

**Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement**

Employer cost to implement: DWR will need approximately \$1.12 million to cover conservation police officers in SPORS beginning in FY 2027.

Other VRS and employer impacts: The addition of these conservation police officers to SPORS will impact future SPORS contribution rates for DWR and VSP.

GF budget impacts: None.

NGF budget impacts: Approximately \$313,000 increase in FY 2026 for VRS implementation and \$1.12 million in FY 2027 for increase in employer contribution costs for SPORS coverage.

Details regarding the specific costs for each agency, including the affected budget item, can be found in the Fiscal Analysis section.

General Fund Expenditure Impact:

| <u>Agency</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| TOTAL | | | | | | |

Nongeneral Fund Expenditure Impact:

| <u>Agency</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| VRS | | \$313,000 | | | | |
| DWR | | | \$1,116,000 | \$1,116,000 | \$1,116,000 | \$1,116,000 |
| TOTAL | | \$313,000 | \$1,116,000 | \$1,116,000 | \$1,116,000 | \$1,116,000 |

Position Impact:

| <u>Agency</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| TOTAL | | | | | | |

Fiscal Analysis:

Item 486. VRS would need a NGF appropriation of approximately \$313,000 for FY 2026 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 VaLORS or SPORS contribution rates for FY 2027 in Item 469, which is discussed below.

Item 369. DWR will require appropriations of approximately \$1,116,000 beginning in FY 2027 to cover the additional employer cost associated with the higher contribution rate for SPORS compared to the

**Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement**

contribution rate in the VALORS plan in which these DWR conservation police officers currently participate.

The addition of DWR conservation police officers to SPORS would not impact the unfunded liabilities of the SPORS plan since DWR conservation police officers would only earn service prospectively in the SPORS plan. The addition of DWR conservation police officers to SPORS is not expected to have a material impact on future employer normal cost rates.

The DWR conservation police officers leaving the VALORS plan would maintain their accrued benefit from the VALORS plan and earn service under the SPORS plan effective July 1, 2026. Upon retirement, their benefit would be based on service and benefits earned at the VALORS plan up through July 1, 2026, combined with service and benefits earned after July 1, 2026, from the SPORS plan. As written, the service conservation officers earned while members of VALORS would not count towards the 20 years of hazardous duty service needed in order to be eligible for the hazardous duty supplement. Conservation officers close to retirement eligibility could actually see a decrease in their benefit as they would accrue benefits at the 1.85% multiplier rather than 2.0% multiplier and may not become eligible for the hazardous duty supplement.

Currently, DWR's funding primarily comes from dedicated special revenue and federal grants and DWR receives minimal general funds. The SPORS plan is currently 87.9% funded by general funds and 12.1% by non-general funds.

Estimated required budget amendment amounts for DWR expected for FY 2027 if the bill is enacted are in Exhibit 1 below, based on estimated payrolls. The budget amendment for FY 2027 would cover the additional employer cost associated with the higher contribution rate for SPORS compared to the contribution rate in the VALORS Plan in which the DWR conservation officers currently participate. Based on the budget for the biennium, the SPORS contribution rate that DWR will have to contribute for these officers is 8.71% of applicable payroll higher than the VALORS Plan contribution rate that they are already paying, as reflected in Exhibit 1.

Exhibit 1

Conservation Police Officers

| Count per LODA | Estimated Payroll | Estimated VaLORS Rate FY 27 | Estimated SPORS Rate FY 27 | Increased Cost FY 26 |
|----------------|-------------------|-----------------------------|----------------------------|----------------------|
| 163 | \$ 12,811,000 | 22.05% | 30.76% | \$ 1,116,000 |

Other:

This bill would move DWR conservation officers appointed under the provisions of Chapter 2 of Title 29.1 of the *Code* from the VALORS Plan to SPORS. The bill has a delayed effective date of July 1, 2026, and provides the benefits for service earned on or after July 1, 2026.

Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement

SPORS was established in 1950 to attract and retain state police officers. No other public employees are currently eligible for SPORS. The actuarial valuations for SPORS include assumptions and demographics only for state police officers. Adding other employees to SPORS would likely require reassessing the demographic and economic assumptions used in plan valuations.

