



Administration and Personnel Committee (A&P) Meeting

GoToWebinar

Wednesday, 6/2/2021

10:00 AM - 12:30 PM ET

I. Public Comment

II. Approve Minutes

- **April 19, 2021**

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III. Discussion and Consideration of FY 2022 Agency Performance Outcomes (APOs) and Operational Measures

- **RBA – Review and Approve FY 2022 Agency Performance Outcomes and Operational Measures**

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FY22 Proposed APOs - Page 8

FY22 Proposed Operational Measures - Page 13

IV. Budget Update

FY21 Budget vs Actual - Page 31

FY21 Budget Remaining Details - Page 33

V. Other Business

- **Update on Return to the Office Planning**

Minutes

An electronic meeting of the Virginia Retirement System Administration and Personnel Committee was held on April 19, 2021 in accordance with § 2.2-3708.2(A)(3) of the *Code of Virginia* and in accordance with guidance provided in Item 4-0.01 of Chapter 552 of the 2021 Special Session I Acts of Assembly, with the following members participating:

Board members participating:

O’Kelly E. McWilliams, III, Chair
Joseph W. Montgomery, Vice Chair
William A. Garrett
Wallace G. Harris, Ph.D.
Troilen G. Seward, Ed.S.

VRS Staff:

Patricia Bishop, Jeanne Chenault, Michael Cooper, Harriet Covey, Juanita Cribbs, Valerie Disanto, Brian Goodman, Matt Priestas, Jillian Sherman, Grace Wheaton and Cindy Wilkinson.

Guests participating were:

Adam Rosatelli, Senate Finance and Appropriations Committee.

The meeting convened at 10:07 a.m.

Opening Remarks

O’Kelly E. McWilliams, III called the meeting to order and welcomed everyone to the April 19, 2021 meeting of the Administration and Personnel Committee.

Mr. McWilliams noted that given the current circumstances related to COVID-19, the Committee is unable to meet in person and, therefore, is using electronic means to hold the meeting. The meeting is being held in accordance with § 2.2-3708(A)(3) of the *Code of Virginia* and Chapter 552 of the 2021 Special Session I Acts of Assembly as they relate to conducting business during the pandemic.

Next, Mr. McWilliams took attendance with the following roll call:

Mr. Garrett: Here
Mr. Harris: Here
Mr. Montgomery: Here
Ms. Seward: Here
Mr. McWilliams: Here

Public Comment

In accordance with Chapter 552 of the 2021 Special Session I Acts of Assembly, the Committee opened the floor for public comment. Mr. McWilliams noted that no members of the public registered to comment at the electronic meeting.

Approve Minutes

Upon Ms. Seward's motion, with a second by Mr. Harris, the Committee approved the minutes of the February 11, 2021 meeting upon the following roll call vote:

Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Reappointment of DCPAC Members

Ms. Bishop reviewed the recommendations to reappoint three members of the Defined Contribution Plans Advisory Committee whose terms are set to expire. Shannon T. Irvin, Rick Larson and David A. Winter are eligible for reappointment and have expressed interest in continuing to serve on the Committee.

RBA: Reappointment of DCPAC Members

Request for Board Action: The Board reappoints Shannon T. Irvin, Rick Larson and David A. Winter to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2023.

Upon a motion by Mr. Harris, with a second by Mr. Montgomery, the Committee recommended approval of the action to the full Board of Trustees upon the following roll call vote:

Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Review and Approve Revised FY 2021 Agency Performance Outcome (APO) #4

Mr. Cooper presented the proposed revisions to Agency Performance Outcome (APO) #4 regarding the Cardinal HCM Project Implementation. Mr. Cooper explained that the overall Cardinal project schedule, managed by the Commonwealth's Department of Accounts, has been pushed back several months. Consequently, the components of APO #4 as initially approved by the Board are unattainable for reasons beyond the agency's control. Accordingly, VRS is recommending revisions to APO #4 to account for elements of the project that can be accomplished by June 30, 2021 and are applicable to FY 2021.

RBA: Approve Revised Agency Performance Outcome (APO) #4

Request for Board Action: The VRS Board of Trustees approves revisions to Agency Performance Outcome #4 for Fiscal Year 2021.

