

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: 2/2/2026 5:48 PM

ORIGINAL

Bill Number: SB695 **Patron:** Jordan
Bill Title: School boards; employment of school resource officers; Virginia Retirement System.

Bill Summary: Requires each school board to enter into a collaborative agreement with the local law-enforcement agency to employ a school resource officer. The bill requires localities to provide enhanced retirement benefits to school resource officers. The bill also allows a retired law-enforcement officer to work as a school resource officer after a break in service of at least six months without impacting his retirement benefits.

Budget Amendment Necessary: Yes **Items Impacted:** 483
Explanation: Virginia Retirement System will require nongeneral fund appropriation in order to implement the provisions of this bill. Any impact to local school divisions is indeterminate.

Fiscal Summary: Virginia Retirement System estimates a need for \$350,000 in additional nongeneral fund appropriation in FY26 to cover the cost of programming and testing to implement the provisions of this bill.

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>
158 (VRS)	\$350,000	\$0	\$0	\$0	\$0	\$0
TOTAL	\$350,000	\$0	\$0	\$0	\$0	\$0

Fiscal Analysis: This bill makes changes to retirement benefits for school resource officers that would affect the Virginia Retirement System (VRS). VRS will need a nongeneral fund appropriation in FY 2026 of approximately \$350,000 to cover the cost of programming and testing for adding this new position in which retirees may return to work, as well as updating employee and employer communications, with minimal ongoing costs for program management. The VRS IT team anticipates that it will likely be able to modify the existing programming and nomenclature to implement this bill instead of having to develop and test a completely new approach. If existing programming can be modified, the implementation costs will be significantly lower for this bill compared to other similar pieces of legislation. However, if this isn't the case, higher costs analogous to the other return-to-work bills would be expected. VRS requests a delayed effective date of July 1, 2027. This would allow for adequate time to develop system programming and perform applicable testing.

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The bill provides that each locality participating in VRS shall provide to school resource officers “the benefit coverage described in subsection B” of § 51.1-138, Code of Virginia, for service earned on or after July 1, 2026. Under this subsection, local employers that participate in VRS may make an irrevocable election to provide categories of hazardous duty employees specified in § 51.1-138 with benefits equivalent to those provided under the State Police Officers’ Retirement System (SPORS). As school resource officers are fully certified law-enforcement officers who must be employed by a law-enforcement agency, school resource officers employed by a locality that has adopted enhanced hazardous duty benefits under § 51.1-138 already receive enhanced hazardous duty benefits. All police departments and sheriffs’ offices for counties and cities that participate in VRS have already elected to provide hazardous duty benefits to their law-enforcement officers or provide enhanced benefits for law-enforcement officers through a locally offered plan. Thus, it is unclear if the bill would actually result in any school resource officer receiving a different retirement benefit than they would already receive. To the extent there are in fact any school resource officers in the Commonwealth to which the bill would apply, the requirement that the locality provide enhanced hazardous duty benefits would increase the locality’s contribution rate and its liabilities. However, because the bill only applies to prospective service, i.e., service earned after the effective date of the bill, the impact on a locality due to the increase in benefits would be somewhat mitigated.

The bill also allows a retired law-enforcement officer to work as a school resource officer after a break in service of at least six months without impacting his retirement benefits. Since a school resource officer is a law-enforcement officer assigned to work in a school, the bill would permit a retired law-enforcement officer to return to work after retirement as a law-enforcement officer, albeit one who must be assigned by the local law-enforcement agency that employs them to a school in order to comply with the provisions of the bill. If a retired law-enforcement officer returns, is assigned as a school resource officer for a while and then is assigned by the local law-enforcement agency that employs them to another, ineligible duty, there will be benefit consequences to the retiree’s benefits.

The impacts of allowing law-enforcement officers to return to work in any law-enforcement position after a six-month break in service were discussed in reports published by VRS in 2022 and 2023 at the direction of the General Assembly (see [Return to Work Provisions Governing Virginia Retirement System \(VRS\) Retirees \(RD856\) - December 15, 2022](#); Return to Work for Law-Enforcement Officers Retired from VRS (RD578) - November 1, 2023). These include the impacts and effect of benefits such as the Affordable Care Act (ACA) and ancillary benefits other than pensions, including COLA, the hazardous duty supplement, the health insurance credit, and workers’ compensation claims. These impacts generally would also apply to retired law-enforcement officers returning to work in the positions described in the bill.

VRS anticipates that, based on data from previous break in service requirement changes, the provisions of this bill could lead to an increase in retirements and in retirees returning to work under the provisions of this bill. Because the bill requires employers to include the retirees’ salary in the computation of employer contributions, the bill is not expected to have a significant impact on employer contribution rates, as the payment of employer contributions for these retirees will help mitigate any impact on contribution rates. There could be a negative impact of changing retirement patterns, which will increase liabilities and

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employer costs over time. The magnitude of the increase will be dependent on the volume of members who retire earlier than expected to later return to work under these provisions. The plans from which they retire could see an increase in costs due to the increased liability associated with retiring earlier than expected in order to receive a pension, potentially a hazardous duty supplement, and active healthcare, as well as a full-time salary.

At the time of posting, the Department of Education was unable to provide feedback on the impact of this bill to DOE or to Direct Aid to Public Education. The bill does not implement a Standards of Quality staffing standard for school resource officers and should not generate any additional state funding under Direct Aid. Pursuant to § 9.1-101 of the Code, school resource officers are hired by local law-enforcement agencies. Any costs to employ school resource officers would be supported by the localities. Any actual fiscal impact to localities or local school divisions is indeterminate.

Other: The summary of this bill on LIS states that the bill requires each school board to employ at least one school resource officer in each school. However, as written, the bill requires each school board to employ a school resource officer, which could be one per division, not one per school.

The bill requires that each school board shall employ a school resource officer. Section 9.1-101, Code of Virginia, requires that a school resource officer is hired by a local law-enforcement agency and provides service to schools.