

## Independent

<b>Governor's Proposed Adjustments as Introduced</b>				
(\$ in millions)				
	<b>FY 2019 Proposed</b>		<b>FY 2020 Proposed</b>	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget, Ch. 836	\$0.3	\$608.1	\$0.3	\$608.1
Proposed Increases	0.1	388.0	>0.0	374.1
Proposed Decreases	<u>&gt;(0.0)</u>	<u>(10.2)</u>	<u>&gt;(0.0)</u>	<u>(10.2)</u>
\$ Net Change	0.1	377.8	>0.0	363.9
<b>HB/SB 30, as Introduced</b>	<b>\$0.4</b>	<b>\$985.9</b>	<b>\$0.3</b>	<b>\$972.0</b>
% Change	53.8%	62.1%	11.9%	59.8%
FTEs	0.00	1,724.0	0.00	1,724.0
# Change	0.00	33.00	0.00	33.00

- **Virginia Retirement System**

- *Cyber Security Upgrades.* Proposes \$1.4 million NGF and 3.00 FTEs the first year and \$1.3 million and 3.00 FTEs the second year to fund upgrades, replacements and ongoing costs related to enhancing information technology and cyber security efforts at the Virginia Retirement System.
- *Transition from Information Technology Contractors to Full-Time Staff.* Proposes \$2.3 million NGF and 3.00 FTEs the first year and \$2.5 million NGF and 3.00 FTEs the second year to gradually transition the use of information technology contractors to full-time internal staff.
- *Replace Aging Technology.* Includes \$1.5 million NGF the first year and \$1.9 million NGF the second year to allow the agency to begin to replace certain systems and components that have reached the end of their lifespan.
- *Establish Risk Management and Compliance Program.* Proposes \$1.1 million NGF and 2.00 FTEs the first year and \$857,165 NGF and 2.00 FTEs the second year to develop an agency risk management program, and to ensure compliance with legal and accounting standards.

- ***Increase Funding for Volunteer Firefighters and Rescue Squad Workers’ Service Award Fund.*** Proposes \$135,137 GF the first year and \$30,000 GF the second year to increase the funding to administer the program.
  - ***Fund Completion of Modernization Program.*** Adds \$5.5 million NGF the first year to fund the implementation costs of the final three releases of the Modernization Program, which is expected to be completed in FY 2019. The funding will complete the development, testing and roll-out of the fourth and final phase of the program. An additional \$1.8 million NGF is proposed in a companion amendment in HB/SB 29. VRS expects total expenditures for the Program to total \$61.9 million through its completion in FY 2019.
  - ***Add Funding and Positions to Improve Trust Fund Performance.*** Includes \$1.3 million NGF and 5.00 FTEs each year to provide analytical and reporting activities to improve the performance of the retirement trust fund.
  - ***Increase Internally Managed Investment Activities.*** Proposes \$2.9 NGF and 5.00 FTEs the first year and \$2.4 million NGF and 5.00 FTEs the second year to increase the number of internally managed investment activities, as well as enhance existing activities already internally managed.
  - ***Add Funding and Convert Wage Positions to Full-Time.*** Proposes adding 6.00 FTEs the first year and \$145,000 NGF and 10.00 FTEs the second year to convert wage positions to full-time positions to implement efficiencies, improve customer service. The proposed funding is to conduct and analyze a customer survey and implement its findings.
  - ***Increase Position Level to Reflect Previously Approved LODA Positions.*** Adds 3.00 FTEs each year for the administration of the Line of Duty Act (LODA) program. In Chapter 836 of the 2017 Acts of Assembly, \$63,556 NGF the first year and \$400,108 NGF the second year was added to assume administrative responsibilities for the LODA program in accordance with Chapter 677 of the 2016 Acts of Assembly. However, the position level to accommodate program administration was not increased.
- **State Corporation Commission**
    - ***Increase Staff to Address Regulatory Workload.*** Proposes \$485,615 NGF and 6.00 FTEs each year to address an increase in the agency’s regulatory workload. Of the six positions, four are provided for the Utility and Railroad Safety Division, one is provided for the Securities and Retail Franchising Division, and one is provided for the Bureau of Insurance. There is a companion amendment to HB/SB 29 that proposes adding \$242,807 NGF and 6.00 FTEs.

