



Benefits and Actuarial Committee (B&A) Meeting

VRS, 1111 E. Main St., 3rd Floor Board Room

Tuesday, 2/7/2023

1:00 - 3:30 PM ET

I. Welcome and Introductions

II. Approve Minutes

B&A Minutes 11.14.2022 final - Page 2

III. Action Items - 2023 COLAs Requiring Board Approval

- **RBA - Approval of July 1, 2023 increase relating to VSDP creditable compensation and VSDP COLA.**
RBA for VSDP COLA 02092023 - Page 5
- **RBA - Approval of July 1, 2023 increase relating to VLDP creditable compensation.**
RBA for VLDP COLA 02092023 - Page 7
VRS COLAs 2023 - Page 8
2023_VRS_ColaLetter_Final - Page 22
2023 Audit COLA Memorandum - signed - Page 25

IV. Information Items

- **2023 COLAs called for under statute not requiring Board approval**
 - i. **COLA for service and disability retirees effective July 1, 2023.**
 - ii. **Hazardous Duty Supplement effective July 1, 2023.**
 - iii. **Group Life Insurance minimum life insurance amount effective July 1, 2023.**
- **2023 Legislative Update**
2023 Legislative Update 2-6-2023 - Page 29
- **Upcoming B&A Committee Meetings:**
 - April 19, 2023 at 1:00 p.m.
 - June 14, 2023 at 1:00 p.m.
 - October 18, 2023 at 1:00 p.m.
 - November 16, 2023 at 10:00 a.m.

V. Other Business

Minutes

A regular meeting of the Benefits and Actuarial Committee was held on November 14, 2022, in Richmond, Virginia with the following members participating:

William A. Garrett, Chair
John M. Bennett, Vice Chair
Lindsey K. Pantele

VRS Staff:

Patricia Bishop, Jennifer Schreck, Rory Badura, Judy Bolt, Ty Bowers, Jeanne Chenault, Michael Cooper, Sara Denson, Valerie Disanto, Barry Faison, Andy Feagans, Brian Goodman, Daveida Murphy-Hasan, Angela Payne, Steven Ramirez, Virginia Sowers, Leslie Weldon and Cindy Wilkinson.

Guests:

Jim Anderson, Becky Stouffer, and Kurt Dossou, Gabriel, Roeder, Smith & Company (GRS); Emily Grimes and Jason Saunders, Department of Planning and Budget; and Jamie Bitz, Joint Legislative Audit and Review Commission.

The meeting convened at 1:00 p.m.

Opening Remarks

Mr. Garrett called the meeting to order and welcomed everyone to the November 14, 2022, meeting of the Benefits and Actuarial Committee.

Approval of Minutes

Upon a motion by Mr. Bennett, with a second by Ms. Pantele, the Committee approved the minutes of its October 17, 2022, meeting.

Gabriel, Roeder, Smith & Company (GRS) 2022 Actuarial Valuation Results for Political Subdivision Retirement Plans, the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP), Local Health Insurance Credit (HIC) Plans and the Line of Duty Act (LODA) Fund.

Jim Anderson and Becky Stouffer from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), presented the June 30, 2022, actuarial valuations for the Political Subdivision Retirement Plans, the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP), Local Health Insurance Credit (HIC) Plans and the Line of Duty Act (LODA) Fund. The VRS actuary conducts annual valuations as of the close of the fiscal year (June 30). In odd-numbered years the valuations are used to establish employer contribution rates. The results in even-numbered years are shared with the Board of Trustees to inform the Board of any emerging trends or indications of the magnitude and direction of any potential changes to contribution rates.

Similar to the state-wide pension plans presented at the last meeting, despite lower-than-expected returns for fiscal year 2022, recognition of prior investment gains in the development of the actuarial

value of assets led to improved funded status for the political subdivision pension plans in aggregates. Fiscal year 2022 also included higher than expected cost-of-living increases and pay increases for political subdivision plans in aggregate, which led to higher than expected liabilities.

The HIC plans for political subdivisions as well as the State-funded HIC plans for Constitutional Officers, Social Services Employees and Registrars all had an increase in funded status and a slight decrease in contribution rates. Due to a recently implemented allocation methodology for the HIC benefits, the HIC plans for political subdivisions saw an increase in liability; however, it was offset by unrecognized gains from the prior valuation. The new methodology allocates a prorated portion of HIC liability to each employer a member worked for that offered the HIC benefit.

The VSDP plan and VLDP plan for Teachers and Political Subdivisions all had a slight decrease in plan funded status mainly due to slight differences in application of the actuarial funding method used by GRS. This also led to slightly lower contribution rates for each plan compared to the 2021 valuation.

GRS then presented information on the Line of Duty Act Fund (LODA). The LODA plan is a pay-as-you go plan that must collect the required funds to pay benefits expected to be incurred over the coming year. With a notable decrease in the covered headcount as well as an expected increase in plan claims, GRS, working with VRS staff, recommended an increase in the LODA premium to \$830.00 per full time equivalent (FTE) beginning July 1, 2023. The increase in rate was set to cover fiscal year 2024 costs including one month of reserve for incurred but not reported claims (IBNR).

Mr. Garrett thanked Ms. Stouffer and Mr. Anderson for their presentation.

Upon a motion by Ms. Pantele, with a second by Mr. Bennett, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Accept the Plan Actuary's Valuations as of June 30, 2022 for the Political Subdivision Retirement Plans; the Health Insurance Credit (HIC) Plans for Political Subdivisions; the State-Funded HIC for Constitutional Officers, Social Services Employees and Registrars; the Virginia Sickness and Disability Program, including the Self-Funded Long-Term Care; and the Virginia Local Disability Program, including the Self-Funded Long-Term Care.

Request for Board Action: The Virginia Retirement System Board of Trustees accepts the June 30, 2022 Actuarial Valuations conducted by the VRS plan actuary, Gabriel, Roeder, Smith & Company, for the Political Subdivision Retirement Plans; the Health Insurance Credit (HIC) Plans for Political Subdivisions; the State-Funded HIC for Constitutional Officers, Social Services Employees and Registrars; the Virginia Sickness and Disability Program, including the Self-Funded Long-Term Care; and the Virginia Local Disability Program, including Self-Funded Long-Term Care.

Upon a motion by Ms. Pantele, with a second by Mr. Bennett, the Committee recommended approval of the following action to the full Board of Trustees:

RBA: Accept revised LODA premium for FY 2024 as recommended by the Plan Actuary, effective July 1, 2023.

Request for Board Action: *The Board accepts the increased FY 2024 premium for the Line of Duty Death and Health Benefits Trust Fund (the LODA Fund) as recommended by the Plan Actuary for FY 2024.*

Information Items

Review of Stress Test and Sensitivity Analysis Report

Next, Rory Badura, Senior Staff Actuary, presented the findings of the VRS Stress Test and Sensitivity Analysis Report. He noted that the report is based on the June 30, 2021, actuarial valuation and analyzes the potential effect on plan funding over the next several years and contains various adverse economic scenarios that illustrate impacts of higher inflation and continued market volatility. The report focuses on adverse events as they better highlight areas of risk.

Mr. Garrett thanked Mr. Badura for his presentation.

Confirmed 2023 B&A Committee Meeting Schedule:

Lastly, the Committee reviewed its 2023 meeting schedule:

- February 7
- April 19
- June 14
- October 18
- November 16

Mr. Garrett noted that all meetings will begin at 1:00 p.m., apart from the November meeting, which is scheduled for 10:00 a.m.

Adjournment

There being no further business and following a motion by Mr. Bennett, with a second by Ms. Pantele, the Committee agreed to adjourn the meeting at 2:48 p.m.

Date

William A. Garrett, Chair
Benefits and Actuarial Committee



Approval of July 1, 2023 increase relating to VSDP creditable compensation and VSDP COLA.

Requested Action

Effective July 1, 2023, the following increases shall apply:

- The creditable compensation used in calculating the member's average final compensation at retirement shall be increased in the amount of 4.00% for a Plan 1, Plan 2 or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one calendar year under the Virginia Sickness and Disability Program (VSDP); and
- A cost of living adjustment shall be applied to the net LTD benefit payment of 5.00% for Plan 1 members vested prior to January 1, 2013, or 3.00% for Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members.

