

Commission on Local Government

Estimate of Local Fiscal Impact

2022 General Assembly Session

Bill: SB 507

Special Session:

Patron: Lewis

Date: 1/24/2022

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Virginia Retirement System; benefits for certain local law-enforcement employees. Requires localities to use the 1.85 percent multiplier for determining the annual retirement allowance for local law-enforcement officers receiving benefits similar to those provided to State Police officers. Currently, localities may elect to provide a 1.7 percent multiplier in lieu of the 1.85 percent multiplier.

Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0 - \$0.5 million.

Most of the responding localities reported a fiscal impact of \$0, as they already are electing to use the 1.85 multiplier, or did not participate in VRS. For the localities which did report a negative fiscal impact, the cost stems from increases in employer payments towards impacted employee's retirement, due to the increase in employer contribution rates. Several localities reported this fiscal impact would increase over time, as the retirement population of the covered employees increased.

Local Analysis:

Locality: Amherst

Estimated Fiscal Impact: \$4,500.00

we have sworn public safety as well so we would see a small increase to our budget

Locality: Augusta County

Estimated Fiscal Impact: \$6,600.00

The County has not adopted the 1.85% multiplier for local law-enforcement officers other than the Sheriff. VRS would need to do an analysis for localities that are not currently at a 1.85% multiplier to determine what the increase in the VRS rate would be for all County employees. This new VRS rate would then be multiplied by the salaries for law enforcement to arrive at an estimated fiscal impact. Hazardous pay is only one variable in the actuarial report provided by VRS, so I am unable to discern a figure. If you know of a way that I can discern the figure, please share it and I will be happy to do the calculation. The estimated fiscal impact above is taking the FY2022 salary budget, less the Sheriff and multiplying it by .15% (the difference between 1.85% and 1.70%).

Locality: Chesterfield County

Estimated Fiscal Impact: \$0.00

Chesterfield County began using the 1.85 percent multiplier for Public Safety employees as of July 1, 2007. This legislation would therefore have no impact on Chesterfield County.

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**Locality:** City of Alexandria..

**Estimated Fiscal Impact:** \$500,000.00

As written, mandating the use of the 1.85% multiplier would impact the City's contribution by approximately 0.33% of total projected salary for all VRS participants. Maximum fiscal impact of this proposed bill is estimated at \$500,000.

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Locality: City of Danville

Estimated Fiscal Impact: \$0.00

Danville does not participate in VRS. (Currently use a 2% multiplier).

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**Locality:** City of Harrisonburg

**Estimated Fiscal Impact:** \$0.00

The city has already elected to use the higher 1.85 percent multiplier.

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Locality: City of Manassas

Estimated Fiscal Impact: \$0.00

The City of Manassas already uses the 1.85 percent multiplier. There is no fiscal impact as a result of this legislation.

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**Locality:** City of Roanoke

**Estimated Fiscal Impact:** \$0.00

The City of Roanoke's Pension Plan multiplier is 2.0%, greater than the 1.75% and 1.85% as presented in SB 507.

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Locality: City of Virginia Beach

Estimated Fiscal Impact: \$0.00

No impact. City of Virginia Beach already provides this multiplier to public safety officers.

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**Locality:** City of Winchester

**Estimated Fiscal Impact:** \$0.00

no effect.. we already use the 1.85

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**Locality:** County of Albemarle

**Estimated Fiscal Impact:** \$0.00

Albemarle County already utilizes the 1.85% multiplier for its law enforcement employees.

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**Locality:** County of Mecklenburg

**Estimated Fiscal Impact:** \$0.00

Mecklenburg County has previously elected the 1.85% multiplier.

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**Locality:** County of York

**Estimated Fiscal Impact:** \$0.00

York has already elected the 1.85 percent multiplier.

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**Locality:** Fairfax County

**Estimated Fiscal Impact:** \$0.00

No impact as Fairfax County has its own retirement system and is not a part of the Virginia Retirement System.

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**Locality:** Nottoway County

**Estimated Fiscal Impact:** \$10,000.00

We currently use the base contribution rate set for political subdivisions

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**Locality:** Prince George County

**Estimated Fiscal Impact:** \$0.00

This does not have a fiscal impact for Prince George County. We are already using the 1.85 percent multiplier for law enforcement.

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**Locality:** Rappahannock County

**Estimated Fiscal Impact:** \$1.00

Very difficult to calculate the fiscal impact without an in depth actuarial study as the increase in local cost would be realized over time through a higher local VRS contribution rate. VRS might be able to estimate the total fiscal impact statewide using data they have related to currently elected multiplier rates and actuarial studies that they already have access to. \$1 is a symbolic placeholder.



**Locality:** Richmond County

**Estimated Fiscal Impact:** \$30,000.00

unknown as to how this would affect our annual VRS contribution rate. Assuming it would increase our rate by 1%, i am suggesting \$30,000.



**Locality:** Town of Blacksburg

**Estimated Fiscal Impact:** \$0.00

Town has the 1.85 multiplier.



**Locality:** Town of Leesburg

**Estimated Fiscal Impact:** \$3,969.00

Based upon VRS increasing the Town's contribution based upon actuarial valuation.



**Locality:** Town of Luray

**Estimated Fiscal Impact:** \$80,000.00

Additional cost forced on localities should be borne by the Commonwealth.



**Locality:** Town of Marion.

**Estimated Fiscal Impact:** \$50,000.00

Annual impact to locality



**Locality:** Wise County

**Estimated Fiscal Impact:** \$0.00

We are already set at the 1.85 multiplier.

