

Virginia Retirement System
2025 General Assembly Session
State Fiscal Impact Statement

Fiscal Analysis:

VRS is unable to administer the bill as introduced.

It is not evident from the legislation whether the expansive scope of the language in the bill was intentional or inadvertent. It seems unlikely that the intent was to move state employees from VSDP and place them in VLDP or to allow employees with non-VRS participating employers to join VLDP. If, instead, the legislation was intended to have a more limited scope and apply only to dispatchers employed by localities that participate in VRS who are Plan 1 or Plan 2 members (to mirror participation in VLDP by dispatchers of such localities who are in the Hybrid Plan), then a number of amendments to the introduced bill will be required to ensure that the legislation operates as intended without any unintended consequences.

Other:

Technical Amendment Necessary: Amendments are necessary to clarify whether the intent of the bill is to cover all dispatchers who are not members of the Hybrid Plan, which would include dispatchers who are members of independent local retirement systems as well as local and state dispatchers who are Plan 1 or Plan 2 members covered under VSDP and Plan 1 members who elected to retain traditional sick leave, or whether the legislation is intended only to cover dispatchers employed by a VRS-participating locality who are Plan 1 or Plan 2 members.

As introduced, the bill requires employers of public emergency dispatchers who are not Hybrid Plan employees to provide coverage in the Hybrid Plan disability program, VLDP. Assuming, however, that the bill is intended to cover only dispatchers employed by a VRS-participating locality who are Plan 1 or Plan 2 members, such dispatchers do not participate in VLDP, but are currently eligible for disability retirement. Political subdivision employees in Plan 1 or Plan 2, essentially those who began employment prior to 2014, are eligible to be considered for disability retirement. Members who are covered by the VLDP are not eligible to retire on disability. Thus, moving dispatchers who are Plan 1 or Plan 2 members to VLDP will change the benefits available to them. Disability retirement may offer unique benefits to a member depending upon their individual circumstances. For example, there are no minimum requirements for age or service under VRS disability retirement, and members may apply from the first day of covered employment. If a disability retirement application is approved, the member will receive a lifetime monthly benefit. In addition to the monthly benefit, disability retirement provides a continuation of some benefits under the VRS Group Life Insurance Program if the member was covered before retiring on disability; cost of living (COLA) increases; and the health insurance credit, a tax-free benefit that assists with the portion of health insurance premiums the member pays for individual coverage. Work-related guaranteed disability benefits are not subject to federal or state income taxes.

In contrast, the VLDP program focuses on assisting a member with recovery and providing income protection for the period of time that a member is unable to work. Under VLDP, a member is eligible for

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short-term disability coverage, long-term disability coverage, and COLA increases. Members are not eligible for short-term disability coverage for non-work related disabilities for the first year of participation in the program, although work-related disabilities are covered from the first day of employment. VLDP benefits end when the member is able to return to work, leaves covered employment or retires.

Whether VLDP or disability retirement provides a higher benefit for a particular person will necessarily depend on such person's individual circumstances.