

## Virginia Retirement System

### 2023 Fiscal Impact Statement

1. **Bill Number:** HB 2328

**House of Origin**   ☒ Introduced      ☐ Substitute      ☐ Engrossed

**Second House**      ☐ In Committee      ☐ Substitute      ☐ Enrolled

2. **Patron:** Cherry

3. **Committee:** Appropriations

4. **Title:** Virginia Law Officers' Retirement System; 911 dispatchers.

5. **Summary:** The bill extends membership in the Virginia Law Officers' Retirement System (VaLORS) to 911 dispatchers who are employed by the Department of State Police (VSP) and agencies whose members are eligible for VaLORS (Capitol Police, Department of Wildlife Resources (DWR), Virginia Alcoholic Beverage Control Authority (VA ABC Authority), Virginia Marine Resources Commission (VMRC), and Department of Corrections (DOC)). The bill has a delayed effective date of July 1, 2024, and applies to service earned on or after July 1, 2024.

6. **Summary of Impacts**

**Benefit(s) impacted:** VaLORS. The bill moves 911 dispatchers employed by VSP and other agencies described in § 51.1-212 of the *Code* from the State plan into VaLORS beginning July 1, 2024.

**Impact to unfunded liability (see Item 9 for details):** Since the bill only applies to service earned after July 1, 2024 there is no impact to unfunded liabilities of VaLORS.

**Impact to contribution rate(s) (see Item 7 and Item 9 for details):** Increases contribution requirements for certain employers beginning in FY 2025: The total estimated increase for agencies identified in the bill is approximately \$787,000 for FY 2025. The actual rate will be dependent on the June 30, 2023 rate-setting valuations. A more detailed breakdown by agency is provided in Item 7. Note that the impact of including additional members in the VaLORS plan for future rate setting has not been contemplated in the approximate difference in future rates. While the difference in rates between the State plan and VaLORS plan is currently 10.14%, this difference is based on maintaining the higher State plan rate from the fiscal year 2019 rate setting. The actual difference in the employer rates for FY 2025 could have a wider spread due to maintaining the higher State rate for fiscal years 2023 and 2024.

**Specific Agency or Political Subdivisions Affected (see Item 10):** VRS, VSP and other agencies described in § 51.1-212 of the *Code* with 911 dispatchers. Capitol Police, DWR,

and VMRC specifically since VA ABC Authority and DOC advise they do not have dispatchers.

**VRS cost to implement (see Item 7 and Item 8 for details):** Approximately \$138,500 for FY 2024.

**Employer cost to implement (see Item 7 and Item 8 for details):** Approximate total increase of \$787,000 to add additional employees covered by VaLORS in FY 2025. Employer costs to implement this change are unavailable other than the increased contribution rates required.

**Other VRS and employer impacts (see Item 7, Item 9, Item 11, and Item 12 for details):** The addition of these dispatchers to VaLORS will impact future VaLORS contribution rates for all VaLORS employers.

**GF budget impacts (see Item 8 for details):** Approximately \$577,000 increase in FY 2025 for the increase in employer contribution costs for VaLORS coverage.

**NGF budget impacts (see Item 8 for details):** Approximately \$210,000 increase in FY 2025 for the increase in employer contribution costs for VaLORS coverage. \$138,500 NGF in FY 2024 for VRS implementation.

7. **Budget Amendment Necessary:** Yes. In Item 498, VRS would need a NGF appropriation of approximately \$138,500 for FY 2024 to cover the cost of programming and testing, as well as updating employee and employer communications, with minimal ongoing costs. This does not include the potential impact to future State or VaLORS contribution rates or to the funded status of the State or VaLORS plans, which are discussed below.
8. **Fiscal Impact Estimates:** Individual employer impacts expected in FY 2025 for 148 affected dispatchers with VSP and the other agencies are reflected in Item 9.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>General Fund</i>	<i>Non-General Fund &amp; Local Funds</i>
2023	--	--	--	--
2024	--	--	--	\$138,500
2025	\$787,000		\$577,000	\$210,000
2026	\$787,000		\$577,000	\$210,000
2027	\$787,000		\$577,000	\$210,000
2028	\$787,000		\$577,000	\$210,000
2029	\$787,000		\$577,000	\$210,000

Please see the discussion in Item 9 for details.

- 9. Fiscal Implications:** The provisions of the bill would make 911 dispatchers with VSP, Capitol Police, DWR, and VMRC eligible for VaLORS. VA ABC Authority and DOC indicate they do not have dispatchers. The bill is prospective and applies only to service on or after July 1, 2024.

