

Line of Duty Act

Virginia Municipal League and the Virginia Association of Counties
Testimony to HJR 34 Study Committee
November 29, 2004

When the Senate Finance Committee heard SB 284 during the last session, local governments urged VML and VACo to oppose the bill for these reasons:

1. The financial cost, which is had an original estimate of \$25 million to local governments. A revised financial estimate placed the cost to local governments at \$7 million in FY 2005, and \$11.56 million by FY 2010.
2. Requiring localities to pay Line of Duty benefits was viewed as an unfunded mandate, since the benefits are set by the state and were currently being paid by the state.
3. To remain competitive in the marketplace, private sector companies have cut back on benefits for retirees. Changes in accounting practices that require that benefits afforded retirees to be recognized as liabilities on balance statements have contributed to this trend as well, as have the pressures resulting from the increasing numbers of baby boomers reaching retirement age. Local governments face continued pressures to hold down costs as well. The same accounting changes that were applied to private sector companies are in the process of being applied to governments, and local governments, as well as the state, will have to show the costs of benefits for retirees in their balance statements. Localities also will have to cope with the coming wave of retirees, which will put additional pressure on local retirement systems to stay funded.
4. Localities in general do not support differential benefits given different groups of employees. Experience shows that establishing differential benefits for particular

employees leads to numerous requests for other employees to be covered under the higher benefits.

However, in an effort to work with the patron and the members of the General Assembly, VML & VACo re-examined the bill, and propose several changes that make the bill less objectionable. These include:

1. Amending the current Line of Duty act to provide that when the disabled employee/dependents reach the normal age of retirement, the health insurance benefits provided become a Medicare supplement.
2. Amending the current statute to provide that the health insurance benefits cease for a spouse who remarries.
3. Amending the current statute to state clearly that local governments can both provide the health insurance benefits through their own personnel systems and opt out of participation in the Line of Duty Fund.
4. Including a modest appropriation in the budget to provide start-up funding for the Line of Duty Act. This will help smaller localities that may be more likely to stay in the state pool.

These amendments will lessen opposition to SB 284 or similar legislation, and for some localities completely mitigate it.

We appreciate the opportunity to speak to you today.