

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

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ORIGINAL

**Bill Number:** SB 1142 ER **Patron:** Obenshain  
**Bill Title:** Line of Duty Act; campus police officers; private police officers.

**Bill Summary:** Provides employees of contributing nonprofit private institutions of higher education, defined in the bill, and contributing private police departments, defined in the bill, with the benefits granted to employees of participating employers under the Line of Duty Act. The bill clarifies that the Line of Duty Act shall not apply to any private institution of higher education or private police department that is not a contributing nonprofit private institution of higher education or contributing private police department, respectively.

**Budget Amendment Necessary:** No **Items Impacted:**  
**Explanation:**

The bill provides that these private employers—contributing nonprofit private institutions of higher education and contributing private police departments, as defined in the bill—will pay a pro rata portion of the estimated \$35,000 in VRS and DHRM implementation costs as well as their LODA premiums.

**Fiscal Summary:**

**Benefit(s) impacted:** LODA. Allows nonprofit private college public safety departments and private police departments to make a one-time irrevocable election to participate in LODA for their campus police officers or their private police officers, including the LODA Health Benefits Plans administered by DHRM. The bill does not allow participation for campus security officers. No other private employers are authorized to provide LODA benefits to their employees.

**Impact to unfunded liability:** The VRS-administered LODA fund is a “pay-as-you-go” arrangement and does not pre-fund or develop unfunded liabilities.

**Impact to LODA premium rate(s):** These new employers that elect to provide LODA benefits will participate in the VRS-administered Line of Duty Death and Health Benefits Trust Fund (LODA Fund) and will impact premium rates for all participating employers in the Fund. Ultimate costs will be based on the costs of the claims incurred and overall plan experience.

**Specific Agency or Political Subdivisions Affected:** VRS, DHRM, and all LODA participating employers. Will also impact Virginia nonprofit private colleges and universities and private police departments that elect to participate in LODA.

**VRS cost to implement:** Approximately \$35,000 in one-time implementation costs, primarily for communications to employers and participants and handbook and website changes. Potential increases to ongoing LODA administration costs are indeterminate, depending on the number of nonprofit private

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colleges and private police departments that elect to participate. This does not include DHRM’s costs to implement the bill.

**DHRM cost to implement:** DHRM indicates there will be minimal implementation costs.

**Employer cost to implement:** In addition to the LODA premiums, eligible employers that elect to provide LODA benefits will need to provide any internal infrastructure needed to manage the process for the contributing nonprofit private college or university or private police department and provide the statutorily required LODA training to eligible employees. The bill also provides that contributing nonprofit private institutions of higher education and contributing private police departments will pay a pro rata portion of the VRS and DHRM implementation costs.

**Other VRS and employer impacts:** LODA Fund impacts will depend on the demographics of the employees and the claims experience. DHRM indicates that LODA Health Benefits Plans impacts will depend on the demographics of the employees and the claims experience.

**GF budget impacts:** VRS’ one-time implementation costs cannot be borne by the VRS Trust Fund due to the exclusive benefit rule (See § 51.1-124.30(C) of the *Code of Virginia*, art. 10, § 11 of the Constitution of Virginia, and 26 U.S.C. § 401(a)). The bill includes language that would allow implementation costs to be shared by the nonprofit private higher education institutions and private police departments that elect to provide LODA benefits to their eligible employees. As nonprofit private colleges and universities with existing campus police departments and private police departments in Virginia represent a relatively small population, the overall impacts may be limited. DHRM indicates there will be minimal implementation costs.

**NGF budget impacts:** VRS’ one-time implementation costs cannot be borne by the VRS Trust Fund due to the exclusive benefit rule (See § 51.1-124.30(C) of the *Code of Virginia*, art. 10, § 11 of the Constitution of Virginia, and 26 U.S.C. § 401(a)). The bill includes language that would allow implementation costs to be shared by the nonprofit private higher education institutions and private police departments that elect to provide LODA benefits to their eligible employees.

Details regarding the specific costs 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> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

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**TOTAL**

**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:**

**VRS Impact Estimates**

VRS will incur administrative costs to implement the bill, regardless of how many nonprofit private colleges and private police departments opt in. We are generally estimating first-year implementation costs to be about \$35,000, primarily for communications to employers and participants, and handbook and website changes. For LODA-eligible participants who are not VRS members, administration is handled manually, so adding categories of employers and employees will increase the ongoing cost of administering LODA and thereby increase the LODA premium. There are additional factors, such as those discussed below, that will affect the one-time and ongoing administrative costs.

These cost estimates do not include DHRM’s implementation or administrative costs or impacts to the LODA Health Benefit Plans premiums.

Since LODA is not a VRS benefit, the costs cannot be recovered from the VRS Trust Fund. However, the administrative costs will impact premiums for employers that participate in the LODA Fund. Since LODA is a pay-as-you-go fund, VRS cannot use the LODA Fund as the source for administrative implementation costs. The bill allows VRS to charge each contributing nonprofit private college and contributing private police department a pro rata portion of the total implementation costs.

**DHRM Impact Estimates**

DHRM indicates there will be minimal implementation cost. However, the addition of categories of employers and employees will increase the ongoing cost of administering LODA and thereby increase the LODA Health Benefit Plans costs. Fiscal implications will depend on the demographics of the employees and the claims experience.