Description/Background

Code of Virginia § 51.1-1112(C) provides: "Creditable compensation during periods an employee receives long-term disability benefits shall (i) not include salary increases awarded during the period covered by long-term disability benefits and (ii) be increased annually by an amount recommended by the actuary of the Virginia Sickness and Disability Program and approved by the Board."

Code of Virginia § 51.1-1117(B) provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

Code of Virginia § 51.1-1128(B) provides the same requirement for participating full-time employees receiving supplemental (work-related) disability benefits: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, each year VRS requests that the plan actuary recommend the cost of living adjustment (COLA) to be applied to the benefit paid and to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VSDP.

In 2011 the Board amended the process for determining the COLA to be applied to the creditable compensation of LTD recipients for purposes of calculating service retirement. It is now based on the combined average increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA.

Rationale for Requested Action

Per the attached January 20, 2023 letter, the VRS plan actuary, Gabriel, Roeder, Smith & Company, observed increases in creditable compensation of 9.74% during fiscal year 2022 for members enrolled in

VSDP. Based on the recommendation from the plan actuary, and consistent with past practice, the recommended increase in creditable compensation for purposes of service retirement from disability shall be 4.00%, and after offsets, an adjustment to the benefit payments of VSDP LTD recipients who have been receiving such payments for at least one calendar year of 5.00% for Plan 1 members vested as of January 1, 2013 or 3.00% for Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members.

Authority for Requested Action

The Board's authority for this action is contained in *Code of Virginia* §§ 51.1-1112, -1117, and -1128.

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date



Approval of July 1, 2023 increase relating to VLDP creditable compensation.

Requested Action

Effective July 1, 2023, each recipient of LTD benefits under the Virginia Local Disability Program (VLDP) who has been receiving LTD benefits for at least one calendar year, and who ultimately retires directly from LTD, will have their creditable compensation at date of disability increased by an amount set by the Board to be used in determining the member's average final compensation for disability retirement. The recommendation applicable July 1, 2023 is an increase of 4.00% to be applied to a recipient's creditable compensation.

Description/Background

Code of Virginia § 51.1-1161(C) provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

Code of Virginia § 51.1-1169(C) provides: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, VRS requested that its actuary recommend the COLA to be applied to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VLDP.

Rationale for Requested Action

Per the attached January 20, 2023 letter, the VRS plan actuary, Gabriel, Roeder, Smith & Company, observed increases in creditable compensation of 11.34% during fiscal year 2022 for VLDP members. Based on the recommendation from the plan actuary, and consistent with past practice the recommended increase in creditable compensation for purposes of service retirement from disability shall be 4.00%.

Authority for Requested Action

The Board's authority for this action is contained in *Code of Virginia §§ 51.1-1161 and -1169*.

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date

Virginia Retirement System Cost-of-Living Adjustments (COLAs)

February 7, 2023



VRS COLAs



- Per § 51.1-166 of the *Code of Virginia*, VRS post-retirement supplements shall be determined annually by reference to the increase in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor.
- The percentages shall be based on the monthly averages and shall be the difference between (i) the average for the calendar year just ended and (ii) the average for the most recent calendar year used in the determination of the post-retirement supplements currently being paid.

Post-Retirement Supplement (COLA)

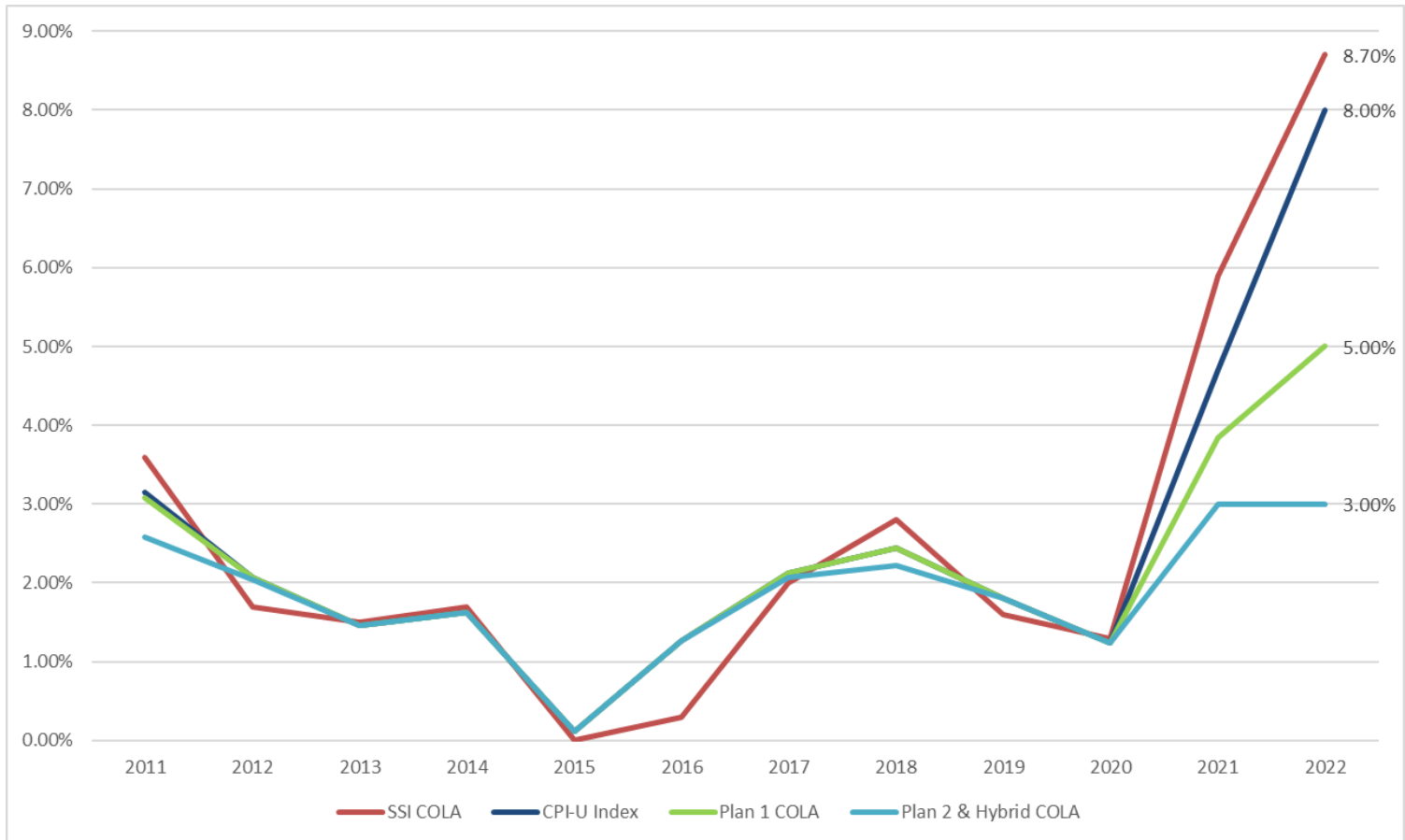


Calendar Year	COLA Index U.S. CPI-U	Annual growth rate	VRS COLA			
			Plan 1	Plan 2	Hybrid	Effective
2011	224.939	3.16%	3.08%	2.58%	N/A	July 2012
2012	229.594	2.07%	2.07%	2.04%	N/A	July 2013
2013	232.957	1.46%	1.46%	1.46%	N/A	July 2014
2014	236.736	1.62%	1.62%	1.62%	N/A	July 2015
2015	237.017	0.12%	0.12%	0.12%	0.12%	July 2016
2016	240.007	1.26%	1.26%	1.26%	1.26%	July 2017
2017	245.120	2.13%	2.13%	2.07%	2.07%	July 2018
2018	251.107	2.44%	2.44%	2.22%	2.22%	July 2019
2019	255.657	1.81%	1.81%	1.81%	1.81%	July 2020
2020	258.811	1.23%	1.23%	1.23%	1.23%	July 2021
2021	270.970	4.70%	3.85%	3.00%	3.00%	July 2022
2022	292.655	8.00%	5.00%	3.00%	3.00%	July 2023

- Plan 1 members receive 100% of the first 3% increase in CPI-U* and 50% of any increase between 3% and 7%, capped at 5%.
- Effective January 1, 2013, the COLA for Plan 2 and Hybrid members is 100% of first 2% increase in CPI-U and 50% of any increase between 2% and 4%, capped at 3%.

