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Bill Number: HB1592 Patron: Kent

Bill Title: State Police Officers' Retirement System; membership for Department of Wildlife

Resources conservation police officers.

Bill Summary: Provides membership in the State Police Officers' Retirement System (SPORS) to conservation police officers in the Department of Wildlife Resources for service earned on or after July 1, 2026. The bill directs the Virginia Retirement System (VRS) to assess the administrative and financial impacts of the bill and provide recommendations for implementing the bill to the General Assembly no later than November 1, 2025. Except for the assessment and recommendations to be made by VRS, the provisions of the bill have a delayed effective date of July 1, 2026.

Budget Amendment Necessary: Yes **Items Impacted:** 369, 469, 486

Explanation:

Additional budget amendments would be required to provide additional appropriation and positions to individual agencies that require additional support to implement the provisions of the bill.

Fiscal Summary:

<u>Benefit(s) impacted:</u> SPORS and VaLORS. The bill moves DWR conservation police officers into SPORS for service earned on or after July 1, 2026, expanding membership in SPORS to employees who are not state police officers employed by the Virginia State Police (VSP). Eligible members would receive a bifurcated benefit including VALORS benefits for service earned prior to July 1, 2026, and SPORS benefits for service earned on or after July 1, 2026, if eligibility requirements for SPORS benefits are met. As written, conservation officers would need 20 years of service in SPORS or another hazardous duty position offering enhanced benefits in order to be eligible for the hazardous duty supplement. In most cases, prior service from VaLORS would receive a 2.0% multiplier with no supplement and therefore would not count toward the 20 years of hazardous duty service needed to receive the supplement.

<u>Impact to unfunded liability:</u> Since the bill only applies to service earned on or after July 1, 2026, there is no impact to unfunded liabilities of SPORS.

<u>Impact to contribution rate(s)</u>: Increases contribution requirements for DWR beginning in FY 2027. The total estimated increase for DWR is approximately \$1.12 million for FY 2027. A more detailed breakdown is provided below. While the difference in contribution rates between the VaLORS plan and the SPORS plan is currently 6.72%, this difference is expected to increase to approximately 8.71% in 2027 given that the VaLORS rate currently being paid is a higher maintained rate from prior valuations.

Specific Agency or Political Subdivisions Affected: VRS, DWR, VSP and all employers in VaLORS.

VRS cost to implement: Approximately \$313,000 for FY 2026.

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

<u>Other VRS and employer impacts:</u> 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>	FY2030
TOTAL						

Nongeneral Fund Expenditure Impact:

Agency	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
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>	FY2030
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

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.

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.

	State & Political Subdivision Employees & Teachers			Law-Enforcement Officers Enhanced Retirement Benefits Political Subdivisions		
	Plan 1	Plan 2	Hybrid Plan	SPORS	VaLORS	with Enhanced Benefits
		Normal	Normal			
		Social	Social			
		Security	Security			
	Age 50 & 30	Retirement	Retirement	Age 50 & 25	Age 50 & 25	Age 50 & 25
	years of	Age & 5	Age & 5	years of	years of	years of
Retirement	service	years of	years of	service	service	service
Age & Years	OR	service	service	OR	OR	OR
of Service	Age 65 & 5	OR	OR	Age 60 & 5	Age 60 & 5	Age 60 & 5
(unreduced	years of	Age +	Age +	years of	years of	years of
benefit)	service	Service = 90	Service = 90	service	service	service
Retirement						1.7% or
Multiplier	1.7%	1.65%	1.0%	1.85%	2.0%[1]	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.

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

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.

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.