Upon a motion by Mr. Montgomery, with a second by Ms. Seward, the Committee recommended approval of the action to the full Board of Trustees upon the follow roll call vote:

Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Approve Revised Pay Plan

Ms. Reid advised the Committee that the Governor has approved the 2021 Appropriation Act, which includes a 5% salary increase for eligible employees of the Commonwealth, as well as related changes to the minimum and maximum of each of the pay bands of the Commonwealth's pay plan. In keeping with these changes, Ms. Reid advised that VRS is proposing to amend the pay bands of its three pay plans as well. An additional change is proposed for the Investment Professionals' Pay Plan to indicate that VRS will implement pay actions consistent with the provisions of the Appropriation Act. This language is already provided in the Administrative Pay Plan and Investment Operations and Administration Staff Pay Plan.

RBA: Approve Amended Administrative Pay Plan, Investment Operations and Administration Staff Pay Plan and Investment Professionals' Pay Plan.

Request for Board Action: *The VRS Board of Trustees approves amendments to the Administrative Pay Plan, the Investment Operations and Administration Staff Pay Plan and Investment Professionals' Pay Plan.*

Upon a motion by Mr. Montgomery, with a second by Mr. Harris, the Committee recommended approval of the action to the full Board of Trustees upon the following roll call vote:

Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Update on Strategic Plan Development

Ms. Bishop updated the Committee on the development of the agency's next strategic plan. VRS leadership is working with VCU's Performance Management Group to develop strategic goals and objectives that are measurable in an effort to track performance for the five-year period beginning July 1, 2021.

Mr. McWilliams asked about the Board's input in the strategic plan development process. Ms. Bishop advised that the Board's input is important to the plan, a draft would be shared with the Board for its consideration, and Board feedback will be captured as part of the overall planning process.

Budget Update

Mr. Cooper provided an update on the agency's year-to-date budget performance as Barry Faison was unable to attend the meeting. Mr. Cooper explained that fiscal year-end projections indicate a balance of approximately \$9.9 million, which will be returned to the Fund as a result of planned reductions in spending due to impacts of the pandemic during FY 2021. This is a slight decrease from the projection provided at the Committee's February meeting, and is due to an increase in projected expenses related to the ongoing recruitment of critical positions.

Mr. McWilliams inquired about the transfer of knowledge initiatives related to the completion of the Modernization project. Ms. Bishop noted the ongoing efforts to build out the IT team as contracted employees working on the Modernization project leave the agency. Further, VRS continues to enhance its documentation, including policies and procedures, to capture the system and process changes resulting from the Modernization initiative.

Bo Harris asked for an update on the hiring of the Chief Technology and Security Officer position. Ms. Bishop advised the Committee that Mark Rein has been selected to fill the position and will begin on April 25, 2021. Mr. Rein comes to VRS with over 20 years of information systems and technology management experience, including 12 years serving as the CIO, Deputy CIO and Branch CTO for several large federal government agencies. VRS looks forward to welcoming Mr. Rein on April 25.

Other Business

Lastly, Mr. McWilliams noted upcoming meetings, including that the Benefits and Actuarial Committee will meet in the afternoon at 1:00 p.m. and the Board of Trustees will meet April 20, 2021 at 1:00 p.m.

Adjournment

Upon a motion by Mr. Montgomery, with a second by Ms. Seward, the Committee agreed to adjourn the meeting upon the following roll call vote:

Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

There being no further business, the meeting concluded at 10:34 a.m.

Chair

Date

Approve FY 2022 APOs and Operational Measures.**Requested Action**

The VRS Board of Trustees approves the FY 2022 Agency Performance Outcomes (APOs) and Agency Operational Measures.

Description/Background

Each year the VRS Board of Trustees approves Agency Performance Outcomes (APOs) and Operational Measures. The APOs are stretch goals for the Administrative staff. The Operational Measures are agency performance measures.

APOs (see attachment 1). The FY 2022 APOs have four stated outcomes summarized as follows:

1. Cloud Migration
2. Records Management Program – Phase 1 Implementation
3. ERM Implementation
4. Cardinal HCM Implementation – The Plan (Track 1), Agency (Track 2) and Retiree (Track 3)

The objective is to attain three of the four APOs. Successful attainment of the APOs is the gainsharing portion of the performance management program of the Administrative Pay Plan for administrative staff. Under the gainsharing portion of the performance management program of the Investment Operations and Administration Pay Plan, investments operations staff are eligible for a bonus if their performance meets or exceeds expectations or is exceptional, as rated in their annual performance assessment, the employee consistently works, as a team member, to accomplish the goals of the Investment Department. Both bonuses are normally paid as a lump sum equal to 2.5% of salary.

