

**Virginia Retirement System
2026 General Assembly Session
Fiscal Impact Statement**

PUBLISHED: 1/25/2026 8:49 PM

ORIGINAL

Bill Number: HB 204

Patron: Cherry

Bill Title: Virginia Law Officers' Retirement System; extends membership to emergency dispatchers.

Bill Summary: Extends membership in the Virginia Law Officers' Retirement System (VaLORS) to emergency dispatchers who are employed by the Department of State Police, Capitol Police, and agencies whose law-enforcement officers are eligible for membership in VaLORS. The bill has a delayed effective date of July 1, 2027, and provides that such membership would apply only to service earned on or after July 1, 2027.

Budget Amendment Necessary: Yes

Items Impacted: 483, multiple others

Explanation: Budget amendments would be required to provide additional appropriation to individual agencies that require additional support to implement the provisions of the bill. Employers of eligible dispatchers will require additional funding in FY 2028 for the difference between the State contribution rate and the higher VaLORS contribution rate.

Item 483. VRS would need a NGF appropriation of approximately \$151,400 for FY 2027 to cover the cost of programming and testing, as well as updating employee and employer communications for VaLORS, with minimal ongoing costs. VRS's costs are specific to the implementation of this legislation if enacted. It cannot be determined at this time whether the enactment of any other bill during this session that would require implementation by VRS would increase or decrease implementation costs.

This does not include the potential impact to future State or VaLORS contribution rates for FY 2028 in Item 469 or to the funded status of the State or VaLORS plans, which are discussed below.

Fiscal Summary:

Benefit(s) impacted: VaLORS and Hybrid Retirement Plan. The bill moves 911 dispatchers employed by the Department of State Police (VSP) and other agencies described in § 51.1-212 of the *Code* from the State plan into VaLORS beginning July 1, 2027. Eligible covered Hybrid Plan employees' membership would be transferred to Plan 2.

Impact to unfunded liability: Since the bill only applies to service earned on or after July 1, 2027, there is no impact to unfunded liabilities of VaLORS. There is no immediate impact to unfunded liabilities of the State plan, however, retiring sooner under VaLORS retirement eligibility requirements would add additional unfunded liabilities for the State plan, because the portion of the benefit accrued under the State plan would likely commence sooner than it would have under the State retirement eligibility requirements.

Impact to contribution rate(s): Increases contribution requirements for certain employers beginning in FY 2028. The total estimated increase for agencies identified in the bill is approximately \$1,101,000 for FY 2028. A more detailed breakdown by agency is provided in Exhibit 1. The difference in contribution rates between the State plan and VaLORS plan is currently 11.53%.

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Specific Agency or Political Subdivisions Affected: VRS, VSP, and other agencies described in § 51.1-212 of the *Code* with 911 dispatchers of a public safety answering point as defined in § 56-484.12, and some public institutions of higher education with campus police departments that employ dispatchers, and all other employers with employees participating in VaLORS.

VRS cost to implement: Approximately \$151,400 for FY 2027.

Employer cost to implement: The agencies identified in the bill will need approximately \$1,101,000 to add additional employees covered by VaLORS in FY 2028, as shown in Exhibit 1. 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 in VaLORS.

GF budget impacts: Approximately \$833,000 increase in FY 2028 for the increase in employer contribution costs for VaLORS coverage. See Exhibit 1 for more details.

NGF budget impacts: Approximately \$268,000 increase in FY 2028 for the increase in employer contribution costs for VaLORS coverage. See Exhibit 1 for more details. \$151,400 NGF in FY 2027 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>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
Various			\$833,000	\$833,000	\$833,000	\$833,000
TOTAL			\$833,000	\$833,000	\$833,000	\$833,000

Nongeneral Fund Expenditure Impact:*

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
VRS		\$151,400				
Various			\$268,000	\$268,000	\$268,000	\$268,000
TOTAL		\$151,400	\$268,000	\$268,000	\$268,000	\$268,000

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
TOTAL						

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Fiscal Analysis: The agencies and institutions of higher education that employ 911 dispatchers covered by the bill (VSP, Capitol Police, Department of Military Affairs, Department of Wildlife Resources, Virginia Marine Resources Commission, University of Mary Washington, and Virginia State University) who confirmed they have eligible dispatchers will require appropriations in total of approximately \$1,101,000 (\$833,000 GF and \$268,000 NGF) for FY 2028 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.

The Virginia Alcoholic Beverage Control Authority, Department of Corrections, Department of Conservation and Recreation, and Department of Juvenile Justice, as well as the Virginia Community College System, Radford University, James Madison University, Richard Bland College, Christopher Newport University, Norfolk State University, Virginia Commonwealth University, and Virginia Tech indicate they do not have eligible dispatchers.

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 170 additional members added to a fairly large, pooled plan with approximately 7,500 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, 2027. Upon retirement, their benefit would be based on service and benefits earned at the State plan up through July 1, 2027, combined with service and benefits earned after July 1, 2027, from the VaLORS plan.

Estimated required budget amendment amounts by agency expected for FY 2028 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 2028 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 proposed budget for the coming biennium, the VaLORS contribution rate that these employers will have to contribute for these dispatchers is 11.53% of applicable payroll greater than the State Plan contribution rate that they are already paying, as reflected in Exhibit 1.

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**Exhibit 1
State Emergency Dispatchers**

Agency	Active Count	Estimated Payroll FY 2027	Estimated Employer Contributions FY 2028 *		
			As Member of State Plan - 11.07% + DC **	As Member of VaLORS Plan - 22.60%	Additional Funds Needed
Capitol Police	18	\$1,028,000	\$129,000	\$232,000	\$103,000
State Police	119	\$8,148,000	\$1,024,000	\$1,841,000	\$817,000
University Of Mary Washington	4	\$205,000	\$26,000	\$46,000	\$20,000
Virginia Department of Military Affairs	5	\$290,000	\$36,000	\$66,000	\$30,000
Virginia Marine Commission	5	\$280,000	\$35,000	\$63,000	\$28,000
Wildlife Resources	14	\$795,000	\$100,000	\$180,000	\$80,000
Virginia State University	4	\$228,000	\$29,000	\$52,000	\$23,000
Total	169	\$10,974,000	\$1,379,000	\$2,480,000	\$1,101,000

* 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 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, 2027, and provides the benefits for service earned on or after July 1, 2027.

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.

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

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.

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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 earned on or after July 1, 2027, 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 considered in the JLARC report. The report also noted that only 15 of the 50 states included 911

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dispatchers under hazardous duty coverage. The 2023 JLARC report also made no recommendation on who should be covered by enhanced hazardous duty benefits.

The bill is identical to HB 1269. The bill is similar to HB 205, HB585 (also including animal control officers), and HB 750 that would allow localities to elect hazardous duty benefits for local 911 dispatchers for service earned on or after July 1, 2027. The bill is also similar to HB 1128 that would allow localities to elect hazardous duty benefits for local 911 dispatchers for service earned on or after July 1, 2027, but does not provide eligibility for the hazardous duty supplement.