

Virginia Retirement System
2010 Fiscal Impact Statement
Revised

1. Bill Number: HB273

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Englin

3. Committee: Appropriations

4. Title: **Virginia Retirement System; benefits for local law enforcement, correctional, and emergency response**

5. Summary: This bill provides optional benefits for local law enforcement, correctional and emergency response employees in a locality exempt from enrolling its deputy sheriffs in the LEOS retirement program. It would allow an exempt locality to provide a new version of LEOS to its hazardous duty employees while providing its own hazardous duty supplement in lieu of the supplement provided under the current version of LEOS.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>
State-GF					
SPORS-GF					
VaLORS-GF					
Teacher-GF					
Total GF					
State-NGF					
SPORS-NGF					
VaLORS-NGF					
Total NGF					
Teacher-Local					
Local Alexandria	1,174,000	1,209,000	1,245,000	1,282,000	1,320,000
Total Local	1,174,000	1,209,000	1,245,000	1,282,000	1,320,000
Grand Total	1,174,000	1,209,000	1,245,000	1,282,000	1,320,000

7. Budget Amendment Necessary: No

8. Fiscal Implications: See expenditure impact above.

9. Specific Agency or Political Subdivisions Affected: VRS, State Compensation Board, and the City of Alexandria

10. Technical Amendment Necessary: Yes

Amendment to House Bill No. 273

Page 2 of the introduced bill

Line 73, strike "*of § 51.1-206*" and insert "*hereof*".

11. Other Comments: VRS believes that only the City of Alexandria would be eligible for the provisions of this bill. Deputy Sheriffs in Alexandria are currently enrolled in regular VRS under which they first become eligible for an unreduced retirement benefit at 50/30. In addition to the VRS benefit, the City provides an additional retirement supplement that exceeds the supplement provided by VRS to its LEOS participants.

HB273 would allow the City to elect to enroll its deputies in a version of LEOS that provides for unreduced retirement at 50/25 but without the hazardous duty supplement normally provided to LEOS retirees. The City could then allow its deputies to retire from VRS potentially five years earlier at 50/25 and still furnish its locally provided supplement.

The bill would also allow the City to elect a retirement multiplier for its deputies at the rate of either 1.7% or 1.85% as is available under LEOS to all other localities.

The previous impact statement incorrectly indicated that the Compensation Board would incur additional costs under this bill. After further discussion with Compensation Board staff, however, VRS discovered that the added costs of HB273 would be borne by the City of Alexandria. The Compensation Board would incur no increase in cost as a result of HB273. Alexandria already receives reimbursements from the Compensation Board at the maximum rate allowed. Consequently, while increased retirement costs for deputies would normally impose new costs on the Compensation Board, they won't in this case.

The bill is optional, leaving the new benefit structure to be triggered only when the City notifies VRS of intent to enroll its deputies in the new benefit structure.

Date: 2/10/2010 psb

Document: HB273.DOC