* United States Average Consumer Price Index for all items, all urban consumers, as published by the Bureau of Labor Statistics of the United States Department of Labor.

Comparison of Indices



- VRS COLAs are based on the average monthly CPI-U increase which was 8.0%.
- SSI COLA is based on different index and method and is determined in September rather than year end.
- The 2022 VRS COLAs are both capped at the maximums; 5.0% for Plan 1 and 3.0% for Plan 2 & Hybrid.

- Code Sections 51.1-138.B, 51.1-206.B, and 51.1-217.B require that the supplement provided to hazardous duty employees be reviewed biennially, at which time it is to be increased by any applicable cost of living adjustments published by the Social Security Administration since the last applicable increase.
- The SSI COLA was 5.9% in 2021 and 8.7% in 2022, resulting in a biennial increase of 15.11%.
- The annual Hazardous Duty Supplement will increase from \$14,664 to \$16,884 for fiscal year 2023.

- Per § 51.1-1112(C), 51.1-1117(B) and 51.1-1128(B), Virginia Sickness and Disability Program (VDSP) creditable compensation is to be increased annually by an amount recommended by the program actuary and approved by the Board.
- VSDP creditable compensation is increased each year based on the combined average increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA.

VSDP Increase in Creditable Compensation



Virginia Retirement System VSDP Increase in Creditable Compensation for VRS Pension Benefit Purposes

Average pay increase from 2021 to 2022 for members active as of June 30, 2021 and June 30, 2022, and reported in VRS valuation data as participating in VSDP

Plan	June 30, 2021		June 30, 2022		Increase in Pay Rate
	Number Members	Annual Pay Rate	Number Members	Annual Pay Rate	
State	57,505	\$ 3,576,749,037	57,505	\$ 3,904,991,975	9.18%
VaLORS	5,647	\$ 255,187,188	5,647	\$ 293,197,054	14.89%
SPORS	1,537	\$ <u>104,655,354</u>	<u>1,537</u>	\$ 121,976,411	16.55%
Total	64,689	\$ <u>3,936,591,579</u>	64,689	\$ <u>4,320,165,440</u>	9.74%

Increase in Total Annual Pay Rate (Not to Exceed 4.00%)

4.00%

- The annual COLA to be applied to a VSDP long-term disability claimant's creditable compensation may not exceed 4.00%.

VSDP Increase in LTD Benefit

- For members who have been the recipient of long-term disability (LTD) benefits for at least one year under the Virginia Sickness and Disability Program shall receive an increase in the net LTD benefit payment.
- For Plan 1 members vested prior to January 1, 2013 – 5.00% increase.
- For Plan 1 members not vested by January 1, 2013 and all Plan 2 and Hybrid members – 3.00% increase.

- Per § 51.1-1161(C) and 51.1-1169(C), Virginia Local Disability Program (VLDP) creditable compensation shall be increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
- Increases in VLDP creditable compensation will be computed each year based on the combined average increase in the pay rate for Teachers and Political Subdivisions participating in the Hybrid Retirement Plan active at the beginning and the end of the most recent plan year before the date of determination of the COLA.
- The increase is not applied on an annual basis, but is applied to a member's average final compensation if the member ends up taking a service retirement directly from long-term disability status.

VLDP Increase in Creditable Compensation



Virginia Retirement System

VLDP Increase in Creditable Compensation for VRS Pension Benefit Purposes

Average pay increase from 2021 to 2022 for members active as of June 30, 2021 and June 30, 2022, and reported in VRS valuation data as participating in VLDP

Plan	June 30, 2021		June 30, 2022		Increase in Pay Rate
	Number Members	Annual Pay Rate	Number Members	Annual Pay Rate	
Teachers - Hybrid	47,737	\$ 2,257,092,540	47,737	\$ 2,480,111,369	9.88%
Political Subdivisions - Hybrid	<u>32,034</u>	<u>\$ 1,342,666,922</u>	<u>32,034</u>	<u>\$ 1,527,783,027</u>	13.79%
Total	79,771	\$ 3,599,759,462	79,771	\$ 4,007,894,397	11.34%

Increase in Total Annual Pay Rate (Not to Exceed 4.00%)

4.00%

- The annual COLA to be applied to a VLDP long-term disability claimant's creditable compensation may not exceed 4.00%.

- § 51.1-505(B) provides that the reduction in life insurance coverage shall not decrease the amount of life insurance on an employee to less than 25 percent of the amount of life insurance to which the initial reduction is applied.
- Effective July 1, 2014, for retirees with at least 30 years of creditable service, the reduction shall not decrease the amount of life insurance to less than \$8,000.
- The \$8,000 minimum coverage shall be increased by the same percentage as any annual post-retirement supplement for retirees, as calculated for employees hired on or after July 1, 2010, pursuant to § 51.1-166.

Group Life Insurance – Minimum Benefit

Calendar Year End	Plan 2 COLA	Group Life Minimum
2014	1.62%	\$8,000
2015	0.12%	\$8,010
2016	1.26%	\$8,111
2017	2.07%	\$8,279
2018	2.22%	\$8,463
2019	1.81%	\$8,616
2020	1.23%	\$8,722
2021	3.00%	\$8,984
2022	3.00%	\$9,254

Questions



January 20, 2023

Mr. Rory Badura, ASA, EA, FCA, MAAA
Senior Staff Actuary
Virginia Retirement System
1200 E. Main Street
Richmond, VA 23219

Re: Cost of Living Adjustments (COLA) Effective July 1, 2023

Dear Mr. Badura:

As requested, we have calculated the annual COLA called for under Virginia Code for the Virginia Retirement System (VRS), the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP) and the Group Insurance Program, in particular the Group Life Insurance (GLI). This replaces the draft version dated January 13, 2023.

The following table summarizes the adjustments recommended effective July 1, 2023. Those denoted in **bold** require action by the Board of Trustees to set the amount of adjustment.

COLA Type/Group	Required by Code	Adjustment Level Set by Board Resolution	July 1, 2023	
			Adjustment	Annual Amount
VRS Plan 1 (Vested as of 1/1/2013)	Yes	N/A	5.00%	N/A
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	Yes	N/A	3.00%	N/A
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	4.00%	N/A
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	4.00%	N/A
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	Yes	Yes	5.00%	N/A
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	Yes	Yes	3.00%	N/A
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Yes	N/A	3.00%	\$9,254
VRS Hazardous Duty Supplement	Yes	N/A	15.11%	\$16,884

The COLA adjustments were calculated in accordance with the Virginia Code and our understanding of Board of Trustee Policies and Procedures, as adopted February 4, 2011. Refer to the enclosure for additional detail supporting the calculated COLA adjustments.

Please let us know if you have any questions.

