



Independent Agencies

The six 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.

Summary of recommended funding for Independent agencies

Agency	Fiscal year 2005			Fiscal year 2006		
	GF	NGF	All funds	GF	NGF	All funds
State Corporation Commission	0.0	90.6	90.6	0.0	94.1	94.1
State Lottery Department	0.0	76.3	76.3	0.0	76.3	76.3
Virginia College Savings Plan	0.0	3.9	3.9	0.0	3.9	3.9
Virginia Retirement System	0.3	32.1	32.3	0.3	33.1	33.4
Virginia Workers' Compensation Commission	0.0	20.3	20.3	0.0	20.3	20.3
Virginia Office for Protection and Advocacy	0.2	2.5	2.7	0.2	2.5	2.7
Total for Independent Agencies	0.5	225.7	226.2	0.5	230.3	230.7

Dollars in millions. Figures may not add due to rounding. See notes to this table on page 9.

State Corporation Commission

Activities of the agency:

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 41 percent of its budget to regulate public utilities, railroads, financial institutions, payments to localities, and securities (stocks and bonds). Twenty six percent of its budget is used to regulate insurance companies, including 1,524 companies, 120,125 agents and agencies, with over 233,900 licenses and almost 786,200 appointments. Ten percent of its budget is used to charter and monitor about 213,800 foreign and domestic corporations, 89,112 limited liability companies, and over 9,900 limited and general partnerships. The agency's budget is appropriated from nongeneral fund sources: taxes on public service companies and railroads, insurance assessments, bank assessments, corporation registration fees, and securities fees.

No recommended budget actions

State Lottery Department

Activities of the agency:

The agency operates the state lottery, which offers instant scratch-off ticket and on-line lottery games. In 2003, the agency sold over \$1.1 billion in lottery tickets through about 5,000 retailers statewide, earning over \$375 million for the Lottery Proceeds Fund. All Lottery profits are constitutionally dedicated to support local public education, grades K-12. Lottery winners collected over \$638 million in prizes. Over half of all lottery sales revenue is returned to players in the form of prizes, nearly 6 percent goes to retailers who sell Lottery products, and about one third remains for profits. By law, up to 10 percent of total ticket revenue can be used to operate the department; in 2003, the department spent only \$68.8 million, or a record-low 6.1 percent, for administrative costs. The agency's revenue is all from nongeneral funds, generated by the sale of lottery tickets, licensing fees, and interest earnings on cash balances.

No recommended budget actions

Virginia College Savings Plan

Activities of the agency:

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 prepaid and savings accounts. To date, three programs have been created: the Virginia Prepaid Education Program (VPEP), the Virginia Education Savings Trust (VEST), and CollegeAmerica. All are administered in compliance with Section 529 of the Internal Revenue Code.

VPEP is a defined benefit program, which offers contracts, for actuarially determined amounts, guaranteeing full future tuition and mandatory fee payments at Virginia public higher education institutions. The contract provisions also allow benefits to be used at Virginia private or out-of-state institutions with a payout based on the amounts charged by Virginia public higher education institutions. Payments into the program are invested so that their steady growth will cover future college tuition obligations. Contracts may be purchased only during an enrollment period for children ages newborn to ninth grade if the child or participant is a Virginia resident. At the close of fiscal year 2003, the agency had opened approximately 67,000 accounts, with over 59,000 contracts remaining active at year-end. The program had contributions and net earnings of about \$593 million as of June 30, 2003.

VEST is a defined contribution program, which allows participants of all ages to save for qualified higher education expenses, including tuition, fees, room and board, textbooks, and computers. VEST participants have the opportunity to make an initial investment selection from among 11 portfolios to target an investment mix that fits their individual investment goals. VEST, which is open year round, has no age or residency restrictions, and carries no legislative guarantee of return of principal. VEST accounts are subject to market risk, including the possible loss of principal. As of June 30, 2003, over 44,000 accounts had been opened with a net asset value of approximately \$271 million.

CollegeAmerica is a broker-sold, defined contribution plan administered by the American Funds. CollegeAmerica allows participants to save for qualified higher education expenses by selecting from among the 21 offered American Funds mutual funds. CollegeAmerica is available year round, has no age or residency restrictions, and carries no legislative guarantee of return of principal. Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2003, about 423,000 unique accounts had been opened with net assets in excess of \$3.3 billion.

The agency's revenue is derived solely from nongeneral fund sources, which includes investment earnings of the VPEP program, administrative fees charged to all VEST participants' investment portfolios, and administrative fees collected from CollegeAmerica.

No recommended budget actions

Virginia Retirement System

Activities of the agency:

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. All of the agency's revenue is from non-general fund sources, payments made by state agencies and localities that participate in the retirement system and other programs.

