

LEGISLATIVE REPORT – 2004

To borrow a quote from Dickens, “It was the best of times and the worst of times.” The *best* because of what they didn’t do *to* us, and the *worst* because of what they didn’t do *for* us.

In view of the unprecedented fiscal crisis this was no surprise. New legislation calling for money was virtually out of the question. Again this year we fought just to keep what we had. (See *The Legislative Outlook for 2004* in the fall issue of Broadcast.)

As we go to press it appears unlikely that there will be a budget agreement before adjournment but all three of the major proposals continue the moratorium on paying any VRS group life insurance premiums for yet another two years.

Health Insurance Credits. Legislation to raise teachers Health Insurance Credits to match those of State retirees never got out of committee. Bills to remove the 30-year HIC limits for both State and teacher retirees were killed as well

The Age Deductions. Our state income tax deductions for ages 62 & 65 are intact so far, although the Senate budget proposes they be reduced for *future* retirees with incomes over \$200,000. 00. (With that income, I’d pay the tax!)

Defined Contributions. We defeated Delegate Bell’s effort to go to Defined Contributions for VRS members. The VRTA, the VEA and the Va. Govt. Employees Association strongly oppose this do-it-yourself retirement investing. The only sure winners in a DC plan are the stockbrokers, and it could diminish our own VRS Reserve Fund.

Home and Charter Schools. Bell succeeded however in sponsoring a bill to water down home schooling standards by removing the requirement that instructors hold a baccalaureate degree. Now only a high school diploma will be needed. He also co-sponsored a very complex bill (HB380) that, among other things, promotes more charter schools. Read it.

Once again we successfully opposed tuition tax credits and vouchers for private schools.

Long Term Care Insurance. Again there were bills to allow state income tax *credits* for Long Term Care insurance premiums paid but these were considered too costly. Currently we have a *deduction*, which is much less.

However an interesting bill passed was HB1179. It requires the state to develop a Long Term Care Insurance plan for all persons with at least five years of VRS service, regardless of where they now work or if they are retired. The caveats are that applicants will surely be screened for

pre-existing conditions (to keep costs down) and they must pay their own premiums. It should be ready by the end of this year.

Warning! Do not consider changing from your present plan until you have carefully compared and consulted with your agent.

Prescription Drug Coverage. Again, a state-supported prescription drug assistance plan for low income and disabled Virginians failed to pass. Virginia is the only state in the union that does not provide this in some form.

More cheerful news was in HB1202. This directs state officials to find effective ways to inform citizens of the more than 50 pharmaceutical firms offering discounts on certain of their Rx drugs. It also directs that a **single application form** be developed to cover all of the offers and that said form be suitable for downloading from a computer.

It is a formidable task but a great idea. A feasibility report is due by October 30. Stay tuned.

The Sols. Again we made little headway on SOL reforms. Politicians love to portray themselves as the great reformers of our terrible public schools. Makes one wonder how we got to be the greatest nation in the world. *Somebody* must have been teaching somebody *something!*

Nelson Taylor, Legislative Chair

THE VIRGINIA RETIREMENT SYSTEM – A STATUS REPORT

Our VRS is still alive and well but local governing bodies are facing a severe case of “sticker shock” if it is to stay that way.

VRS officials have informed legislators and local governments that, because they reduced contributions to the system when times were good, there must now be a dramatic increase in the employer’s contribution rates. (For more background, see related article, page 3, Fall 2003 issue of **Broadcast.**)

Although the reserve fund is making a healthy recovery and interest rates are climbing back, the actuaries tell us that employer contributions must be nearly **doubled** to maintain future stability. The serious fiscal problems facing the localities are further exacerbated because there will be little help from state funds in the next biennium.

The good news is that, as of 12/31/04, VRS reserves had climbed back to about \$39 billion from a low of \$30 billion. Before the stock market decline we had reached a high of \$42 billion. Further good news is that under Virginia’s Defined Benefits system our pensions are still defined, and guaranteed, by law.

Nelson Taylor, Legislative Chair