Operational Measures (see attachment 2). VRS also identifies key operational measures each year. These measures are coupled with the APOs as part of the gainsharing portion of the performance management program. The objective is to meet or exceed the target goal for at least 13 of the 16 measures. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

Satisfying the APO and operational measure targets is required to earn the gainsharing bonus.

Rationale for Requested Action

The APOs are stretch goals for VRS, and VRS identifies key operational measures as organizational performance expectations for the fiscal year that must be maintained while working to satisfy the APOs and maintaining key agency functions. Both the Administrative and Investment Operations and Administration Staff Pay Plans contain gainsharing language to reward teamwork, collaboration and organizational results.

Although satisfaction of the APOs and Operational Measures is not an explicit condition for a gainsharing bonus to be paid to Investment Operations and Administration staff, the agency's practice is that no gainsharing bonus is paid to Investment Operations and Administration staff in a year that Administrative staff is not eligible for a gainsharing bonus.

Authority for Requested Action

Code of Virginia § 51.1-124.22(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

O'Kelly E. McWilliams, III, Chairman
VRS Board of Trustees

Date



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2022

Summary

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

Overall Measure: 3 of 4 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1	Cloud Migration <i>(Measure: 4 of 6 completed)</i>												
2	Records Management Program - Phase 1 Implementation <i>(Measure: 3 of 3 completed)</i>												
3	ERM Implementation <i>(Measure: 3 of 3 completed)</i>												
4	Cardinal HCM Implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3) <i>(Measure: 6 of 6 completed)</i>												

*Note: Ongoing meetings, data exchanges, testing, and reconciliations continue between VRS, DOA and other stakeholder groups. Further progress of the Cardinal HCM project needs to be completed before VRS can initiate the tasks outlined in APO #4.



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2022

APO 1

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

APO 1 Measure: 4 of 6 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1	Cloud Migration												
1.1	Complete Azure Security and Governance design and configure VRS Azure tenant to meet security standards.												
1.2	Adjust Security and Governance settings as workloads are migrated to Azure Cloud, per the approved plan.												
1.3	Implement Azure Modern Service Management processes and complete operational and process readiness activities, per the approved plan, for successful operation of the VRS Azure environment.												
1.4	Complete high-level planning, discovery and assessment activities for workload migrations to Cloud.												
1.5	Initiate lift and shift workloads migration to the Cloud in accordance with the approved plan.												
1.6	Begin Investments workload migrations to the Cloud, including user readiness, education and training activities, as applicable.												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2022

APO 2

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S Not started

APO 2 Measure: 3 of 4 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
2 Records Management Program - Phase 1 Implementation													
2.1	Complete current state analysis to identify existing records management processes across business units.												
2.2	Develop and initiate detailed records management program strategy.												
2.3	Develop detailed records management program implementation plan.												
2.4	Initiate implementation plan.												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2022

APO 3

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

APO 3 Measure: 3 of 3 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3	ERM Implementation												
3.1	Complete the ERM risk monitoring plan.												
3.2	Initiate development of the ERM validation program.												
3.3	Develop initial ERM dashboard.												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2022

APO 4

APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S Not started

APO 4 Measure: 6 of 6 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4 Cardinal HCM Implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3)													
4.1	Track 1 (Agency) – To the extent provided within DOA’s overall project schedule, complete all testing activities for the Agency component of Cardinal HCM project, complete data conversion (if applicable) and implement the changes in production. Complete post-production quality monitoring activities (if applicable).												
4.2	Track 1 (Agency) - To the extent provided within DOA’s overall project schedule, complete necessary training, education, communication and operational readiness activities. Transition the project to steady state operations (if applicable).												
4.3	Track 2 (Plan) - To the extent provided within DOA’s overall project schedule, complete all testing activities for the Plan component of the Cardinal HCM project, complete data conversion (if applicable) and implement the changes in production. Complete post-production quality monitoring activities (if applicable).												
4.4	Track 2 (Plan) - To the extent provided within DOA’s overall project schedule, complete necessary training, education, communication and operational readiness activities. Transition the project to steady state operations (if applicable).												
4.5	Track 3 (Retiree) - To the extent provided within DOA’s overall project schedule, complete all testing activities for the Retiree component of the Cardinal HCM project, complete data conversion (if applicable) and implement the changes in production. Complete post- production quality monitoring activities (if applicable).												
4.6	Track 3 (Retiree) - To the extent provided within DOA’s overall project schedule, complete necessary training, education, communication and operational readiness activities. Transition the project to steady state operations (if applicable).												

