

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

(VMRC), and some public institutions of higher education with campus police departments that employ dispatchers and all other employers with employees participating in VaLORS. The Virginia Alcoholic Beverage Control Authority, the Department of Corrections (DOC), and the Department of Juvenile Justice (DJJ) advised they do not have dispatchers, and some of the campus police departments have dispatchers but not dispatchers that meet the definition.

VRS cost to implement: Approximately \$123,000 for FY 2026.

Employer cost to implement: The agencies identified in the bill will need approximately \$951,000 to add additional employees covered by VaLORS in FY 2027. Any of the employers other potential costs to implement this change have not been captured here, except for the increased contribution rates required.

Other VRS and employer impacts: The addition of these dispatchers to VaLORS will impact future VaLORS contribution rates for all VaLORS employers. It may also enable these dispatchers to retire sooner because of the earlier age and service requirements under VaLORS.

GF budget impacts: Approximately \$700,000 increase in FY 2027 for the increase in employer contribution costs for VaLORS coverage. See Exhibit 1 for more details.

NGF budget impacts: Approximately \$251,000 increase in FY 2027 for the increase in employer contribution costs for VaLORS coverage. See Exhibit 1 for more details. \$123,000 NGF in FY 2026 for VRS implementation.

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>
Various			\$700,000	\$700,000	\$700,000	\$700,000
TOTAL			\$700,000	\$700,000	\$700,000	\$700,000

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		\$123,000				
Various			\$251,000	\$251,000	\$251,000	\$251,000
TOTAL		\$123,000	\$251,000	\$251,000	\$251,000	\$251,000

Position Impact:

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

Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement

Fiscal Analysis: Item 486: VRS would need a NGF appropriation of approximately \$123,000 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 State or VaLORS contribution rates for FY 2027 in Item 469 or to the funded status of the State or VaLORS plans, which are discussed below.

The agencies that employ 911 dispatchers covered by the bill (VSP, Capitol Police, and DWR)) who confirmed they have eligible dispatchers as well as possibly Marine Resources will require appropriations in total of approximately \$951,000 (\$700,000 GF and \$251,000 NGF) for FY 2027 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 these 911 dispatchers currently participate. DOC and DJJ, as well as VCCS, Radford University, Richard Bland College, and Virginia Tech indicate they do not have eligible dispatchers. Other potential impacted employers did not respond to a request for confirmation of eligible dispatchers under the bill.

The provisions of the bill would make certain 911 dispatchers with VSP, Capitol Police, DWR, VMRC, DOC, DJJ, and public institutions of higher education with campus police departments that have emergency dispatchers as defined in the bill eligible for VaLORS for service on or after July 1, 2026.

The addition of state 911 dispatchers to VaLORS would not impact the unfunded liabilities of the VaLORS plan since dispatchers would only earn service prospectively in the VaLORS plan. The addition of state 911 dispatchers to VaLORS will likely not have a large impact on the normal cost rate as we expect only about 160 additional members added to a fairly large, pooled plan with approximately 7,300 active members.

The dispatchers leaving the State plan would maintain their accrued benefit from the State plan and earn service under the VaLORS plan effective July 1, 2026. Upon retirement, their benefit would be based on service and benefits earned at the State plan up through July 1, 2026, combined with service and benefits earned after July 1, 2026, from the VaLORS plan.

Estimated required budget amendment amounts by agency expected for FY 2027 are in Exhibit 1 below, based on estimated payrolls. Each agency will require a budget amendment related to the increase provided below. The budget amendment for FY 2027 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 dispatchers currently participate. Based on the budget for the current biennium, the VaLORS contribution rate that these employers will have to contribute for these dispatchers is 12.08% of applicable payroll greater than the State Plan contribution rate that they are already paying, as reflected in Exhibit 1.

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

**Exhibit 1
State Emergency Dispatchers**

Agency	Active Count	Estimated Payroll FY 2026	Estimated Employer Contributions FY 2027 *		
			As Member of State Plan - 12.52% + DC **	As Member of VaLORS Plan - 24.60%	Additional Funds Needed
State Police	117	\$6,867,000	\$963,000	\$1,689,000	\$726,000
Capitol Police	18	\$1,025,000	\$144,000	\$252,000	\$108,000
ABC Authority	0	\$0	\$0	\$0	\$0
Virginia Marine Commission	6	\$270,000	\$38,000	\$66,000	\$28,000
Wildlife Resources	14	\$841,000	\$118,000	\$207,000	\$89,000
Department of Corrections	0	\$0	\$0	\$0	\$0
Total	155	\$9,003,000	\$1,263,000	\$2,214,000	\$951,000

* 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 proposed budget.

The contribution rates for FY 2027 will be based on the 2025 rate-setting valuations which will be completed in October 2025. For this purpose, the FY 2027 rates are assumed to be the same as those for FY 2025/2026.

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

Other:

This bill would move full-time dispatchers for a public safety answering point, as defined in § 56-484.12¹ for VSP and the other state agencies already listed in § 51.1-212 of the *Code* from the State plan to VaLORS. The bill has a delayed effective date of July 1, 2026, and provides the benefits for service earned on or after July 1, 2026.

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.

¹ "Public safety answering point" or "PSAP" means a facility (i) equipped and staffed on a 24-hour basis to receive and process 9-1-1 calls or (ii) that intends to receive and process 9-1-1 calls and has notified CMRS providers in its jurisdiction of its intention to receive and process such calls.

Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement

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 state 911 dispatcher, will be eligible (at the time of their retirement) to receive a retirement benefit under VaLORS.

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 “911 dispatchers have a high level of public safety responsibility and face a high level of psychological demand, but a low level of physical demand compared with other public safety occupations.” It should be noted that JLARC only looked at local 911 dispatchers and VSP dispatchers; dispatchers employed by the other agencies listed in § 51.1-212 of the *Code* were not

Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement

considered in the JLARC report. The report also noted that only 15 of the 50 states included 911 dispatchers under hazardous duty coverage. The 2023 JLARC report also made no recommendation on who should be covered by enhanced hazardous duty benefits.

Similar bills have been introduced that would allow localities to elect hazardous duty benefits for local 911 dispatchers for service earned on or after July 1, 2026 (HB 1564, HB 1619, SB 1083, SB 1088, SB 1156, as well as HB 2579 and HB 2581 for dispatchers, animal control officers, and municipal park rangers).