Recommended budget actions:

- ▶ **Increase staffing to reflect an increase in workload.** Provides additional funding for an increase in staffing to handle the projected increase in retirements due to the aging of the state and local government workforce. For 2005, an increase of 18 positions. For 2006, an increase of \$869,864 (NGF) and four additional positions.
- ▶ **Provide funding for an increase in investment department workload.** Additional funding for an increase in staffing and other necessary resources in support of the agency's efforts to increase exposure to active investment strategies such as hedge funds, private equity, and international equity, and to improve in-house risk management and asset/liability modeling capabilities. For 2005, an increase of \$987,316 (NGF) and six positions. For 2006, an increase of \$763,975 (NGF).
- ▶ **Provide funding for Virginia Retirement System information technology upgrades.** Provides additional funding for agency information technology systems to include the expansion of business continuity capabilities, enhancement of software maintenance and management, and the improvement of technology security tools. For 2006, an increase of \$422,000 (NGF).
- ▶ **Continue investment department services at current levels.** A technical adjustment to continue investment department pay practices at current levels and to cover an increase in investment department costs for publications, organizational memberships, and attorney's fees. For each year, an increase of \$748,551 (NGF).
- ▶ **Reflect the continuation of fiscal year 2003 salary increase costs.** A technical adjustment to increase the agency's base budget for the annual cost of the November 25, 2003, salary increase. For each year, an increase of \$284,880 (NGF).

Virginia Workers' Compensation Commission

Activities of the agency:

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 2003, the agency handled over 230,000 reported on-the-job accidents. It entered compensation awards on 24,137 claims. The commission also provides judicial review for contested claims, and issues written decisions at each level of adjudication. The agency adjudicated 14,700 cases during 2003.

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 2003, it paid about \$2.6 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.

Recommended budget actions:

- ▶ **Provide special council to Uninsured Employers' Fund.** Additional funds to permit the commission to acquire the services of attorneys to serve as council to the commission, the Uninsured Employers' Fund, and the Criminal Injuries Compensation Fund. Special council will be assigned about 250 cases per year. For each year, an increase of \$270,000 (NGF).

- ▶ **Adjust positions to meet workload.** A technical adjustment to increase the commission's employment level to respond to growth in the number of cases. For, 2005, an increase of five positions (NGF).
- ▶ **Adjust funding from the federal government.** A technical adjustment to reflect an increase to the Crime Victims Compensation Fund from the federal Department of Justice. For each year, an increase of \$400,000 (NGF).

Virginia Office for Protection and Advocacy

Activities of the agency:

The office protects and promotes the legal and human rights of people with disabilities. The office provides legal services and investigates complaints of abuse, neglect, and violations of human rights, according to priorities established by its governing board. It enforces requirements that public and private entities provide accessibility for people with disabilities. It also works to ensure non-discrimination in care, treatment, and services in public education, public accommodation, employment, and in government services and programs. On July 16, 2002, this office was established as an independent state agency.

Recommended budget actions:

- ▶ **Establish Ombudsman Program for persons with disabilities.** Defer the implementation of Ombudsman services until July 1, 2006. This action is contained in Budget Bill language, and has no direct budget impact for this agency.
- ▶ **Increase board-approved positions to meet federal civil rights duties.** Additional positions to ensure the office can meet federal civil rights duties on behalf of persons with disabilities. For 2005, an increase of two positions (NGF).
- ▶ **Implement VITA savings strategy.** Captures savings from new telecommunications contracts negotiated by the Virginia Information Technologies Agency (VITA), including the new COVANET contract and, if applicable, any cell-phone usage. The COVANET contract includes long distance voice services along with a comprehensive data network and Internet services. For each year, a reduction of less than \$1,000 (GF).
- ▶ **Increase funding and positions to meet federal civil rights duties.** A technical adjustment to increase appropriations and positions to reflect additional federal funding for the advancement of civil rights for persons with disabilities. For 2005, an increase of \$233,174 (NGF) and six positions. For 2006, an increase of \$233,174.



Independent Agencies

Detail Tables

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
STATE CORPORATION COMMISSION						
2004 legislative appropriation	0	93,151,463	93,151,463	0	93,151,463	93,151,463
Adjustments to legislative appropriation	0	(2,562,968)	(2,562,968)	0	910,338	910,338
2004-2006 base budget	0	90,588,495	90,588,495	0	94,061,801	94,061,801
Total recommended funding	0	90,588,495	90,588,495	0	94,061,801	94,061,801
Percent change over base budget	N/A	0.00%	0.00%	N/A	0.00%	0.00%
Position level:						
2004 legislative appropriation	0.00	653.00	653.00	0.00	653.00	653.00
Recommended position level changes	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	0.00	653.00	653.00	0.00	653.00	653.00
STATE LOTTERY DEPARTMENT						
2004 legislative appropriation	0	75,637,643	75,637,643	0	75,637,643	75,637,643
Adjustments to legislative appropriation	0	700,332	700,332	0	700,332	700,332
2004-2006 base budget	0	76,337,975	76,337,975	0	76,337,975	76,337,975
Total recommended funding	0	76,337,975	76,337,975	0	76,337,975	76,337,975
Percent change over base budget	N/A	0.00%	0.00%	N/A	0.00%	0.00%
Position level:						
2004 legislative appropriation	0.00	309.00	309.00	0.00	309.00	309.00
Recommended position level changes	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	0.00	309.00	309.00	0.00	309.00	309.00
VIRGINIA COLLEGE SAVINGS PLAN						
2004 legislative appropriation	0	3,812,127	3,812,127	0	3,812,127	3,812,127
Adjustments to legislative appropriation	0	87,095	87,095	0	87,095	87,095
2004-2006 base budget	0	3,899,222	3,899,222	0	3,899,222	3,899,222
Total recommended funding	0	3,899,222	3,899,222	0	3,899,222	3,899,222
Percent change over base budget	N/A	0.00%	0.00%	N/A	0.00%	0.00%
Position level:						
2004 legislative appropriation	0.00	50.00	50.00	0.00	50.00	50.00
Recommended position level changes	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	0.00	50.00	50.00	0.00	50.00	50.00