Sincerely,
Gabriel, Roeder, Smith & Company

Rebecca L. Stouffer, ASA, FCA, MAAA

James D. Anderson, FSA, EA, FCA, MAAA

RLS/JDA:rmn

Enclosure

cc: Cindy Wilkinson, VRS

VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2023

COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase ¹	COLA Calculation		
			2021	2022		100% of First 3.00%	50% of Next 4.00%	COLA
VRS Plan 1 (Vested as of 1/1/2013)	100% of the CPI-U Increase up to 3.00% plus 50% of the next 4.00%. Minimum COLA of 0.00%. Maximum COLA of 5.00%.	51.1-166.B.	270.97	292.655	8.00%	3.00%	2.00%	5.00%
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	100% of the CPI-U increase up to 2.00%, plus 50% of the next 2.00%. Minimum COLA of 0.00%. Maximum COLA of 3.00%.	51.1-166.B.	270.97	292.655	8.00%	2.00%	1.00%	3.00%
COLA Type/Group	Brief Description/Rationale ²	Code Section(s)	Creditable Compensation ³		% Increase in Pay	COLA Calculation		
			2021	2022		100% of First 4.00%		COLA
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	As recommended by Cavanaugh Macdonald Consulting, LLC and adopted by the Board in 2011, the VSDP Creditable Compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year; however, is subject to the Maximum COLA. Maximum COLA of 4.00%.	51.1-1117.B. 51.1-1123.C. 51.1-1128.B.	\$3,936,591,579	\$4,320,165,440	9.74%	4.00%		4.00%
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Apply approach similar to the "VSDP Creditable Compensation." The VLDP Creditable Compensation COLA was based on the increase in the pay rate for Hybrid Pension Plan members (of the Teacher Plan and non-hazardous duty Political Subdivisions) active at the beginning and the end of the most recent plan year before the date of determination of COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year, subject to the VSDP maximum COLA level.	51.1-1161.C. 51.1-1169.C.	\$3,599,759,462	\$4,007,894,397	11.34%	4.00%		4.00%
COLA Type/Group	Brief Description/Rationale	Code Section(s)	Creditable Compensation		% Increase in Pay	COLA Calculation		
			2021	2022		100% of First 4.00%		COLA
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan 1 (Vested as of 1/1/2013).	51.1-1112.C. 51.1-1125.C.						5.00%
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan Non-Vested, Plan 2 and Hybrid Plan.	51.1-1112.C. 51.1-1125.C.						3.00%

¹ Increase in CPI-U is the ratio, or percentage change, of the current year CPI-U to prior year CPI-U index. By Code, the CPI-U index is defined as the calendar year average of the monthly CPI-U averages.

² The COLA maximum is not explicitly stated in the Request for Board Action (RBA) – 2011-02-04. Based upon a review of the 2022 Cost of Living Adjustments letter, dated January 20, 2022, and confirmation with the VRS staff, GRS understands that a maximum COLA of 4.00% is applicable under the current policies and procedures.

³ Creditable Compensation has been compiled from the data provided by the VRS for the June 30, 2021 and June 30, 2022 actuarial valuations.

VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2023 (Concluded)

COLA Type/Group	Brief Description	Code Section(s)	Adjusted Minimum Benefit Calculation		
			COLA	Before COLA	After COLA
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Minimum \$8,000 is indexed annually by 100% of the VRS COLA for Plan 1 Non-Vested, Plan 2, and Hybrid Plan.	51.1-505.B.	3.00%	\$8,984	\$9,254

COLA Type/Group	Brief Description	Code Section(s)	Social Security (SS) COLA		Biennial SS COLA Increase %	Adjusted Minimum Benefit Calculation		
			2021	2022		Before COLA (Monthly)	After COLA (Monthly)	After COLA (Annual)
VRS Hazardous Duty Supplement	Initial allowance equal to \$9,264, adjusted July 1, 2001, and biennially thereafter. Increase is based upon the increase in social security benefits in the interim.	51.1-138.B. 51.1-206.B. 51.1-217.B.	5.90%	8.70%	15.11%	\$1,222	\$1,407	\$16,884



MEMORANDUM

TO: Patricia S. Bishop, VRS Director

FROM: Jennifer P. Bell Schreck, VRS Internal Audit Director 

DATE: January 26, 2023

RE: Cost of Living Adjustments (COLAs)

Internal Audit has reviewed the amounts referred to as "Cost of Living Adjustments" as set forth in the attached letter and supporting table from VRS' actuary, Gabriel, Roeder, Smith & Company dated January 20, 2023.

In conducting our review, we independently recalculated the "Cost of Living Adjustments" using data and procedures provided by management and the actuary, while confirming certain external components associated with such calculations. We also examined the Code of Virginia sections referred to in the actuary's letter and supporting table.

Based upon our review, we found the "Cost of Living Adjustments" in the above referenced letter and table to be valid and accurate, based on the data provided, subject to the assumptions included therein with respect to increases in both VSDP LTD benefits and VSDP and VLDP creditable compensation, where the amounts are not specified by statute, but instead are to be recommended by the actuary and approved by the Board.

Please let me know if you have any questions. I ask that you share this information with the Benefits and Actuarial Committee.

Attachment



January 20, 2023

Mr. Rory Badura, ASA, EA, FCA, MAAA
Senior Staff Actuary
Virginia Retirement System
1200 E. Main Street
Richmond, VA 23219

Re: Cost of Living Adjustments (COLA) Effective July 1, 2023

Dear Mr. Badura:

As requested, we have calculated the annual COLA called for under Virginia Code for the Virginia Retirement System (VRS), the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP) and the Group Insurance Program, in particular the Group Life Insurance (GLI). This replaces the draft version dated January 13, 2023.

The following table summarizes the adjustments recommended effective July 1, 2023. Those denoted in **bold** require action by the Board of Trustees to set the amount of adjustment.

COLA Type/Group	Required by Code	Adjustment Level Set by Board Resolution	July 1, 2023	
			Adjustment	Annual Amount
VRS Plan 1 (Vested as of 1/1/2013)	Yes	N/A	5.00%	N/A
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	Yes	N/A	3.00%	N/A
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	4.00%	N/A
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	4.00%	N/A
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	Yes	Yes	5.00%	N/A
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	Yes	Yes	3.00%	N/A
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Yes	N/A	3.00%	\$9,254
VRS Hazardous Duty Supplement	Yes	N/A	15.11%	\$16,884

The COLA adjustments were calculated in accordance with the Virginia Code and our understanding of Board of Trustee Policies and Procedures, as adopted February 4, 2011. Refer to the enclosure for additional detail supporting the calculated COLA adjustments.

Please let us know if you have any questions.

Sincerely,
Gabriel, Roeder, Smith & Company

Rebecca L. Stouffer, ASA, FCA, MAAA

James D. Anderson, FSA, EA, FCA, MAAA

RLS/JDA:rmn

Enclosure

cc: Cindy Wilkinson, VRS

VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2023

COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase ¹	COLA Calculation		
			2021	2022		100% of First 3.00%	50% of Next 4.00%	COLA
VRS Plan 1 (Vested as of 1/1/2013)	100% of the CPI-U Increase up to 3.00% plus 50% of the next 4.00%. Minimum COLA of 0.00%. Maximum COLA of 5.00%.	51.1-166.B.	270.97	292.655	8.00%	3.00%	2.00%	5.00%
COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase ¹	COLA Calculation		
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	100% of the CPI-U increase up to 2.00%, plus 50% of the next 2.00%. Minimum COLA of 0.00%. Maximum COLA of 3.00%.	51.1-166.B.	270.97	292.655		8.00%	2.00%	1.00%
COLA Type/Group	Brief Description/Rationale ²	Code Section(s)	Creditable Compensation ³		% Increase in Pay	COLA Calculation		
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	As recommended by Cavanaugh Macdonald Consulting, LLC and adopted by the Board in 2011, the VSDP Creditable Compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year; however, is subject to the Maximum COLA. Maximum COLA of 4.00%.	51.1-1117.B. 51.1-1123.C. 51.1-1128.B.	\$3,936,591,579	\$4,320,165,440		9.74%	4.00%	
COLA Type/Group	Brief Description/Rationale	Code Section(s)	Creditable Compensation		% Increase in Pay	COLA Calculation		
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Apply approach similar to the "VSDP Creditable Compensation." The VLDP Creditable Compensation COLA was based on the increase in the pay rate for Hybrid Pension Plan members (of the Teacher Plan and non-hazardous duty Political Subdivisions) active at the beginning and the end of the most recent plan year before the date of determination of COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year, subject to the VSDP maximum COLA level.	51.1-1161.C. 51.1-1169.C.	\$3,599,759,462	\$4,007,894,397		11.34%	4.00%	
COLA Type/Group	Brief Description/Rationale	Code Section(s)				COLA Calculation		
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan 1 (Vested as of 1/1/2013).	51.1-1112.C. 51.1-1125.C.						5.00%
COLA Type/Group	Brief Description/Rationale	Code Section(s)				COLA Calculation		
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan Non-Vested, Plan 2 and Hybrid Plan.	51.1-1112.C. 51.1-1125.C.						3.00%

¹ Increase in CPI-U is the ratio, or percentage change, of the current year CPI-U to prior year CPI-U index. By Code, the CPI-U index is defined as the calendar year average of the monthly CPI-U averages.

