



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

**GF budget impacts:** Approximately \$553,000 increase in FY 2026 for the increase in employer contribution costs for VaLORS coverage. HB 1600 includes \$610,000.

**NGF budget impacts:** Approximately \$58,600 in FY 2025 for VRS implementation. The 2024 Acts chapter 2 included \$70,000 for implementation of two bills from the 2024 session.

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>
<b>TOTAL</b>						

**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>
<b>TOTAL</b>						

**Position Impact:**

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

**Fiscal Analysis:**

**Item 484:** No additional budget amendment is needed to cover VRS implementation costs. The current budget included \$70,000 NGF for implementation of both HB 1825 (reenactment of 2024’s HB 1312) and 2024’s HB 1401. This does not include the potential impact to future State or VaLORS contribution rates for FY 2026 or to the funded status of the State or VaLORS plans, which are discussed below.

**Item 361:** HB 1600 includes \$610,000 for FY 2026 for DCR to pay the higher contribution rate for VaLORS. Based on current demographics, DCR will require \$553,000 for FY 2026 to cover the additional employer cost associated with the higher contribution rate for VaLORS compared to the contribution rate in the State Plan in which DCR conservation officers currently participate.

The addition of DCR conservation officers to VaLORS would not impact the unfunded liability of VaLORS since DCR conservation officers would only earn service prospectively in the VaLORS plan. The addition of DCR conservation officers will likely not have a large impact on the normal cost rate, as we expect only

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about 80 additional members added to a fairly large pooled plan with approximately 7,300 active members. On average, the DCR conservation officers are two years younger, have approximately two more years of service, and receive an average salary that is approximately \$8,400 per year greater than current VaLORS members. In addition, due to the earlier age and service provisions of VaLORS benefits, DCR conservation officers would be eligible to retire sooner than under the provisions for general employees.

The DCR conservation officers leaving the State plan would maintain their accrued benefit from the State plan and earn service under the VaLORS plan effective July 1, 2025. Upon retirement, their benefit would be based on service and benefits earned at the State plan up through July 1, 2025, combined with service and benefits earned after July 1, 2025, from the VaLORS plan.

Currently, DCR conservation officers are 100% funded by general funds, and this was assumed to continue to be the case for purposes of estimating cost changes under the bill. The VaLORS plan is currently 89.10% funded by general funds and 10.90% by non-general funds. If this bill were enacted, 89.23% of the VaLORS plan would become funded by general funds and 10.77% would become funded by non-general funds.

Estimated required budget amendment amounts for DCR expected for FY 2026 if the bill is reenacted are in Exhibit 1 below, based on estimated payrolls. The budget amendment for FY 2026 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 DCR conservation officers currently participate. Based on the budget for the biennium, the VaLORS contribution rate that DCR will have to contribute for these officers is 12.08% of applicable payroll greater than the State Plan contribution rate that they are already paying, as reflected in Exhibit 1.

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Exhibit 1

**Conservation Officers - Department of Conservation and Recreation**

Plan	Number of Conservation Officers as of 6/30/2024	Estimated Payroll FY 2026	Retirement Contribution Rates FY 2025/2026 *	Expected Employer Contributions FY 2026 **
<b>As Member of State Plan</b>	79	\$ 5,224,000	12.52%	\$ 732,000
<b>As Member of VaLORS Plan</b>	79	\$ 5,224,000	24.60%	\$ 1,285,000
<b>Additional Funds Needed</b>				\$ 553,000

\* Effective July 1, 2024, the Board-certified contribution rate for the State Plan no longer includes an amount for expected contributions to the defined contribution component of the Hybrid retirement plan. In addition to paying the defined benefit rate, the employer is also responsible for funding the employer contributions to the defined contribution plan on behalf of hybrid members which will be between 1.0% - 3.5% of a hybrid member's payroll depending on the match of employees' voluntary contributions.

The FY 2025/2026 contribution rate for VaLORS is held at the FY 2023/2024 level in the budget.

\*\* The expected employer contributions to the State Plan include estimated DC contributions of 1.5% of total payroll.

Note that the active head counts provided for conservation officers as of June 30, 2024 included 79 employees, 12 fewer employees than the 91 identified as of June 30, 2023. If the active population at the effective date of the bill is higher, additional funds will be needed by DCR in excess of the \$553,000 provided for in this FIS.

**Other:** This bill would move DCR conservation officers commissioned pursuant to § 10.1-115 of the *Code* from the State Plan to VaLORS for service earned on or after July 1, 2025.

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.

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 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. If this legislation is enacted, any member who has at least five years of service in a hazardous duty position, including service as a DCR conservation officer, will be eligible (at the time of their retirement) to receive a retirement benefit under VaLORS.

DCR conservation officers who were hired for the first time on or after January 1, 2014, are in the Hybrid Retirement Plan for general employees. If this legislation is enacted, those DCR conservation officers will

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be moved from the Hybrid Retirement Plan for general employees to Plan 2, but they will retain their defined contribution plan balances (a benefit that other Plan 2 members do not have). DCR conservation officers with prior service who are in Plan 1 or Plan 2 would remain in the same plan.

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. 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 its 2023 report, *Eligibility of Public Safety Occupations for Enhanced Retirement Benefits*, <https://jlarc.virginia.gov/pdfs/reports/Rpt578.pdf>, JLARC performed a comprehensive review of hazardous duty eligibility and benefits. The review updated the 2008 occupational risk and responsibility guidelines to encompass two general categories of the level of public safety responsibility of employees in the occupation and the physical and psychological demands of the occupation, assessed existing covered occupations using nine criteria, reviewed the appropriateness of extending enhanced benefits to additional occupations, and estimated the cost of extending enhanced benefits to additional employees. Below is an excerpt from the 2023 JLARC report:

“...Virginia has generally recognized the primary rationale for providing enhanced retirement benefits to certain public safety occupations is that the physical and psychological demands of the job make their job responsibilities more difficult to perform as individuals age.”

The 2023 JLARC report determined that conservation officers “have a moderate level of public safety responsibility and face a high level of demand compared with other public safety occupations.” The report also noted that 23 of the 50 states included state park rangers under hazardous duty coverage. The 2023 JLARC report also made no recommendation on who should be covered by enhanced hazardous duty benefits.

The bill is identical to SB 1201.