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**HOUSE BILL NO. 1705**

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations  
on January 29, 2025)

(Patron Prior to Substitute—Delegate Bulova)

*A BILL to amend and reenact §§ 51.1-1150, 51.1-1153, 51.1-1161, and 51.1-1169 of the Code of Virginia, relating to Virginia Retirement System; disability benefits; emergency dispatchers.***Be it enacted by the General Assembly of Virginia:****1. That §§ 51.1-1150, 51.1-1153, 51.1-1161, and 51.1-1169 of the Code of Virginia are amended and reenacted as follows:****§ 51.1-1150. Definitions.**

As used in this chapter, unless the context requires a different meaning:

"Act" means the Virginia Workers' Compensation Act (§ 65.2-100 et seq.).

"Company" means an insurance company issuing a long-term disability insurance policy purchased by the Board pursuant to this chapter.

"Continuous service" means an uninterrupted period of service as a participating employee with the same employer.

"Disability" means a partial disability or total disability.

"Disability benefit" means income replacement payments payable to a participating employee under a short-term or long-term disability benefit program pursuant to this chapter. Disability benefits do not include benefits payable under the Act.

"Eligible employee" means a person who is (i) not eligible for the disability program pursuant to Chapter 11 (§ 51.1-1100 et seq.) and (ii) participating in the hybrid retirement program described in § 51.1-169. "Eligible employee" also includes an eligible dispatcher.

*"Eligible dispatcher" means a person who (i) is employed by a locality participating in the retirement system pursuant to Article 5 (§ 51.1-130 et seq.) of Chapter 1 as a full-time salaried dispatcher for a public safety answering point as defined in § 56-484.12 and (ii) is not participating in the hybrid retirement program described in § 51.1-169.*

"Partial disability" means a disability that exists during the first 24 months following the occurrence or commencement of an illness or injury when an employee is earning less than 80 percent of his predisability earnings and, as a result of an injury or illness, is (i) able to perform one or more, but not all, of the essential job functions of his own job on an active employment or a part-time basis; or (ii) able to perform all of the essential job functions of his own job only on a part-time basis.

"Participating employee" means any eligible employee required to participate in the program.

"Program" means the program providing short-term disability and long-term disability benefits for participating employees established pursuant to this chapter.

"Service" means a period of service as a participating employee.

"Total disability" means a disability that exists (i) during the first 24 months following the occurrence or commencement of an illness or injury if an employee is unable to perform all of his essential job functions or (ii) after 24 months following the occurrence or commencement of an illness or injury if an employee is unable to perform any job for which he is reasonably qualified based on his training or experience and earning less than 80 percent of his predisability earnings.

"Work-related injury" means an injury, as such term is defined in § 65.2-101, to a participating employee for which benefits are payable under the Act and the employer for purposes of the Act is the Commonwealth or other political subdivision through which the participating employee became eligible for the program.

In addition to the definitions listed in this section, the definitions listed in § 51.1-124.3 shall, as the context requires, apply to this chapter except as otherwise provided.

**§ 51.1-1153. Participation in the program.**

A. 1. All eligible employees shall become participants in this program, provided, however, that the governing body of an employer may adopt a resolution on or before January 1, 2014, which shall be submitted to the Board, requesting that its eligible employees not participate in the program because the employer has or will establish, and continue to maintain, comparable disability coverage for such eligible employees. The election by the governing body of an employer not to participate in this program shall be irrevocable. The employer need not consider the provisions of § 51.1-1178 when determining the comparability of its disability coverage to this program. As the context requires, the term "participating employee" includes the employees of an employer electing not to participate in the program under this subdivision.

2. Beginning July 1, 2026, eligible dispatchers shall become participants in the program. Such participation shall be subject to the limitations described in § 51.1-1179, and the locality employing such

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60 *eligible dispatchers shall provide the costs required for funding participation in the program pursuant to §*  
 61 *51.1-1183. However, if a locality made an irrevocable election not to participate in the program pursuant to*  
 62 *subdivision 1, such dispatchers shall not become participants in the program but shall become participants in*  
 63 *the comparable disability coverage established and maintained by the locality. An eligible dispatcher who is*  
 64 *a participant in the program or in the disability coverage provided by a locality electing not to participate in*  
 65 *the program shall not be eligible for disability retirement benefits pursuant to § 51.1-156.*

66 3. *Notwithstanding the provisions of subdivision 2, an eligible dispatcher shall not become a participant*  
 67 *in the program or in the disability coverage provided by a locality electing not to participate in the program*  
 68 *but shall remain subject to the provisions governing disability retirement if the eligible dispatcher was (i)*  
 69 *awarded disability retirement benefits pursuant to § 51.1-156 prior to July 1, 2026, and continued to receive*  
 70 *such disability retirement benefits on or after July 1, 2026, or (ii) employed on June 30, 2025, and on July 1,*  
 71 *2025, and made an irrevocable election no later than March 31, 2026, to remain covered by disability*  
 72 *retirement benefits pursuant to § 51.1-156. If an election is not made by March 31, 2026, such eligible*  
 73 *dispatcher shall be deemed to have elected to become a participant in the program or in the comparable*  
 74 *disability coverage provided by the locality.*

75 B. The effective date of participation in the program for participating employees shall be their first day of  
 76 employment or the effective date of their participation in the hybrid retirement program described in §  
 77 51.1-169, whichever is later. *The effective date of participation for eligible dispatchers shall be July 1, 2026,*  
 78 *or their first date of employment, whichever is later.*

79 C. Notwithstanding any provision to the contrary, no participating employee shall receive benefits under  
 80 Article 2 (§ 51.1-1154 et seq.) until the participating employee completes one year of continuous service.