There are nine nonprofit private colleges and universities in Virginia (Virginia nonprofit private colleges) that have existing campus police departments and nine private police departments. LODA participating employers currently cover approximately 18,005 full-time equivalent (FTE) public employees and

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volunteers (“employees” as defined in [§ 9.1-400](#) of the *Code of Virginia*). If all 18 private entities elect to participate in LODA, approximately 138 campus police officers and 364 private police officers would be added. No other private employers are authorized to provide LODA benefits to their employees.

The LODA statutes do not provide for any new entity covered under LODA to elect to be a “non-participating employer” (as defined in [§ 9.1-400](#) of the *Code*), meaning they will participate in the VRS-administered LODA Fund, rather than self-funding their LODA-equivalent benefits. This means that each Virginia nonprofit private college and private police department that elects to participate in LODA benefits will pay a premium per covered employee to the LODA Fund each year. The LODA Fund premium effective July 1, 2024, is \$1,015.00 per eligible employee. It is anticipated that the annual cost per employee will continue to increase over time as the cost of health insurance continues to rise at a rate higher than general inflation.

LODA Fund premiums cover:

- the LODA death benefit (\$100,000 to survivors of eligible individuals killed in the line of duty or \$25,000 in the event of a death related to a disability directly related to service in the line of duty (\$75,000 if the death occurred on or after January 1, 2025); surviving family members receive health coverage with some restrictions)
- \$25,000 for disabilities that occur in the line of duty (injuries as well as certain medical conditions found to be directly caused by line of duty activities)
- eligible individuals receive health insurance coverage administered by DHRM (VRS cannot address implications of adding nonprofit private college campus police officers to LODA health insurance plans)
- VRS and DHRM administration costs (VRS makes eligibility determinations, and DHRM administers the LODA health benefits)

The LODA Fund is a pay-as-you-go fund, which means that there is no pre-funding and the premiums are generally set to cover costs anticipated over the next two years of benefit payments. The influx of 502 covered employees is not expected to materially impact the premium in the short term but increasing the number of individuals eligible for benefits will increase the probability of additional LODA Fund benefit payments in future years. As a result, the LODA Fund premium may increase in the future for all LODA Fund participating employers due to changes in anticipated death benefit payments and disability benefit (including health benefit) payments.

Using the current LODA Fund premium, for the first year the total premium cost for each of the Virginia nonprofit private colleges authorized to establish campus police departments and private police departments would be estimated at:

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| <b>Virginia Nonprofit Private College</b> | <b>Campus<br/>Police<br/>Department<br/>Headcount</b> | <b>Estimated<br/>LODA Premium<br/>Cost for FY<br/>2026</b> |
|---|---|--|
| Bridgewater College                       | 8   | \$8,120  |
| Emory & Henry College                     | 6   | \$6,090  |
| Ferrum College                            | 8   | \$8,120  |
| Hampden-Sydney College                    | 12  | \$12,180   |
| Hampton University                        | 20  | \$20,300   |
| Liberty University                        | 47  | \$47,705   |
| Regent University                         | 12  | \$12,180   |
| University of Richmond                    | 22  | \$22,330   |
| Virginia Union University                 | 3   | \$3,045  |

| <b>Private Police Department</b>                         | <b>Private<br/>Police<br/>Department<br/>Headcount</b> | <b>Estimated<br/>LODA Premium<br/>Cost for FY<br/>2026<br/>(\$1,015.00/FTE)</b> |
|--|--|---|
| Aquia Harbour Police Department                          | 8  | \$8,120   |
| Bridgewater Airpark Police Department                    | 8  | \$8,120   |
| BWXT Police Department                                   | 235  | \$238,525   |
| Carilion Clinic Police Department                        | 64   | \$64,960  |
| Kings Dominion Police Department                         | 2  | \$2,030   |
| Kingsmill Police Department                              | 13   | \$13,195  |
| Lake Monticello Police Department                        | 4  | \$4,060   |
| Roanoke Regional Airport Commission Police<br>Department | 17   | \$17,255  |
| Wintergreen Police Department                            | 13   | \$13,195  |

**Other:**

This legislation would allow the nine nonprofit private colleges and universities in Virginia that have established campus police departments and the nine private police departments, if they are a private police department that has entered into a memorandum of understanding with a police department, sheriff's office, or governmental agency, to make a one-time irrevocable election to offer LODA benefits to their eligible police officers within 180 days of the effective date of the legislation. No other private employers are authorized to provide LODA benefits to their employees.

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Nonprofit private higher education institutions and private police departments that elect to provide LODA benefits to their eligible employees would be required to provide all the benefits under chapter 4 of Title 9.1 of the *Code of Virginia*. They would pay annual premiums for each eligible employee to the LODA Fund, which would then cover the cost of benefits. Under the bill, they would be required to pay their pro rata share of the total implementation costs, as determined by VRS.

The legislation is prospective and would apply to any campus police officer employed by a nonprofit private institution of higher education or private police officer whose death or disability occurred on or after the effective date of the legislation and the effective date of such institution's irrevocable election to fund the cost of benefits under the Line of Duty Act and participate in the Line of Duty Death and Health Benefits Trust Fund. Nonprofit private higher education institutions that subsequently establish campus police departments will have 180 days from the establishment of the campus police department to make an irrevocable one-time election to provide LODA benefits to their eligible campus police officers through participation in the LODA Fund.

The bill, as amended, is identical to HB 1815 as it has been amended.