



# Independent Agencies

## Summary

Independent agencies do not report through any of the three branches of state government. They are, however, state agencies and receive their spending authority through the Appropriation Act. The independent agencies consist of the State Corporation Commission, the Virginia Workers' Compensation Commission, the State Lottery Department, the Virginia Retirement System, and the Virginia College Savings Plan.

### Summary of recommended funding for Independent agencies

Agency	Fiscal year 2003			Fiscal year 2004		
	GF	NGF	All funds	GF	NGF	All funds
State Corporation Commission	0.0	92.5	92.5	0.0	93.2	93.2
State Lottery Department	0.0	75.6	75.6	0.0	75.6	75.6
Virginia College Savings Plan	0.0	3.9	3.9	0.0	4.1	4.1
Virginia Retirement System	0.3	29.3	29.6	0.3	29.7	29.9
Virginia Workers' Compensation Commission	0.0	19.2	19.2	0.0	19.2	19.2
<b>Total for Independent Agencies</b>	<b>0.3</b>	<b>220.6</b>	<b>220.8</b>	<b>0.3</b>	<b>221.8</b>	<b>222.1</b>

Dollars in millions. Figures may not add due to rounding. See "How to read the summary tables" on page B-1.

## State Corporation Commission

The commission, one of the few agencies established in the Virginia Constitution, protects the interests of consumers by regulating a variety of businesses. It spends 37 percent of its budget to regulate public utilities, railroads, financial institutions, payments to localities, and securities (stocks and bonds). Twenty seven percent of its budget is used to regulate insurance companies, including 1,582 companies, 101,300 agents and agencies, with over 141,000 licenses and almost 709,000 appointments. Twelve percent of its budget is used to charter and supervise about 199,500 foreign and domestic corporations, 45,000 limited liability companies, and over 9,200 limited and general partnerships. The agency's budget is appropriated totally from nongeneral fund sources: taxes on public service companies and railroads, insurance assessments, bank assessments, corporation registration fees, and securities fees. In 2001, less than one percent of the agency's spending was from federal funds.

### **Recommended funding change:**

- ▶ **Implement consumer education plan for electric utility restructuring.** Adds funds to implement a consumer education program to enable consumers to make rational and informed choices about energy providers in a competitive retail electricity market. For 2003, \$6.7 million (NGF). For 2004, \$6.8 million (NGF).

## **State Lottery Department**

The agency operates the state lottery, which currently offers instant ticket and on-line lottery games. In 2001, the agency sold over \$1 billion in lottery tickets through over 5,000 retailers and earned about \$329 million for the state. All lottery proceeds are dedicated to local K-12 public education. Lottery winners collected over \$557 million in prizes. Over half of all money received goes to prizes, about six percent goes to retailers selling lottery tickets, and a third is deposited into the state treasury. Up to 10 percent of the ticket sales revenue can be used to operate the department, but the agency actually spent about \$73 million (about seven percent) to operate in 2001. The agency's revenue is all from nongeneral funds, the sale of lottery tickets. The agency receives no federal funds.

### **Recommended funding change:**

- ▶ **Increase spending authority for ticket printing costs.** Adds funds to support the increased cost of printing instant scratch tickets. An increase in contractual costs, coupled with the increase in total ticket sales, has necessitated the need for additional spending authority. For each year, \$2.4 million (NGF).

## **Virginia College Savings Plan**

The Virginia College Savings Plan was established to "enhance the accessibility and affordability of higher education for all citizens of the Commonwealth" through the creation of the Virginia Prepaid Education Program (VPEP), and the creation of the Virginia Education Savings Trust (VEST).

VPEP offers an affordable, flexible savings plan that enables parents to prepare for their children's higher educational expenses by locking in future tuition costs at today's prices. Payments into the program are invested so that their steady growth will cover future college tuition and mandatory fees. Contracts may be purchased only during an annual enrollment period for children ages newborn to ninth grade. At the close of fiscal year 2001, the agency was maintaining nearly 40,000 prepaid tuition contracts, representing commitments of over \$593 million to children's higher education.

VEST provides a method to save for all college costs, including tuition, fees, room and board, textbooks, and computers. VEST participants have the opportunity to make an initial investment selection from among seven portfolios to target an investment mix that fits their individual investment goals. VEST will have continuous enrollment with no residency requirements or age limits. At the close of fiscal year 2001, the agency was maintaining over 12,500 savings trust accounts with a market value of \$62 million.

The agency's revenue is derived solely from nongeneral fund sources, that is, investment earnings of the VPEP program and administrative fees charged to all VEST participants' investment portfolios. The agency does not receive any federal funds.

### **Recommended funding change:**

- ▶ **Increase administrative funding for new programs.** Additional funding for administration of a nationwide credit card program and for a financial adviser mutual fund savings option. These new

options allow the agency to provide other methods of saving for families to pay for a college education. For 2003, \$186,412 (NGF). For 2004, \$382,145 (NGF).