### **Employer Impacts**

Overall, the addition of state 911 dispatchers to VaLORS would not impact the unfunded liabilities of the VaLORS plan since dispatchers would only earn service prospectively in the VaLORS plan. The addition of 911 dispatchers identified in this proposed bill to VaLORS will likely not have a large impact on the normal cost rate as we expect only about 150 additional members added to a fairly large pooled plan with approximately 7,200 active members.

The dispatchers leaving the State plan would maintain their accrued benefit from the State plan and earn service under the VaLORS plan effective July 1, 2024. Upon retirement their benefit would be based on service and benefits earned at the State plan up through July 1, 2024 combined with service and benefits earned after July 1, 2024 from the VaLORS plan.

Estimated required budget amendment amounts by agency expected for FY 2025 are in Exhibit 1 below, based on estimated rates. Each agency will require a budget amendment related to the increase provide below. The budget amendment for FY 2025 would cover the additional employer cost associated with the higher contribution rate for VaLORS compared to the contribution rate in the State Plan in which the dispatchers currently participate. Based on the budget for the current biennium, the VaLORS contribution rate that VSP will have to contribute for these agents is 10.14% of payroll greater than the State Plan contribution rate that they are already paying, as reflected in Exhibit 1.

**Exhibit 1**  
**HB 2328 Dispatchers**

Plan	Dispatchers	Active Count	Estimated Payroll FY 2025*	Retirement Contribution Rates **	Estimated Employer Contributions
				FY 2023/FY 2024	FY 2025
<b>As Member of State Plan</b>	State Police	111	\$5,952,000	14.46%	\$861,000
	Capitol Police	18	\$825,000		\$119,000
	ABC Authority	0	\$0		\$0
	Virginia Marine Commission	6	\$257,000		\$37,000
	Wildlife Resources	13	\$729,000		\$105,000
	Department of Corrections	0	\$0		\$0
	Total	148	\$7,763,000		\$1,122,000
<b>As Member of VaLORS Plan</b>	State Police	111	\$5,952,000	24.60%	\$1,464,000
	Capitol Police	18	\$825,000		\$203,000
	ABC Authority	0	\$0		\$0
	Virginia Marine Commission	6	\$257,000		\$63,000
	Wildlife Resources	13	\$729,000		\$179,000
	Department of Corrections	0	\$0		\$0
	Total	148	\$7,763,000		\$1,909,000
<b>Additional Funds Needed</b>	State Police	111	\$5,952,000	10.14%	\$603,000
	Capitol Police	18	\$825,000		\$84,000
	ABC Authority	0	\$0		\$0
	Virginia Marine Commission	6	\$257,000		\$26,000
	Wildlife Resources	13	\$729,000		\$74,000
	Department of Corrections	0	\$0		\$0
	Total	148	\$7,763,000		\$787,000

\* The estimated payroll impacted was an estimate provided by the each Agency including current vacant positions.

\*\* Rates of Fiscal 2025 are subject to change based on June 30, 2023 rate setting valuations

**10. Specific Agency or Political Subdivisions Affected:** VRS, VSP, Capitol Police, DWR, and VMRC.

**11. Technical Amendment Necessary:** No.

**12. Other Comments:** The bill would move full-time dispatchers for a public safety answering point, as defined in § 56-484.12<sup>1</sup> for VSP and the other state agencies already listed in § 51.1-212 of the *Code* from the State plan to VaLORS. The bill has a delayed effective date of July 1, 2024 and provides the benefits for service earned on or after July 1, 2024.

VaLORS provides a multiplier of 2.00% on service accrued under the plan. The hazardous duty supplement is not available to most VaLORS members. VaLORS members are eligible

<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.

for unreduced retirement at age 60 with at least five years of service credit, or at age 50 with at least 25 years of service credit. With the exception of certain members who were in service on June 30, 2002, and July 1, 2002, and who had five years of non-hazardous duty service at the time, all current VaLORS members must have at least five years of hazardous duty service (State Police, VaLORS, or enhanced hazardous duty service in a political subdivision) to retire under VaLORS provisions.

In 1999, the General Assembly and Governor established VaLORS to provide benefits generally equivalent to those received by state police officers and other law enforcement positions. There have been numerous bills introduced, but not enacted, since then to add certain groups to the VaLORS membership.

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 and for inclusion of VSP state 911 dispatchers in VaLORS. 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...”

In 2023, the Joint Legislative Audit and Review Commission (JLARC) is undertaking a comprehensive review of hazardous duty eligibility and benefits.

This bill is similar to HB 1571 for local dispatchers, HB 2327 for local 911 dispatchers for service earned on or after July 1, 2024, and SB 1201 for local dispatchers and including state dispatchers in SPORS for service earned on or after July 1, 2024.

**Date:** 1/18/2023

**Document:** HB2328.DOC/VRS