



Overview

Compensation and Retirement

Introduced Budget – HB 30
2008 General Assembly Session



Employee Salary Adjustments

- HB 30 includes \$254.6 million for second year salary adjustments. These would be effective July 1, 2009
 - This funds 3.0% increases for state employees, state-supported local employees and college faculty
 - Cost of \$122.2 million in FY 2010
 - Incentive funding is provided for 3.5% increases for teachers and 3.0% for all other SOQ positions
 - Cost of \$132.4 million in FY 2010



VRS Rates

- VRS rates based on same policy assumptions in Chapter 847
 - Rates assume:
 - 24 year amortization
 - 8% rate of return on investments
 - 3% rate of inflation for COLAs
- Increased cost of state employees retirement: \$4.4 million in FY 2009 and \$4.6 million in FY 2010
- Other VRS Programs for State Employees: Savings of \$2.9 million in FY 2009 and \$3.0 million in FY 2010
- Teachers: Savings of \$29.3 million GF in FY 2009 and \$29.5 million in FY 2010



VRS Rates

<u>Program</u>	<u>2008 Rate</u>	<u>New Rate</u>
State Employee Retirement	6.15%	6.68%
SPORS	20.76%	21.48%
VaLORS	15.86%	15.02%
JRS	38.01%	35.74%
Teachers Retirement	10.30%	9.35%
State Employee Health Ins. Credit	1.20%	1.22%
Teacher/CO Health Ins. Credit	1.16%	1.12%
VSDP	2.00%	1.96%
State Employee Life Insurance	1.00%	0.89%
Teachers/CO Life Insurance	0.40%	0.36%



Retirement Costs - State Supported Local Employees

- FY 2007 Retirement Contribution Rate Adjustment: Budget includes \$12.3 million in FY 2008, \$7.5 million in FY 2009, and \$7.5 million in FY 2010 to fund the impact of the FY 2007 increase in the retirement contribution for constitutional officers
 - 2006-2008 biennium budget for Compensation Board did not reflect increased costs from changes in VRS contribution rates effective FY 2007
 - Resulted in a shortfall in FY 2007
 - \$4.8 million in FY 2008 is needed to backfill appropriation which was transferred to FY 2007 to cover shortfall
- Updated Contribution Rates: Budget includes \$1.6 million in FY 2009 and \$1.6 million in FY 2010 to fund the impact of the VRS retirement rates which are proposed for the 2008-2010 biennium



Reimbursements to Localities for LEOS

- LEOS for Deputy Sheriffs: Budget includes \$2.0 million in FY 2009 and \$4.0 million in FY 2010 to reimburse localities and regional jails for providing expanded retirement benefits to sheriffs deputies under LEOS
 - Senate Bill 1166 of the 2007 session mandated that localities provide enhanced retirement benefits to their sheriffs deputies through LEOS no later than July 1, 2008
 - These reimbursements are in addition to the current formula for reimbursement of retirement costs to localities for constitutional officers
 - Language states the Compensation Board shall allocate these additional reimbursements based on the local fiscal stress index



Other Compensation and Retirement

- State Employee Health Insurance
 - \$19.1 million in FY 2009
 - \$14.8 million in FY 2010
 - Increase lower than inflation rate largely due to current excess balances in the fund (estimated at \$65 million)
 - This will result in significant premium increases in 2011
 - Second year of OPEB phase-in is funded for FY 2009, will be revisited prior to FY 2010



Inflation Adjustment to Health Insurance

<u>Policy</u>	<u>FY 2009</u>	<u>FY 2010</u>
Annual Inflation Trend	8.00%	8.00%
Reduce Excess Balance in HIF	-3.98%	-3.98%
Savings from Future Moms Program	-0.03%	-0.03%
Second Year of OPEB Phase In	<u>1.29%</u>	<u>0.0%</u>
Proposed Premium Change	5.28%	3.99%



Proposed Rates

Health Insurance Premiums

COVA Care Basic

Monthly Premiums

<u>FY 2008</u>	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Single	\$395	\$42	\$437
Dual	\$706	\$103	\$809
Family	\$1,035	\$147	\$1,182
<u>FY 2009</u>	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Single	\$416	\$44	\$460
Dual	\$743	\$108	\$852
Family	\$1,090	\$155	\$1,244



Line of Duty

- Line of Duty: Budget includes \$1.3 million in FY 2009 and \$2.6 million GF in FY 2010 to fund the Line of Duty benefits on an actuarial basis
- Total Proposed Funding for Line of Duty Act:

FY 2007:	\$7,377,064
FY 2008:	\$10,048,276
FY 2009:	\$11,348,276
FY 2010:	\$12,648,276