## Virginia Retirement System

The Virginia Retirement System (VRS) administers a statewide multi-employer retirement system for public employees. It provides pension and related benefit services to state employees, judges, state police officers, teachers and non-professional employees of public school boards, and other employees of participating political subdivisions. In addition to the pension plan, the VRS administers a group life insurance program, an optional life insurance program for employees participating in the group life insurance program, the Virginia Sickness and Disability Program, a deferred compensation program, and a retiree health insurance credit program for retirees of participating employers. The VRS mission is to administer pension benefits and associated services by serving as stewards of the funds in their care, and providing appropriate retirement guidance to the membership. Because of the agency's investment expertise, the retirement and other trust funds grew to over \$35.0 billion during fiscal year 2002. All of the agency's revenue is from nongeneral fund sources, payments made by state agencies and localities that participate in the retirement system and group life programs. The agency does not receive any federal funds.

### Recommended funding changes:

- ▶ **Adjust agency funding to reflect VRS Board administrative actions.** A technical adjustment to accurately depict in the agency appropriation, administrative actions that have occurred during fiscal year 2002. The Virginia Retirement System Board approved a number of spending items that are intended to enhance service to retirees, employers, and active employees. This action accurately reflects these items in the agency appropriation. For each year, \$1.6 million (NGF).
- ▶ **Implement a knowledge management system.** Provides funding for the initial phase of an electronic library system that will house the information used by staff of the Virginia Retirement System to serve retirees, employers, and active employees. The knowledge management system will provide uniform definitions of benefit issues and accurate information that can be used to provide quicker and better service. For 2003, \$449,595 (NGF) and one position (NGF). For 2004, \$480,913 (NGF).
- ▶ **Enhance Virginia Retirement System communications programs.** Provides funding for the increase of staffing levels in communications-related areas in the Virginia Retirement System. Over the next few years, the number of retirees is expected to dramatically increase. A crucial part of meeting this new demand will be communications with both agencies, localities, active members, and retirees. For 2003, \$399,537 (NGF) and 11 positions (NGF). For 2004, \$514,327 (NGF).
- ▶ **Enhance retirement processing activities.** Provides additional funding for better and quicker service to retiring employees. This will involve the addition of five employees in the retirement processing work units and funding for the rapid retirement process. The rapid retirement process involves the enhancement of the technology used by the Virginia Retirement System to process retirements more quickly. For 2003, \$646,463 (NGF) and five positions (NGF). For 2004, \$719,558 (NGF).
- ▶ **Conduct a peer compliance review of the Virginia Sickness and Disability Program.** Additional funding to conduct a review of the Sickness and Disability program to ensure that it is in compliance with the Code of Virginia, applicable federal laws, and VRS policies and procedures. For 2003, \$100,000 (NGF).

- ▶ **Improve technology infrastructure.** Provides funding for a number of upgrades to technology used by the Virginia Retirement System. These technology enhancements will aid the Retirement System in maintaining and improving the services provided to retirees, active employees, and employers. For 2003, \$2.2 million (NGF) and two positions (NGF). For 2004, \$2.4 million (NGF).
- ▶ **Provide funds for the Volunteer Firefighters and Rescue Squad Workers Service Award Program.** Provides additional funding for administrative costs and to supplement contributions to the Volunteer Firefighters and Rescue Squad Workers Service Award Program. This program was created to provide a basic compensation supplement to individuals who have attained the age of 60 and have been either a volunteer rescue squad worker or volunteer firefighter for at least 20 years. For each year, \$250,000 (GF).

## **Virginia Workers' Compensation Commission**

The commission administers the Virginia Workers' Compensation Act and the Crime Victim Compensation Program. Over half of the agency's budget goes for processing, examining, and making rulings on claims from injured or ill workers. During calendar year 2000, the agency handled over 130,000 reported on-the-job accidents. It entered compensation awards on 25,435 claims. The commission also provides judicial review for contested claims, and issues written decisions at each level of adjudication. The agency adjudicated 14,333 cases during 2000.

The commission also provides money to victims of violent crimes from fees imposed on convicted criminals and from the federal crime victim compensation fund. During fiscal year 2001, it paid about \$2.8 million to benefit crime victims who were disabled or suffered financial hardship because of the crimes committed against them.

The agency's revenue is all from nongeneral fund sources. In 2001, 7.6 percent of the agency's spending was from federal funds.