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
VIRGINIA RETIREMENT SYSTEM						
2004 legislative appropriation	250,000	29,779,522	30,029,522	250,000	29,779,522	30,029,522
Adjustments to legislative appropriation	0	250,983	250,983	0	250,983	250,983
2004-2006 base budget	250,000	30,030,505	30,280,505	250,000	30,030,505	30,280,505
Recommended budget actions:						
▶ Increase staffing to reflect an increase in workload	0	0	0	0	869,864	869,864
▶ Provide funding for an increase in investment department workload	0	987,316	987,316	0	763,975	763,975
▶ Provide funding for Virginia Retirement System information technology upgrades	0	0	0	0	422,000	422,000
▶ Continue investment department services at current levels	0	748,551	748,551	0	748,551	748,551
▶ Reflect the continuation of fiscal year 2003 salary increase costs	0	284,880	284,880	0	284,880	284,880
Total recommended budget actions	0	2,020,747	2,020,747	0	3,089,270	3,089,270
Total recommended funding	250,000	32,051,252	32,301,252	250,000	33,119,775	33,369,775
Percent change over base budget	0.00%	6.73%	6.67%	0.00%	10.29%	10.20%
Position level:						
2004 legislative appropriation	0.00	233.00	233.00	0.00	233.00	233.00
Recommended position level changes	0.00	24.00	24.00	0.00	28.00	28.00
Total recommended positions	0.00	257.00	257.00	0.00	261.00	261.00
VIRGINIA WORKERS' COMPENSATION COMMISSION						
2004 legislative appropriation	0	19,236,132	19,236,132	0	19,236,132	19,236,132
Adjustments to legislative appropriation	0	418,628	418,628	0	418,628	418,628
2004-2006 base budget	0	19,654,760	19,654,760	0	19,654,760	19,654,760
Recommended budget actions:						
▶ Provide Special Counsel to Uninsured Employers' Fund	0	270,000	270,000	0	270,000	270,000
▶ Adjusts funding from the federal government	0	400,000	400,000	0	400,000	400,000
Total recommended budget actions	0	670,000	670,000	0	670,000	670,000
Total recommended funding	0	20,324,760	20,324,760	0	20,324,760	20,324,760
Percent change over base budget	N/A	3.41%	3.41%	N/A	3.41%	3.41%
Position level:						
2004 legislative appropriation	0.00	184.00	184.00	0.00	184.00	184.00
Recommended position level changes	0.00	5.00	5.00	0.00	5.00	5.00
Total recommended positions	0.00	189.00	189.00	0.00	189.00	189.00
VIRGINIA OFFICE FOR PROTECTION AND ADVOCACY						
2004 legislative appropriation	211,957	1,980,341	2,192,298	211,957	1,980,341	2,192,298
Adjustments to legislative appropriation	4,350	313,892	318,242	4,350	313,892	318,242
2004-2006 base budget	216,307	2,294,233	2,510,540	216,307	2,294,233	2,510,540

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
Recommended budget actions:						
► Implement VITA savings strategy	(60)	0	(60)	(60)	0	(60)
► Increase funding and positions to meet federal civil rights duties	0	233,174	233,174	0	233,174	233,174
Total recommended budget actions	(60)	233,174	233,114	(60)	233,174	233,114
Total recommended funding	216,247	2,527,407	2,743,654	216,247	2,527,407	2,743,654
Percent change over base budget	(.03%)	10.16%	9.29%	(.03%)	10.16%	9.29%
Position level:						
2004 legislative appropriation	1.88	23.12	25.00	1.88	23.12	25.00
Recommended position level changes	0.00	10.00	10.00	0.00	10.00	10.00
Total recommended positions	1.88	33.12	35.00	1.88	33.12	35.00
TOTAL FOR INDEPENDENT AGENCIES						
Grand total recommended funds	466,247	225,729,111	226,195,358	466,247	230,270,940	230,737,187
Grand total recommended positions	1.88	1,491.12	1,493.00	1.88	1,495.12	1,497.00