² The COLA maximum is not explicitly stated in the Request for Board Action (RBA) – 2011-02-04. Based upon a review of the 2022 Cost of Living Adjustments letter, dated January 20, 2022, and confirmation with the VRS staff, GRS understands that a maximum COLA of 4.00% is applicable under the current policies and procedures.

³ Creditable Compensation has been compiled from the data provided by the VRS for the June 30, 2021 and June 30, 2022 actuarial valuations.

VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2023 (Concluded)

COLA Type/Group	Brief Description	Code Section(s)	Adjusted Minimum Benefit Calculation		
			COLA	Before COLA	After COLA
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Minimum \$8,000 is indexed annually by 100% of the VRS COLA for Plan 1 Non-Vested, Plan 2, and Hybrid Plan.	51.1-505.B.	3.00%	\$8,984	\$9,254

COLA Type/Group	Brief Description	Code Section(s)	Social Security (SS) COLA		Biennial SS COLA Increase %	Adjusted Minimum Benefit Calculation		
			2021	2022		Before COLA (Monthly)	After COLA (Monthly)	After COLA (Annual)
VRS Hazardous Duty Supplement	Initial allowance equal to \$9,264, adjusted July 1, 2001, and biennially thereafter. Increase is based upon the increase in social security benefits in the interim.	51.1-138.B. 51.1-206.B. 51.1-217.B.	5.90%	8.70%	15.11%	\$1,222	\$1,407	\$16,884

2023 Legislation*



- The General Assembly convened on January 11.
- Crossover- when most bills from the originating chamber can only be heard in the opposite chamber- begins **February 8**. Other than the Budget Bill, bills that have not cleared the originating chamber do not pass.
- The General Assembly is scheduled to adjourn on February 25
- The General Assembly is scheduled to reconvene on April 12 for the “veto session.”

2023 VRS-Related Bills

Resolutions

Bill Number	Patron	Description
SJ 263	Howell	Commending Ronald D. Schmitz.
SJ 273	Spruill	Confirming appointments made by the Governor, including A. Scott Andrews, Board Chair.

2023 Return to Work Bills

House bills

Bill #	Patron	Description
HB 1630	Coyner	<p><u>Substitute</u>: Reduces the current 12 month break in service to 6 months for all retirees returning to work full-time. Adds “specialized student support” personnel to the critical shortage section. For all critical shortage positions, requires employer contributions that are already required for Retiree School Security Officers. The substitute extends the sunset from 2025 to 2028.</p> <p>The substitute also incorporates HB 1850, HB 2107, and HB 2303.</p> <p>Substitute for HB 1630 passed the House 2/2/2023. HAC Budget Report Item 498 #1h</p>

2023 Return to Work Bills

Senate bills

Bill #	Patron	Description
SB 1107	Cosgrove	<p><u>Substitute</u>: Reduces the current 12-month break in service to 6 months for Retiree School Security Officers.</p> <p>Substitute for SB 1107 passed the Senate 1/30.</p>
SB 1289	Deeds	<p><u>Substitute</u>: Creates a separate six-month break in service exemption for retired school bus drivers. The substitute eliminated the greater than 20% vacancy requirement in the introduced bill for this separate exception. Requires the Sec. of Transportation and Sec. of Education to convene a work group to identify strategies to address shortages.</p> <p>Substitute for SB 1289 passed the Senate 1/30.</p>
SB 1479	Lucas	<p><u>Substitute</u>: Reduces the current 12-month break in service to 6 months for critical shortage teachers and bus drivers.</p> <p>Substitute for SB 1479 passed Senate 1/30.</p>
SB 1411	Norment	<p>Adds law-enforcement officers to the existing RSSO provision with a 12-month break in service.</p> <p>Passed Senate 1/30.</p>

SFAC RTW substitutes for **SB 1107, SB 1289, & SB 1479**, make the break in service six months, require employer contributions for all retirees returning to work, & provide a delayed effective date of 1/1/2024.

SB 1411 was not amended.

2023 Hazardous Duty Benefit Bills

Bill Number	Patron	Description
HB 1452	Orrock	<p>Allows the OAG to designate up to 30 individuals as sworn officers in the Medicaid Fraud Control Unit. This would be a new position eligible for VaLORS and LODA benefits.</p> <p>House Courts reported the bill and referred it to HAC. HAC reported substitute 2/3. Substitute reprint 2/3 does not include VaLORS.</p>
SB 1201	Reeves	<p><u>Substitute</u>: Adds 911 dispatchers to the list of local employees eligible to receive enhanced retirement benefits for hazardous duty for service earned on or after July 1, 2023 if elected by the locality. The substitute adds VSP dispatchers to VaLORS. Also allows employers to choose whether they will provide hazardous duty benefits for earlier service as a dispatcher. Substitute requires reenactment in 2024.</p> <p>Floor substitute passed Senate 1/30.</p>
SB 826	J. Bell	<p>Authorizes the Virginia School for the Deaf and the Blind to establish a campus police department. Campus police are eligible for VaLORS. It appears VSDB had this authority until the 2016 re-codification.</p> <p>Senate Education & Health reported the bill and referred it to SFAC. SFAC reported with the clause. SFAC Budget Report does not include funding. On the Senate calendar for 3rd reading on 2/6.</p>

2023 VRS-Related Bills

HIC Bills

Bill Number	Patron	Description
HB 1789	Filler-Corn	<p><u>Substitute</u>: Increases the HIC for retired local officers with at least 30 years of service by the Plan 2 COLA each year.</p> <p>Substitute is on the House calendar for 2nd reading on 2/6. HAC Budget Report Item 498 #1h- VRS implementation HAC Budget Report Item 483 #3h- \$750,000 GF in FY 24.</p>
HB 2314	Rasoul	<p><u>Substitute</u>: Increases the HIC for retired state employees with at least 30 years of service by the Plan 2 COLA each year.</p> <p>Substitute passed House 2/2. HAC Budget Report Item 498 #1h HAC Budget Report Item 483 #1h- \$7,582,000 GF in FY 24.</p>

2023 JRS Bills

Bill Number	Patron	Description
SB 784	Locke	<p><u>Substitute</u>: Adds a path for retired judges to appear as counsel if they are not authorized for temporary recall and either 1) meet the other requirements already in the Code or 2) is at least age 67 and eligible for full Social Security benefits. The <u>second substitute</u> also provides that a retired judge will not be eligible for temporary recall after they have appeared as private counsel.</p> <p>Substitute passed Senate 2/3.</p>
SB 1369	Vogel	<p><u>Substitute</u>: Increases the employer DC match limit for assistant Commonwealth’s Attorneys & public defenders for contributions made on or after July 1, 2023.</p> <p>SFAC reported the substitute 1/25. Senate recommitted substitute to SFAC 1/27. The substitute has not been heard in SFAC as of 2/6.</p>
SB 1449	Obenshain	<p><u>Substitute</u>: Provides that the <i>entire</i> amount of time a judge is on an extended absence for more than three months that is not due to a medical emergency, disability, or family emergency or for military leave shall be subtracted from creditable service toward retirement benefits and that no employer contributions shall be made <i>at any time</i> during such extended absence period. The substitute also adds an emergency enactment clause.</p> <p>Substitute is on the Senate calendar for 2nd reading on 2/6.</p>

