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HOUSE RESOLUTION NO. 9

Offered January 16, 2026

Directing the Joint Legislative Audit and Review Commission to study the adequacy, equity, and workforce impacts of the Virginia Retirement System's retirement plans. Report.

Patron—Maldonado

Committee Referral Pending

WHEREAS, the Virginia Retirement System (VRS) administers three primary retirement plans for teachers, state employees, and certain local employees (Plan 1, Plan 2, and the Hybrid Retirement Plan) and the majority of active VRS members are now enrolled in the Hybrid Retirement Plan; and

WHEREAS, the Joint Legislative Audit and Review Commission issued a report in December 2025 evaluating employee contributions under the Hybrid Retirement Plan, focusing primarily on plan design features intended to increase employee savings within the existing structure; and

WHEREAS, pursuant to Item 74 of Chapter 725 of the Acts of Assembly of 2025, the Department of Human Resource Management, in coordination with the Virginia Retirement System and the Department of Education, assessed whether the elimination of the traditional defined benefit pension has affected the Commonwealth's ability to recruit and retain teachers, and found that limitations in available data precluded definitive conclusions regarding the impact of retirement plan design on recruitment and retention; and

WHEREAS, the General Assembly has an interest in ensuring that Virginia's retirement system provides adequate, equitable, and sustainable retirement security for employees while also supporting workforce recruitment and retention, particularly in professions experiencing persistent staffing challenges, including teaching; and

WHEREAS, retirement plan design reflects policy choices regarding the allocation of costs and risks between employees and employers, including investment risk, longevity risk, and inflation risk; and

WHEREAS, concerns have been raised that changes adopted following the Great Recession shifted a greater share of retirement cost and risk to employees at the same time that employee compensation, particularly teacher salaries, has struggled to keep pace with inflation; and

WHEREAS, recent information presented to the Virginia Board of Education indicates that a growing share of new teachers are entering the profession through alternative routes to licensure rather than traditional teacher preparation programs, raising additional questions about early-career retention and long-term workforce stability; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study the adequacy, equity, and workforce impacts of the Virginia Retirement System's retirement plans. In conducting such study, the Joint Legislative Audit and Review Commission (JLARC) shall perform a comprehensive evaluation of the Virginia Retirement System's retirement plans, including Plan 1, Plan 2, and the Hybrid Retirement Plan, with particular attention to benefit adequacy, employee affordability, and impacts on workforce recruitment and retention.

In conducting its study, JLARC shall (i) evaluate the adequacy of retirement benefits provided under each VRS plan relative to required employee contributions, typical career patterns, and commonly accepted retirement income replacement benchmarks; (ii) assess the allocation of retirement-related costs and risks between employees and employers under each plan, including investment risk, longevity risk, and exposure to inflation; (iii) examine the interaction between salary levels and retirement outcomes, including whether existing plan assumptions appropriately reflect current and projected compensation trends for teachers and other covered employees; (iv) analyze the effects of retirement plan design on workforce recruitment, retention, and turnover, including updating and extending prior JLARC analysis of compensation and benefit competitiveness, identifying gaps in existing data, and evaluating what additional data collection or analytic approaches would be necessary to assess the impact of retirement benefits on teacher workforce stability; (v) identify policy options to improve retirement security for VRS members, including options that would rebalance costs and risks between employees and employers and options that would improve benefit adequacy without requiring increased employee contributions; (vi) estimate the potential fiscal impacts of identified policy options on the Commonwealth, participating employers, and employees, including both short-term and long-term cost considerations; (vii) review retirement plan structures used by other states to identify alternative approaches to balancing retirement adequacy, cost predictability, and workforce stability; and (viii) identify areas where prior JLARC studies or ongoing oversight have addressed retirement plan adequacy, risk allocation, or workforce impacts and evaluate what questions remain unresolved, particularly with respect to teachers and differences among Plan 1, Plan 2, and the Hybrid Retirement Plan.

Technical assistance shall be provided to JLARC by the Virginia Retirement System, the Department of

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59 Human Resource Management, and the Department of Education. All agencies of the Commonwealth shall
60 provide assistance to JLARC for this study, upon request.
61 JLARC shall complete its meetings for the first year by November 30, 2026, and for the second year by
62 November 30, 2027, and the chair shall submit to the Division of Legislative Automated Systems an
63 executive summary of its findings and recommendations no later than the first day of the next Regular
64 Session of the General Assembly for each year. Each executive summary shall state whether JLARC intends
65 to submit to the General Assembly and the Governor a report of its findings and recommendations for
66 publication as a House or Senate document. The executive summaries and reports shall be submitted as
67 provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative
68 documents and reports and shall be posted on the General Assembly's website.