81 D. Eligibility for participation in the program shall terminate upon the earliest to occur of an employee's  
 82 (i) termination of employment or (ii) death. Eligibility for participation in the program shall be suspended  
 83 during periods that an employee is placed on nonpay status, including leave without pay, if such nonpay  
 84 status is due to suspension pending investigation or outcome of employment-related court or disciplinary  
 85 action.

86 **§ 51.1-1161. Cessation of disability benefits; service retirement.**

87 A. Disability benefits shall cease to be paid to a participating employee upon the first to occur of the  
 88 following:

89 1. The end of the period of disability coverage as provided in subsection D of § 51.1-1155 or subsection D  
 90 of § 51.1-1157;

91 2. The date of death of the participating employee;

92 3. The date that the participating employee attains normal retirement age; or

93 4. The effective date of the participating full-time employee's service retirement under the hybrid  
 94 retirement program described in § 51.1-169 *or, in the case of an eligible dispatcher, the effective date of the*  
 95 *eligible dispatcher's service retirement under any provision of this title.*

96 Notwithstanding the foregoing, an employee who is approved for disability benefits (i) at age 60 through  
 97 64 shall be eligible for five years of disability benefits, (ii) at age 65 through 68 shall be eligible for disability  
 98 benefits to age 70, and (iii) at age 69 or older shall be eligible for disability benefits for one year. The  
 99 eligibility periods include short-term disability and long-term disability.

100 B. A participating full-time employee receiving disability benefits who is a vested member of the  
 101 retirement system, including the hybrid retirement program described in § 51.1-169, shall be eligible for  
 102 service retirement under any provision of this title for which the employee is otherwise eligible. Such  
 103 employee shall be authorized to elect any option for the payment of his retirement allowance provided under  
 104 subsection A of § 51.1-165 for which the employee is otherwise eligible.

105 C. The average final compensation of any participating full-time employee taking a service retirement  
 106 under any provision of this title shall be equal to his creditable compensation on the date of the  
 107 commencement of the disability increased by an amount recommended by the program actuary and approved  
 108 by the Board, from the date of the commencement of the disability to the date of retirement.

109 D. The creditable service of a participating full-time employee taking service retirement pursuant to this  
 110 section shall include periods during which the employee received disability benefits.

111 **§ 51.1-1169. Cessation of supplemental disability benefits; service retirement.**

112 A. Supplemental disability benefits shall cease to be paid to a participating employee upon the first to  
 113 occur of the following:

114 1. The end of the period of supplemental disability coverage as provided in subsection E of § 51.1-1163 or  
 115 subsection E of § 51.1-1165;

116 2. The date of death of the participating employee;

117 3. On the date the employee attains normal retirement age; or

118 4. The effective date of the participating full-time employee's service retirement under the hybrid  
 119 retirement program described in § 51.1-169 *or, in the case of an eligible dispatcher, the effective date of the*  
 120 *eligible dispatcher's service retirement under any provision of this title.*

121 Notwithstanding the foregoing, an employee who is approved for supplemental disability benefits (i) at

122 age 60 through 64 shall be eligible for five years of supplemental disability benefits, (ii) at age 65 through 68  
123 shall be eligible for supplemental disability benefits to age 70, and (iii) at age 69 or older shall be eligible for  
124 supplemental disability benefits for one year. The eligibility periods include supplemental short-term  
125 disability and supplemental long-term disability.

126 B. Upon the cessation of benefits payable under the Act, a participating full-time employee may take  
127 service retirement under any provision of this title for which the employee is otherwise eligible, including the  
128 hybrid retirement program described in § 51.1-169. Such employee shall be authorized to elect any option for  
129 the payment of his retirement allowance provided under subsection A of § 51.1-165.

130 C. The employee's average final compensation shall be equal to his creditable compensation on the date of  
131 the commencement of the disability increased by an amount recommended by the actuary of the Virginia  
132 Retirement System, and approved by the Board, from the date of the commencement of the disability to the  
133 date of retirement.

134 D. The creditable service of a participating full-time employee taking service retirement pursuant to this  
135 section shall include periods during which the employee received supplemental disability benefits, provided  
136 that such creditable service shall not include periods for which (i) the employee received supplemental short-  
137 term disability benefits, (ii) the employer did not report such creditable service to the retirement system, and  
138 (iii) the employee did not purchase such creditable service.