2023 LODA Bills

LODA Bills

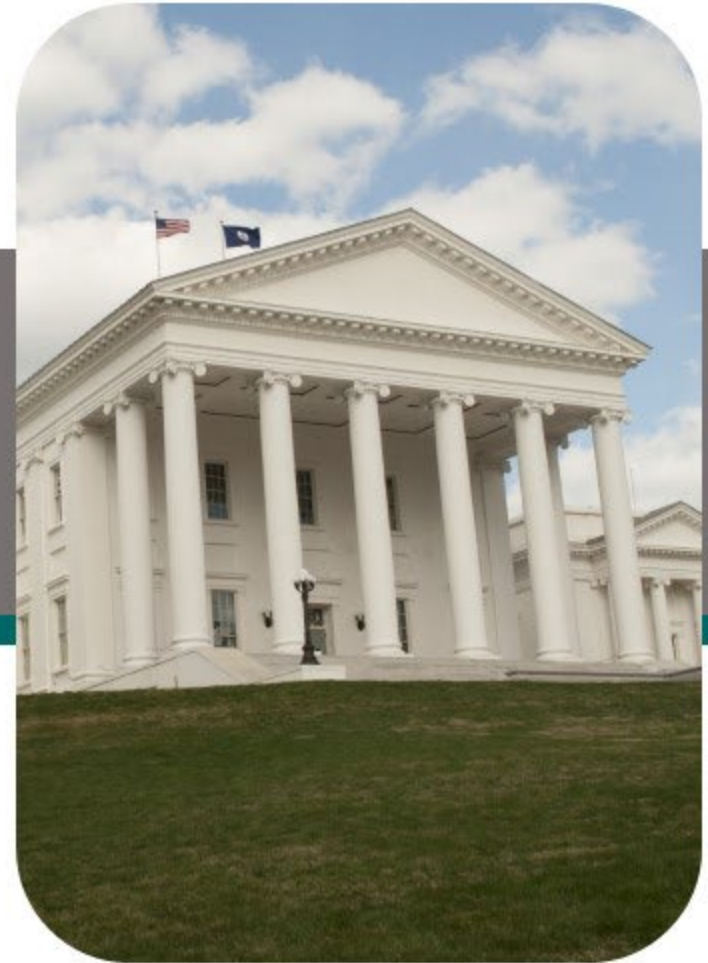
Bill Number	Patron	Description
SB 1046	McPike	<p>Provides that fire marshals appointed with police powers are included in the definition of law-enforcement officer. May provide LODA benefits to a few fire marshals who fill multiple roles for certain localities.</p> <p>Passed Senate 1/24.</p>
SB 1228	Obenshain	<p><u>Substitute</u>: Provides that nonprofit private institutions of higher education in Virginia may make a one-time election within 6 months of the bill's effective date to provide LODA benefits to their campus police officers.</p> <p>Substitute passed Senate 1/31. SFAC Budget Report (item pending) includes NGF authority for VRS to charge <i>contributing private colleges</i> a LODA joining fee.</p>

2023 VRS-Related Bills

Other VRS Bills

Bill Number	Patron	Description
HB 1568	Walker	<p>Removes the vesting requirement for porting of service between retirement systems.</p> <p>Bill has not been heard in HAC as of 2/6.</p>
SB 1344	Barker	<p>Allows the City of Alexandria to enter into a contract with the Dept of Health for local administration of local health services. Moves state Health employees to local employees eligible for VRS. The substitute does not make changes to the VRS provisions of the bill.</p> <p>Passed Senate 1/24.</p>

Other Bills



2023 Other Bills

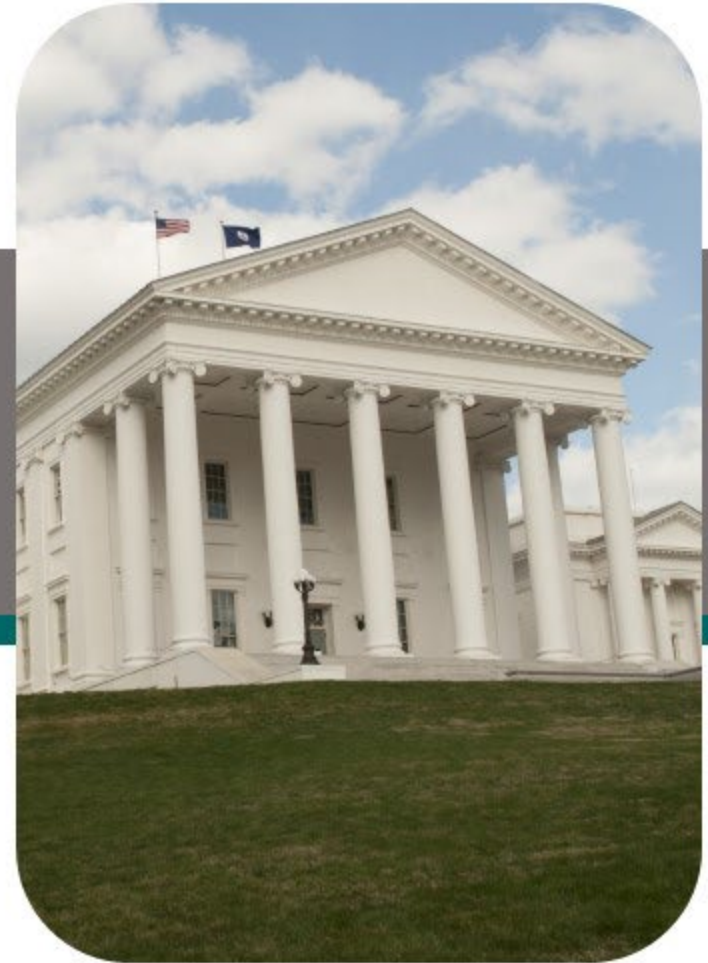
Procurement Bills

Bill Number	Patron	Description
HB 2385	Brewer	<p>HB 2385 only: Prohibits state agencies from entering into a contract for goods or services with a scrutinized company, defined in the bill as any company owned or operated by the Government of China, other than a company for which the Committee on Foreign Investment in the United States has determined that there are no unresolved national security concerns regarding the transaction that created such ownership or permitted such operation.</p> <p>HB 2385 & SB 1459: Prohibits any employee or agent of any executive branch agency or person or entity contracting with any such agency from downloading or using any application, including TikTok or WeChat, or accessing any website developed by ByteDance Ltd. or Tencent Holdings Ltd. (i) on any state-issued device or state-owned or state-leased equipment or (ii) while connected to any wired or wireless Internet network owned, operated, or maintained by the Commonwealth.</p> <p>HB 2385 passed House as amended 2/3. SB 1459 w/ amendments is on the Senate calendar for 2nd reading on 2/6</p>
SB 1459	McDougle	
SB 813	Surovell	<p>Prohibits redacting the name of the purchaser or description of purchase from any p-card records requested under FOIA.</p> <p>Passed Senate 1/30.</p>

COIA Bills

Bill Number	Patron	Description
HB 2281	Shin	<p>Authorizes the Virginia Conflict of Interest and Ethics Advisory Council to investigate alleged violations of the State and Local Government Conflict of Interests Act and the General Assembly Conflicts of Interests Act (the Acts). The Council may initiate an investigation upon its own motion or in response to a complaint filed by a resident of the Commonwealth who has firsthand knowledge of an alleged violation. The bill directs the Council to review the disclosure forms filed by members of the General Assembly for compliance with applicable disclosure requirements and limitations on gifts and the accuracy of all information disclosed and authorizes the Council to initiate an investigation based on the findings of this review. The bill increases from a Class 1 misdemeanor to a Class 6 felony the penalty for any knowing violation of the General Assembly Conflicts of Interests Act.</p> <p>Bill has not been heard in subcommittee or committee as of 2/6.</p>