*Note: Ongoing meetings, data exchanges, testing, and reconciliations continue between VRS, DOA and other stakeholder groups. Further progress of the Cardinal HCM project needs to be completed before VRS can initiate the tasks outlined in APO #4.

July-21

Current Status - All Operational Measures

YTD Status - All Operational Measures



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
1	Timeliness of Monthly Financial Account Reconciliations	Percentage of monthly financial control reconciliations completed by last business day of the following month	Strong Financial Viability	> 95.00%	-	-	Monthly	
2	Average Abandoned Call Rate	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue	Continuous Improvement of Effective and Efficient Operations	< 7.00%	-	-	Monthly	
3	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)	Average response time to emails received by the CCC	Continuous Improvement of Effective and Efficient Operations	.75 business days	-	-	Monthly	
4	Timeliness of Monthly Retirement Disbursements	Percentage of monthly retirement disbursements processed no later than the first business day of the month	Continuous Improvement of Effective and Efficient Operations	100.00%	-	-	Monthly	
5	Timeliness of Service Retirements Processed	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible	Continuous Improvement of Effective and Efficient Operations	95.00%	-	-	Monthly	
6	Accuracy of Service Retirements Processed	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record	Continuous Improvement of Effective and Efficient Operations	99.00%	-	-	Monthly	
7	Timeliness of Disability Retirements Processed	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board	Continuous Improvement of Effective and Efficient Operations	98.00%	-	-	Monthly	
8	Accuracy of Disability Retirements Processed	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record	Continuous Improvement of Effective and Efficient Operations	99.00%	-	-	Monthly	
9	Timeliness of Workflow Documentation Imaging	Percentage of workflow documents imaged within one business day of receipt	Continuous Improvement of Effective and Efficient Operations	99.50%	-	-	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Superior Technological Tools that Enable Efficient Delivery of Service	99.50%	-	-	Monthly	
11	Timeliness of Employer Contribution Confirmations	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due	Superior Technological Tools that Enable Efficient Delivery of Service	97.00%	-	-	Monthly	
12	Implementation of Corrective Action to Audit Recommendations	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date	Continuous Improvement of Effective and Efficient Operations	> 95.00%	-	-	Quarterly	

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

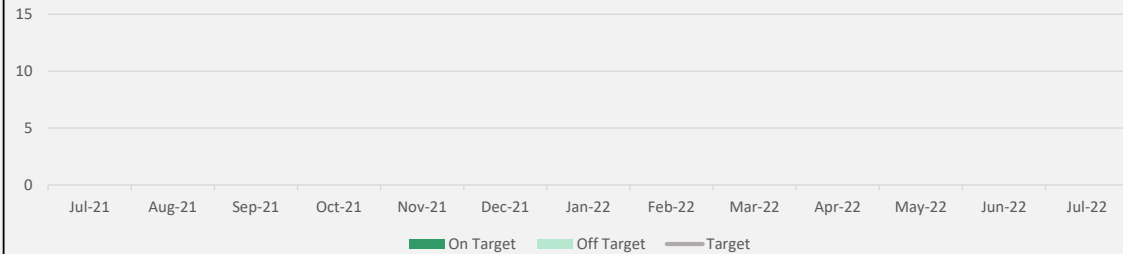
FISCAL YEAR 2022 OPERATIONAL MEASURES STATUS REPORT