### **No recommended funding changes**



# Independent Agencies

## Detail Tables

	Fiscal Year 2003			Fiscal Year 2004		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>STATE CORPORATION COMMISSION</b>						
2002 legislative appropriation	0	71,534,099	71,534,099	0	71,534,099	71,534,099
Adjustments to legislative appropriation	0	14,247,364	14,247,364	0	14,797,364	14,797,364
Activity-based budget	0	85,781,463	85,781,463	0	86,331,463	86,331,463
<b>Recommended funding change:</b>						
► Implement consumer education plan for electric utility restructuring	0	6,715,200	6,715,200	0	6,820,000	6,820,000
Total recommended funding change	0	6,715,200	6,715,200	0	6,820,000	6,820,000
Total recommended funding	0	92,496,663	92,496,663	0	93,151,463	93,151,463
% change over activity-based budget	0%	7.83%	7.83%	0%	7.90%	7.90%
<b>Position level:</b>						
2002 legislative appropriation	0	653.00	653.00	0	653.00	653.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	653.00	653.00	0	653.00	653.00
<b>STATE LOTTERY DEPARTMENT</b>						
2002 legislative appropriation	0	72,924,863	72,924,863	0	72,924,863	72,924,863
Adjustments to legislative appropriation	0	352,780	352,780	0	352,780	352,780
Activity-based budget	0	73,277,643	73,277,643	0	73,277,643	73,277,643
<b>Recommended funding change:</b>						
► Increase spending authority for ticket printing costs	0	2,360,000	2,360,000	0	2,360,000	2,360,000
Total recommended funding change	0	2,360,000	2,360,000	0	2,360,000	2,360,000
Total recommended funding	0	75,637,643	75,637,643	0	75,637,643	75,637,643
% change over activity-based budget	0%	3.22%	3.22%	0%	3.22%	3.22%
<b>Position level:</b>						
2002 legislative appropriation	0	309.00	309.00	0	309.00	309.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	309.00	309.00	0	309.00	309.00
<b>VIRGINIA COLLEGE SAVINGS PLAN</b>						
2002 legislative appropriation	0	3,715,469	3,715,469	0	3,715,469	3,715,469
Adjustments to legislative appropriation	0	12,772	12,772	0	12,772	12,772
Activity-based budget	0	3,728,241	3,728,241	0	3,728,241	3,728,241

	Fiscal Year 2003			Fiscal Year 2004		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>Recommended funding change:</b>						
▶ Increase administrative funding for new programs	0	186,412	186,412	0	382,145	382,145
<b>Total recommended funding change</b>	0	186,412	186,412	0	382,145	382,145
<b>Total recommended funding</b>	0	3,914,653	3,914,653	0	4,110,386	4,110,386
% change over activity-based budget	0%	5.00%	5.00%	0%	10.25%	10.25%
<b>Position level:</b>						
<b>2002 legislative appropriation</b>	0	30.00	30.00	0	30.00	30.00
Recommended position level changes	0	20.00	20.00	0	20.00	20.00
<b>Total recommended positions</b>	0	50.00	50.00	0	50.00	50.00
<b>VIRGINIA RETIREMENT SYSTEM</b>						
<b>2002 legislative appropriation</b>	0	23,734,336	23,734,336	0	23,734,336	23,734,336
Adjustments to legislative appropriation	0	241,930	241,930	0	241,930	241,930
<b>Activity-based budget</b>	0	23,976,266	23,976,266	0	23,976,266	23,976,266
<b>Recommended funding changes:</b>						
▶ Adjust agency funding to reflect VRS Board administrative actions	0	1,561,065	1,561,065	0	1,561,065	1,561,065
▶ Implement a knowledge management system	0	449,595	449,595	0	480,913	480,913
▶ Enhance Virginia Retirement System communications programs	0	399,537	399,537	0	514,327	514,327
▶ Enhance retirement processing activities	0	646,463	646,463	0	719,558	719,558
▶ Conduct a peer compliance review of the Virginia Sickness and Disability Program	0	100,000	100,000	0	0	0
▶ Improve technology infrastructure	0	2,169,536	2,169,536	0	2,427,393	2,427,393
▶ Provide funds for the Volunteer Firefighters and Rescue Squad Workers Service Award Program	250,000	0	250,000	250,000	0	250,000
<b>Total recommended funding changes</b>	250,000	5,326,196	5,576,196	250,000	5,703,256	5,953,256
<b>Total recommended funding</b>	250,000	29,302,462	29,552,462	250,000	29,679,522	29,929,522
% change over activity-based budget	0%	22.21%	23.26%	0%	23.79%	24.83%
<b>Position level:</b>						
<b>2002 legislative appropriation</b>	0	207.00	207.00	0	207.00	207.00
Recommended position level changes	0	26.00	26.00	0	26.00	26.00
<b>Total recommended positions</b>	0	233.00	233.00	0	233.00	233.00
<b>VIRGINIA WORKERS' COMPENSATION COMMISSION</b>						
<b>2002 legislative appropriation</b>	0	15,020,336	15,020,336	0	15,020,336	15,020,336
Adjustments to legislative appropriation	0	4,215,796	4,215,796	0	4,215,796	4,215,796
<b>Activity-based budget</b>	0	19,236,132	19,236,132	0	19,236,132	19,236,132
<b>Total recommended funding</b>	0	19,236,132	19,236,132	0	19,236,132	19,236,132
% change over activity-based budget	0%	0%	0%	0%	0%	0%

	Fiscal Year 2003			Fiscal Year 2004		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>Position level:</b>						
<b>2002 legislative appropriation</b>	0	180.00	180.00	0	180.00	180.00
Recommended position level changes	0	4.00	4.00	0	4.00	4.00
<b>Total recommended positions</b>	0	184.00	184.00	0	184.00	184.00
<b>TOTAL FOR INDEPENDENT AGENCIES</b>						
Grand total recommended funds	250,000	220,587,553	220,837,553	250,000	221,815,146	222,065,146
Grand total recommended positions	0	1,429.00	1,429.00	0	1,429.00	1,429.00