Budget



2023 Committee Amendments

Amendments without Corresponding Bills

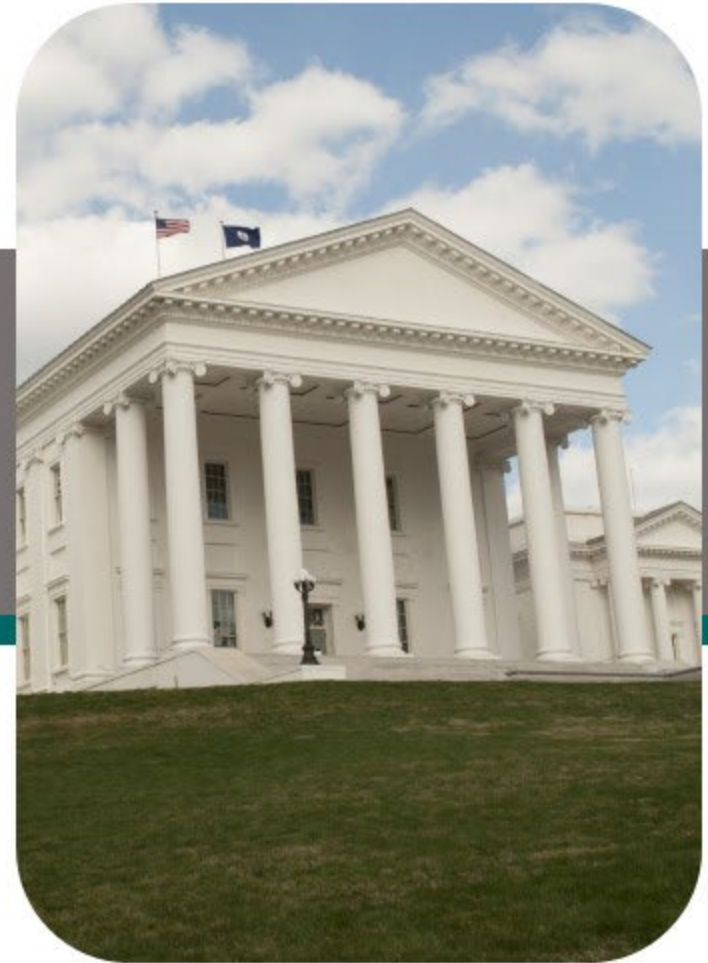
Item #		Description
408 #1h	HAC	Provides authority for DCJS and VRS to invest funds for the Virginia Mass Violence Care Fund (VMVC Fund). (language of the HAC amendment mirrors Senate member request)
	SFAC	Committee amendment transfers the Virginia Mass Violence Care Fund (VMVC Fund) from DCJS to Central Appropriations and establishes a work group to determine optimal structure for the Fund (language only; language not available yet)

2023 Committee Amendments

Amendments with Corresponding Bills

Item #		Description
483 #1h	HAC	Provides \$7,582,000 GF in FY 24 for the benefits provided under HB 2314 for state employees.
483 #3h	HAC	Provides \$750,000 GF in FY 24 for the benefits provided under HB 1789 for local constitutional officers.
	SFAC	Provides authority for VRS to charge private colleges a LODA joining fee (SB 1228). (\$35,000 NGF)
498 #1h	HAC	Provides \$420,000 NGF in FY 23 and \$75,000 NGF in FY 24 for VRS implementation of HB 1630 , HB 1789 , and HB 2314 .
	SFAC	Provides \$686,000 NGF for implementation of Senate return to work bills (SB 1107 , SB 1289 , SB 1411 , and SB 1479)

Budget- Rates and Funding



VRS Rates and LODA premiums

Item #	Description
483	Funds LODA premium increase from \$681.84 to \$830.00 per covered employee.

VRS Infusion

Item #	Description
269	Introduced budget funds the previously-contingent \$250,000,000 infusion on or before June 30, 2023 to reduce the unfunded liabilities of the State Plan, the Teacher Plan, SPORS, VaLORS, JRS, State HIC, Teacher HIC, GLI plan, and HIC for constitutional officers, local social services employees, and registrars.

An estimated:

1. \$73,052,105 to the state employee plan.
2. \$147,457,029 to the public school teacher plan.
3. \$3,652,605 to the State Police Officers' Retirement System.
4. \$6,628,802 to the Virginia Law Officers' Retirement System.
5. \$2,083,338 to the Judicial Retirement System.
6. \$2,840,915 to the HIC plan for state employees.
7. \$4,004,338 to the HIC plan for public school teachers.
8. \$10,146,126 to the GLI plan.
9. \$91,992 to the HIC plan for Constitutional Officers and their employees.
10. \$40,585 to the HIC plan for local social services employees.
11. \$2,165 to HIC plan for Registrars and their employees.

VRS Infusion

Item #	Description
483	Introduced budget retains the expected infusions of \$25,309,001 from the GF on or before June 30, 2023 and \$55,100,000 from the GF on or before June 30, 2024 to reduce the unfunded liabilities of the State Plan and HIC for constitutional officers, local social services employees, and registrars.
<p>In 2023, an estimated:</p> <ol style="list-style-type: none"><li data-bbox="170 689 1141 732">1. \$24,318,170 to the HIC plan for state employees; and<li data-bbox="170 739 1263 782">2. \$990,831 to the HIC plan for local social services employees. <p>In 2024, an estimated:</p> <ol style="list-style-type: none"><li data-bbox="170 896 1064 939">1. \$52,800,000 to the HIC plan for state employees;<li data-bbox="170 946 1591 989">2. \$1,576,017 to the HIC plan for Constitutional Officers and their employees; and<li data-bbox="170 996 1193 1039">3. \$723,983 to HIC plan for local social services employees.	

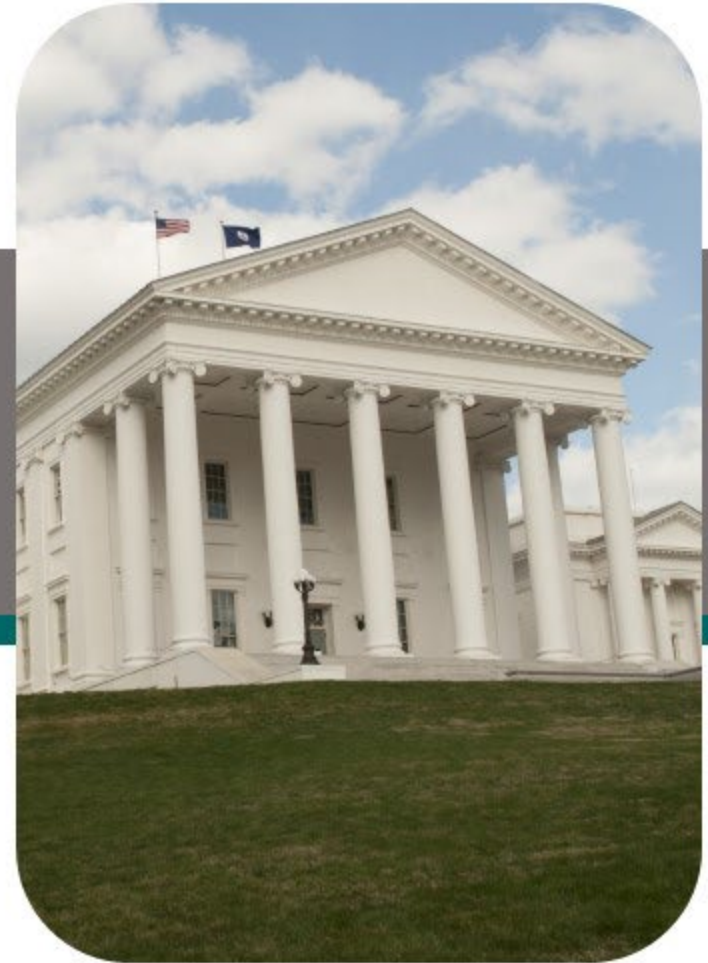
2023 Committee Budget Amendments



VRS Infusion

Item #	Description
483 #4h	Provides an additional \$20 million GF in FY 2024 to increase lump sum payments for HIC from \$55.1 to \$75.1 million.
SFAC	Includes a contingent payment of \$250 million to VRS toward unfunded liabilities.

