

Independent

The Governor's proposed 2004-06 budget for the Independent Agencies results in a net increase of \$6.9 million NGF for the biennium when compared to the adjusted appropriation for current operations. This total reflects new spending of \$6.9 million with no offsetting reductions.

The new NGF spending includes \$2.6 million to support increases in the workload of the Virginia Retirement System, \$1.5 million to support the Virginia Retirement System's investment department's pay practices, publications, organizational memberships, and attorneys' fees, and \$569,760 to reflect the continuation costs for associated with the 2.25 percent salary increase granted in November 2003.

- **Virginia Retirement System**

- ***Increase Staffing to Reflect Workload Increases.*** Provides for 18.00 positions in the first year and \$869,864 NGF and four additional positions in the second year to hire additional staff. The additional staff are needed to satisfy requests for retirement counseling, pre-retirement education, the completion of paperwork, and responding to inquiries from retirees. The need for these services is only expected to increase with the aging of the state and local government workforces. The proposal continues current services provided to the existing retiree base.
- ***Fund Investment Department Workload Increases.*** Provides an additional \$987,316 NGF and six positions the first year and \$763,975 NGF the second year to hire the staff and provide the resources to either initiate or expand the agency's exposure to active investment strategies such as hedge funds, private equity, and international equity. The proposal also provides resources to improve the agency's in-house risk management and asset/liability modeling capabilities to better monitor these new investment strategies.
- ***Provide funding for Information Technology Upgrades.*** Provides \$422,000 NGF the second year to expand business continuity capabilities, enhance software maintenance and management, and improve technology security tools.
- ***Continue Investment Department Services at Current Levels.*** Provides \$748,551 NGF each year to continue investment

department pay practices at their current levels and to cover an increase in the costs of the department's publications, organizational memberships, and attorneys' fees.

- **Reflect Continuation Costs for FY 2003 Salary Increase.** Provides \$284,880 NGF each year to increase the agency's base budget for the annual cost of the November 25, 2003 salary adjustment.
- **Virginia Workers' Compensation Commission**
 - **Provide Special Counsel for the Commission.** Provides \$270,000 NGF each year to procure the services of private sector attorneys to serve as counsel for the commission, the Uninsured Employers' Fund, and the Criminal Injuries Compensation Fund. The private sector attorneys selected by the agency will represent the commission in about 250 cases per year concerning topics such as claim eligibility, claim settlement, collection of subrogation and restitution, case adjudication, and administrative procedure appeals. Previously, these services were provided to the Commission by the Office of the Attorney General. However, the Attorney General's office discontinued these services for budgetary and staffing reasons.
 - **Adjust Positions to Address Workload.** Provides five positions NGF in the first year to respond to growth in the commission's caseload.
 - **Adjust Federal Funding.** Provides \$400,000 NGF each year to reflect an increase in the awards made to the Criminal Injuries Compensation Fund by the federal government. These awards are made, in part, based upon the total amounts paid out by the fund in a given year.
- **Virginia Office of Protection and Advocacy**
 - **Establish Ombudsman Program.** Defers implementation of an Ombudsman program for persons with disabilities until July 1, 2006. The agency has estimated the possible cost of implementing such a program to be about \$1.0 million for the biennium.
 - **Increase Positions to Meet Federal Civil Rights Duties.** Provides two positions NGF in the first year to ensure the office can meet federal civil rights duties on behalf of persons with disabilities.

- ***Increase Funding and Positions to Meet Federal Civil Rights Duties.*** Provides \$233,174 NGF and six positions the first year and \$233,174 NGF the second year to reflect additional federal funds for the advancement of civil rights for persons with disabilities.