In 1999, the General Assembly and Governor established VaLORS to provide benefits generally equivalent to those received by state police officers for other law enforcement positions. These members include the Capitol Police, certain campus police officers, DWR conservation police officers, special agents of the Virginia Alcoholic Beverage Control Authority, law enforcement officers employed by the Virginia Marine Resources Commission, certain correctional officers, certain parole officers, commercial vehicle enforcement officers employed by the Virginia State Police, and, beginning July 1, 2025, full-time firefighters employed by the Department of Military Affairs. There have been numerous bills introduced, but not enacted, to add certain groups to the SPORS membership or VALORS membership.

VaLORS provides a multiplier of 2.00% on service accrued under the plan. The hazardous duty supplement is not available to most VaLORS members. SPORS provides a multiplier of 1.85% on service accrued under the plan. The hazardous duty supplement is available to SPORS members from their retirement until their normal Social Security retirement age. Additionally, most SPORS members are subject to mandatory retirement or transfer to a position that is not subject to mandatory retirement within 60 days of turning age 70.

As shown in the table below, all other provisions of VaLORS and SPORS are the same. VaLORS and SPORS members are eligible 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 VaLORS 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 and SPORS 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 or SPORS provisions. If this legislation is enacted, any member who has at least five years of service in a hazardous duty position, including service as a DWR conservation officer, will be eligible (at the time of their retirement) to receive a retirement benefit under SPORS.

**Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement**

| | State & Political Subdivision Employees & Teachers | | | Law-Enforcement Officers Enhanced Retirement Benefits | | |
|--|---|---|---|---|---|---|
| | Plan 1 | Plan 2 | Hybrid Plan | SPORS | VaLORS | Political Subdivisions with Enhanced Benefits |
| Retirement Age & Years of Service (unreduced benefit) | Age 50 & 30 years of service OR Age 65 & 5 years of service | Normal Social Security Retirement Age & 5 years of service OR Age + Service = 90 | Normal Social Security Retirement Age & 5 years of service OR Age + Service = 90 | Age 50 & 25 years of service OR Age 60 & 5 years of service | Age 50 & 25 years of service OR Age 60 & 5 years of service | Age 50 & 25 years of service OR Age 60 & 5 years of service |
| Retirement Multiplier | 1.7% | 1.65% | 1.0% | 1.85% | 2.0% ^[1] | 1.7% or 1.85% ^[2] |
| Hazardous Duty Supplement | No | No | No | Yes | No ^[3] | Yes |

¹ The 2.0% retirement multiplier applies to members who join or rejoin VaLORS after July 1, 2001. Members employed in a VaLORS position on June 30, 2001, and on July 1, 2001, could elect the 2.0% retirement multiplier or to retain the 1.7% retirement multiplier and their eligibility for the hazardous duty supplement, provided that they remained continuously employed in a VaLORS position until retirement. Va. Code § 51.1-217.

² A local employer that is providing enhanced benefits to its law-enforcement officers can choose to provide a retirement multiplier of either 1.7% or 1.85% pursuant to Va. Code § 51.1-206, so the retirement multiplier for some local law-enforcement officers may be equal to, but not exceed, the retirement multiplier for Plan 1 members.

³ Members who join or rejoin VaLORS after July 1, 2001, are ineligible for the hazardous duty supplement. Members employed in a VaLORS position on June 30, 2001, and on July 1, 2001, could elect to retain their eligibility for the hazardous duty supplement and the 1.7% retirement multiplier instead of the 2.0% retirement multiplier, provided that they remained continuously employed in a VaLORS position until retirement. Va. Code § 51.1-217.

If the primary goal of the legislation is to make DWR conservation officers eligible for the hazardous duty supplement or if it is to provide such officers with the higher retirement multiplier available under SPORS (1.85) in addition to restoring eligibility for the hazardous duty supplement, either goal could be accomplished through a substitute bill amending the relevant VaLORS statutes instead of moving such

**Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement**

officers into SPORS. If either of these approaches is the goal of the legislation, then additional analysis would be required to provide the cost based on any substitute bill's provisions.

The bill is identical to SB 928 and SB 1224.