Budget- Salary Actions

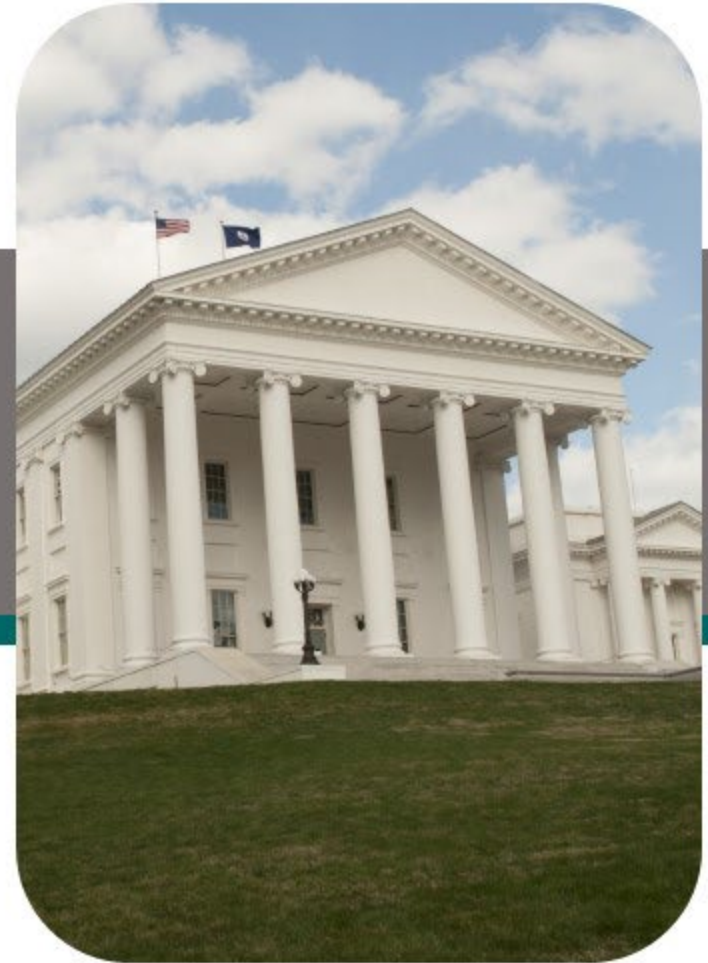


2023 Budget Amendments- Salary Increases



Item #	Description
Governor's Introduced Budget Amendments	<p>Items 72, 75, 76, 77, 78: various salary actions.</p> <p>Item 483: Section AA.1 through BB.7 includes several salary increase actions for state employees.</p> <p>Some actions in Item 483 contingent on revenues.</p>
HAC Amendments	<p>Various salary amendments for several positions.</p> <p>Item 483 #2h is an amendment to redirect bonus funding to a 0.5% raise.</p>
SFAC Amendments	<p>Various salary amendments for several positions.</p> <p>There is an amendment providing funding for an additional 2% to bring the total raise for state and state-supported local employees to 7%.</p> <p>There is an amendment repurposing funds for the salary increase.</p> <p>There is an amendment reducing the December 2023 bonus from \$1,500 to \$1,000.</p>

Failed Legislation



2023 Failed Legislation

Investment Bills

Bill Number	Patron	Description
HB 2335	Durant	Provides that unless the Board of Trustees of the Virginia Retirement System can demonstrate that a social investment, defined in the bill, would provide a superior rate of return compared to a similar investment that is not a social investment with a similar time horizon and risk, neither the Board nor any external fiduciary utilized by the Board may invest or make recommendations regarding state funds for the purpose of social investment on or after July 1, 2023. For SB 1437 , SFAC passed by indefinitely at request of the patron 1/25/2023. For HB 2335 , the House subcommittee recommended laying the bill on the table 2/1/2023.
SB 1437	McDougle	

2023 Failed Legislation

Hazardous Duty Bills

Bill Number	Patron	Description
HB 1571	Walker	<p>HB 1571 and HB 2327 add 911 dispatchers to the list of local employees eligible to receive enhanced retirement benefits for hazardous duty service. Under current law, localities may provide such benefits to firefighters, emergency medical technicians, and certain other hazardous duty positions.</p> <p>HB 2327 specifies that the bill is effective for service earned on or after July 1, 2023, but also allows localities to choose whether they will provide hazardous duty benefits for earlier service as a dispatcher.</p> <p>The bills have been referred to the 2023 JLARC hazardous duty study.</p>
HB 2327	Cherry	
HB 2328	Cherry	<p>Adds to VaLORS the 911 dispatchers with agencies already listed in the VaLORS definition of "Employee."</p> <p>The bill has been referred to the 2023 JLARC hazardous duty study.</p>
HB 2299	Orrock	<p>Adds conservation officers of the Department of Conservation and Recreation to the membership of the Virginia Law Officers' Retirement System (VaLORS).</p> <p>The bill has been referred to the 2023 JLARC hazardous duty study.</p>

2023 Failed Legislation

Hazardous Duty Bills

Bill Number	Patron	Description
HB 1750	Webert	Establishes a framework for a retail marijuana market administered by the VA Cannabis Control Authority. Creates special agents of the VCCA. This would be a new position eligible for VaLORS and LODA benefits, similar to VA ABC Authority special agents.
HB 2292	Williams	Requires localities to provide hazardous duty benefits to school resource officers. Also adds SROs to the return-to-work exemption for Retiree School Security Officers. The HD part of this bill has been referred to the 2023 JLARC hazardous duty study.

2023 Failed Legislation

Return to Work Bills

Bill Number	Patron	Description
SB 869	Cosgrove	For retirees working PT as a SSO on or after January 1, 2020, but before January 1, 2023, removes requirement for 12-month break in service. Struck in SFAC 1/25/2023.

2023 Failed Legislation

House bills - Failed

Bill #	Patron	Description
HB 1850	Subramanyam	<p>For all return-to-work exemptions, six months break in service, requires employer contributions for teachers and bus drivers.</p> <p>Incorporated into the substitute HB 1630.</p>
HB 2107	Bourne	<p>Removes the critical shortage requirement for teachers and bus drivers, two academic semester break in service, extends sunset to July 2030.</p> <p>Incorporated into the substitute HB 1630.</p>
HB 2303	R. Bell	<p>For retired school bus drivers, separate exemption: three-month break in service if the local school division has a greater than 20% vacancy rate. Requires the Sec. of Transportation and Sec. of Education to convene a work group to identify strategies to address shortages.</p> <p>Incorporated into the substitute HB 1630.</p>
HB 2292	Williams	<p>Adds School Resource Officers to existing RSSO provision.</p> <p>Subcommittee recommended laying on the table 1/19.</p>

2023 Failed Legislation

Other VRS Bills

Bill Number	Patron	Description
HB 1867	P. Scott	Allows teachers with prior active-duty military service to be granted up to four year of such service at no cost to the member. HAC subcommittee recommended laying on the table 1/26.
HB 2318 SB 1445	Shin Boysko	Provides that state or local law enforcement officers working at least 20 hours per week on a salaried or hourly basis shall be considered eligible for VRS benefits. HB 2318 also includes part-time correctional officers. For SB 1445 , amended to include correctional officers, make VRS-requested amendments, remove hourly. HAC subcommittee recommended HB 2318 be laid on the table. Both bills referred to the JLARC hazardous duty study.

2023 Failed Legislation

Procurement Bills

Bill Number	Patron	Description
HB 1913	Batten	Prohibits state agencies from entering into any contract for the purchase of goods that (i) are branded with such state agency's name, logo, insignia, or other designation and (ii) are being purchased for the purpose of advertising, marketing, or promotion. Laid on table 1/31.
SB 912	Ruff	Prohibits a public body from requiring an offeror to state in a proposal any exception to any contractual terms or conditions, including any liability provisions, contained in a Request for Proposal for information technology. The bill also requires the offeror to state any such exception in writing at the beginning of negotiations, which exception shall be considered during negotiations. Current law only prohibits a public body from requiring an offeror to state in a proposal any exception to the liability provisions of the Request for Proposal. Reported from General Laws 1/11; SFAC PBI with letter 2/2.
SB 1115	DeSteph	Provides preference for a bidder who is a resident of Virginia over a bidder who is a resident of any other state in determining the award for any contract for goods, services, or construction under the Virginia Public Procurement Act. Current allowance for granting price preferences to Virginia residents is made mandatory by the bill. Substitute reported from General Laws 2/1; SFAC PBI with letter 2/2.