatory fees at baccalaureate public institutions of higher education in the Commonwealth. Due to legislative changes in 2019 to the Virginia College Savings Plan, this requirement replaces VRS's obligation under current law to contribute to such trust account an amount equal to the full cost of a prepaid tuition contract. To account for changes to § 529 of the Internal Revenue Code, the bill also clarifies that use of the trust account is only for qualified higher education expenses.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: As stand-alone legislation, VRS considers implementation of this bill as “routine,” and does not require additional funding. As a matter of course, the agency will review all legislation likely to be enacted prior to the passage by each chamber. If the aggregate number of “routine” bills likely to pass either chamber is unusually large or complex, it is possible that the agency will require authorization to expend additional non-general fund resources. If so, VRS will identify the costs and request such resources at that time.

8. Fiscal Implications: None.

9. Specific Agency or Political Subdivisions Affected: VRS.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is requested by the VRS Board of Trustees. This bill includes changes to various provisions of § 51.1-505.01, which provides for felonious assault death benefits.

If a VRS member, under certain circumstances, dies in service as a result of an accident caused by a felonious assault committed by someone other than an immediate family member, § 51.1-505.01(C)(2) provides that his or her dependent children under the age of 18 or who are enrolled in high school may be eligible for a higher education benefit. This legislation updates the statutory formula for determining the amount to be contributed to the college savings trust account to reflect statutory changes to the Virginia College Savings Plan and its prepaid education program that were enacted in 2019. Prepaid education contracts are no longer an appropriate means to determine the amount to be contributed to a college savings trust account for the VRS benefit. The bill provides that the accounts will be funded with the current average cost of four years of tuition and mandatory fees at baccalaureate public institutions of higher education in the Commonwealth, as published by the State Council of Higher Education for Virginia (SCHEV).

The bill also specifies that VRS will be the account owner, or contributor as defined in § 23.1-700, to ensure oversight of the use of the funds. This codifies existing practice.

Lastly, the bill reflects changes in § 529 of the Internal Revenue Code. The VRS death benefit under § 51.1-505.01(C)(2) is only intended to be used for qualified higher education expenses at post-secondary institutions, while § 529 accounts may now be used for K-12 expenses as well.

The bill is identical to SB 109.

Date: 1-7-2020

Document: HB536.DOC/VRS