July-21

Current Status - All Operational Measures

■ On Target ■ Off Target

YTD Status - All Operational Measures

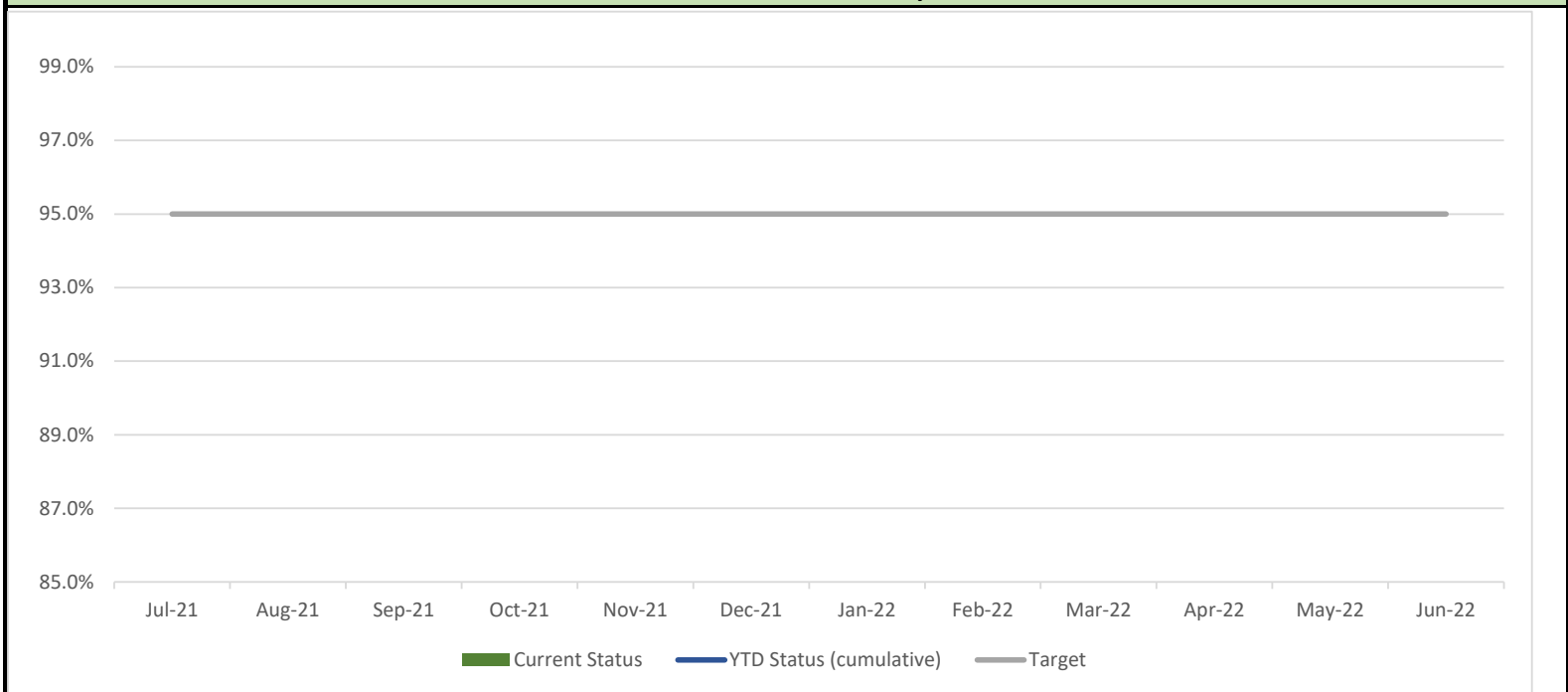


OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Exceptional Organizational Culture and Work Environment	< 10.00%	-	-	Annual	
14	Cost to Administer Defined Benefit Plans	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.	Strong Financial Viability	FY 2020 CEM Peer Cost Average	-	-	Annual	Will not know FY 2020 CEM peer cost until spring 2021
15	Systems Security Awareness	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies	Continuous Improvement of Effective and Efficient Operations	100.00%	-	-	Annual	Measure reported on an annual basis
16	Employee Professional Development	Percentage of full-time VRS administration employees receiving at least 8 hours of professional development	Highly Skilled and Trained Staff	85.00%	-	-	Annual	Measure reported on an annual basis

Reporting Period: July-21

Operational Measure	Timeliness of Monthly Financial Account Reconciliations		
Strategic Goal	Strong Financial Viability		
Description	Percentage of monthly financial control reconciliations completed by last business day of the following month		
Calculation Methodology	The number of financial account reconciliations completed by the last business day of the month, divided by the total accounts requiring reconciliation each month.		
Data Source	Finance Control Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	> 95.00%	Baseline (Performance History)	99%
Target Rationale: Accounts for potential impacts due to the transition to a return to the office and ongoing system changes		Baseline Rationale: 5 year average = 99%	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Return to the office transition impacts processes and agency resources	Identify alternative processes to work around disruptions, and cross-train staff for backup as needed	
2	Transition to Cardinal HCM impacts processes and agency resources, including technology, that limit system availability	Enact business continuity plan for technology outages	
3	Unanticipated external/internal requests for new programs that expand the overall number of reconciliations	Streamline process for approving and implementing new programs to expedite roll-out and ensure accurate reconciliation reporting	