- ***Replace Business Automation System Controls in the Tyler Building.*** Proposes adding \$1.6 million NGF the second year to replace the Tyler Building’s Business Automation System (BAS) controls, which are nearing the end of their useful life and are no longer supported by the manufacturer.
- ***Adjust Funding for the Clerk’s Information System (CIS).*** Proposes providing an additional \$611,153 NGF the first year and reducing by \$2.0 million NGF the second year appropriation for the Clerk’s Information System replacement project. The project is expected to be completed in FY 2020. There is a companion amendment to HB/SB 29 that proposes an additional \$1.5 million NGF for the project.
- ***Enhance Bureau of Insurance’s Consumer Portal.*** Proposes \$1.1 million NGF the first year and \$700,000 NGF the second year to enhance the agency’s consumer portal, which allows for the electronic receipt and transmission of confidential consumer complaint documents, as well as enhance electronic payment functionality for consumers. There is a companion amendment to HB/SB 29 that proposes adding \$1.0 million NGF for enhancements to the consumer portal.
- ***Implement Business Intelligence Solution.*** Includes \$500,000 NGF the first year to implement an enterprise-wide business intelligence solution pursuant to a third party assessment, which is expected to reduce costs to maintain various reporting tools used by the agency.
- ***Add Funding to Redesign Agency Website.*** Proposes adding \$678,571 NGF the first year and \$321,430 NGF the second year to add enhancements to the agency’s website to improve functionality for customers, including business registrations and access to case information.
- ***Replace MarketPro System.*** Proposes \$200,000 NGF the first year and \$1.3 million NGF the second year to replace the agency’s MarketPro system and implement and web-based, one market conduct system to be used by the Property and Casualty and Life and Health Divisions.
- ***Replace Case Management System.*** Proposes adding \$406,153 NGF each year to replace the case management system to add functionality, allow staff wider access to information and increase efficiency.
- ***Increase Funding for Performance Based Pay Plans.*** Proposes funding of \$1.7 million NGF each year to support compensation assessment recommendations. Pursuant to Item 475 of the Appropriation Act, the Commissioner of the State Corporation Commission has the authority to utilize centrally appropriated salary adjustment funding, or existing agency funding, to implement the provisions of new or existing performance-based pay plans. The proposed

funding reflects appropriation to effectuate the 3 percent raise to state employees provided in Chapter 836 that was effective July 10, 2017. There is a companion amendment to HB/SB 29 that adds \$1.7 million NGF to support compensation assessment recommendations consistent with their authority in Item 475.

- ***Update Fire Suppression System.*** Proposes adding \$162,500 NGF each year to replace sprinkler heads that are nearing the end of their useful life.

- **Virginia Lottery**

- ***Establish Appropriation for Lottery Prize Payments.*** Proposes adding \$350.0 million NGF each year to establish appropriation for prizes awarded to lottery winners and commissions and incentives for lottery retailers. This would eliminate the need for the agency to establish appropriation for prize payments administratively.
- ***Increase Appropriation for Revised Shared Space Allocation.*** Proposes \$201,050 NGF each year to fund the agency's revised shared space allocation in Main Street Centre pursuant to a Memorandum of Understanding (MOU) agreed to by the agency and the Department of General Services. The MOU will become effective July 1, 2018.
- ***Renew Contract with Gaming Vendor, Develop Digital Delivery Play System.*** Proposes adding \$7.7 million NGF the first year and \$282,000 NGF the second year to support the cost of a new contract with a gaming vendor. The first year amount includes one-time funding for the development of a digital delivery play system.

- **Virginia College Savings Plan**

- ***Increase Base Operating Funding.*** Proposes increasing by \$1.0 million NGF the first year and \$1.1 million NGF the second year to account for a variety of increased costs, including telecommunications, marketing, communications and outreach, professional development of employees, contract professional services, and facilities.
- ***Increase Funding for Technology Expenses.*** Proposes adding \$214,216 NGF the first year and \$211,479 NGF the second year to reflect additional costs related to licensing, hardware and software.
- ***Transfer Appropriation between Programs.*** Transfer the entire appropriation of \$1,906,855 NGF from the Information Technology Development and Operations program to the Administrative Services Division. The agency ended its contracts to provide information technology support services to other states. Existing information technology staff and resources would then support the agency.