YTD Performance History



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

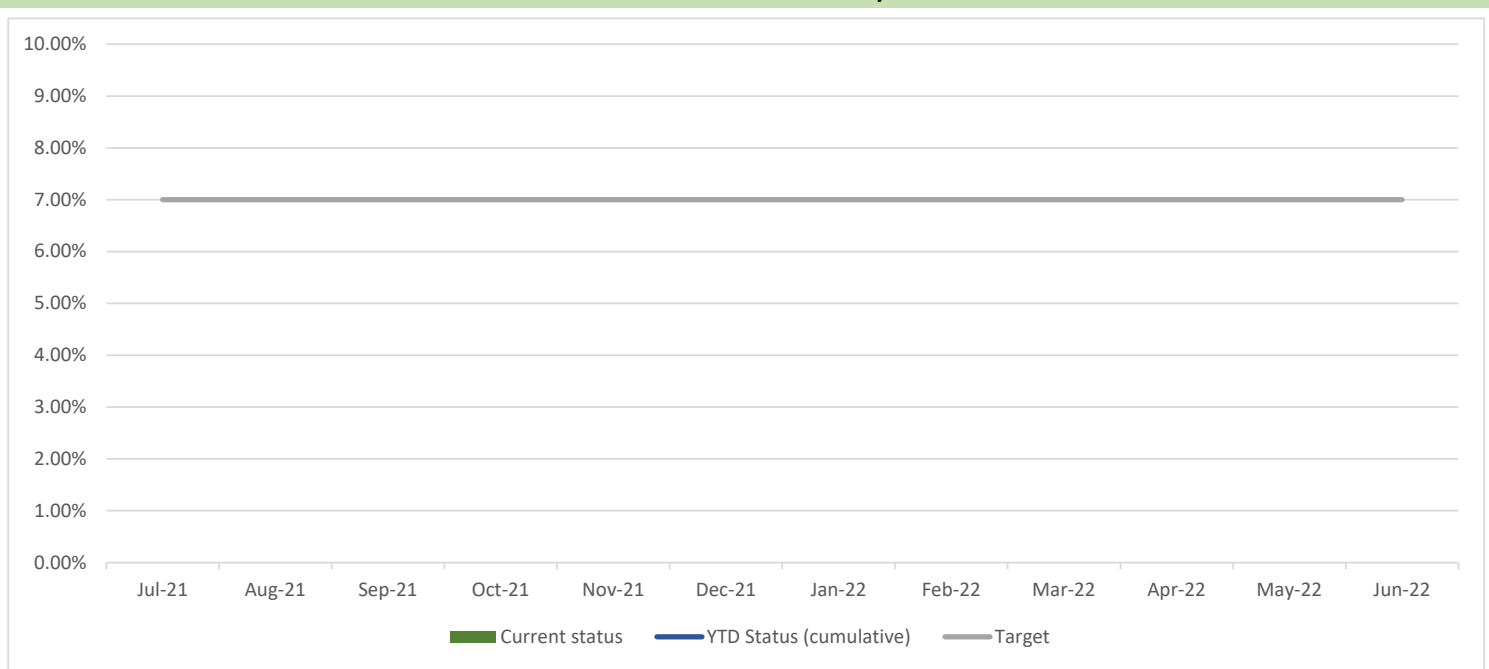
VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Average Abandoned Call Rate		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue		
Calculation Methodology	The number of abandoned calls (defined as a caller hanging up prior to reaching a knowledgeable person), divided by the total number of calls received by the CCC support teams. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	< 7.00%	Baseline (Performance History)	6.20%
Target Rationale: To account for anticipated high call volume due to system changes and the transition to a return to the office	Baseline Rationale: 5 year average = 6.2%		
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Regulatory or legislative changes that impact customer benefits and result in increased call volumes (i.e. federal tax code change)	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes	
2	Ongoing pandemic and the transition to a return to the office impacts processes and agency resources, including system unavailability, which may cause an increase in call volume	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes	
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer call times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data	

YTD Performance History



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Fiscal Year 2022 Operational Measures

Reporting Period: July-21

Operational Measure	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Average response time to emails received by the CCC		
Calculation Methodology	The number of messages responded to within two business days, divided by the total number of messages responded to by the CCC. Note: In FY 2022, the CCC may transition its electronic communications from the current traditional email platform to secure messaging conducted through myVRS.		
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	.75 business days	Baseline (Performance History)	1.30 business days
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 1.3 days</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Transition may occur in FY 2022 from traditional emails to secure messaging through the MyVRS portal	Proactively train CCC staff on the process changes that will occur when secure messaging is implemented	
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including email/secure messaging capabilities	Prepare a staff augmentation plan for times when additional resources are needed to address email backlogs resulting from system outages	
3	Historically high rate of turnover of CCC staff	Continue recruitment and retention measures to attract and retain CCC staff	

YTD Performance History



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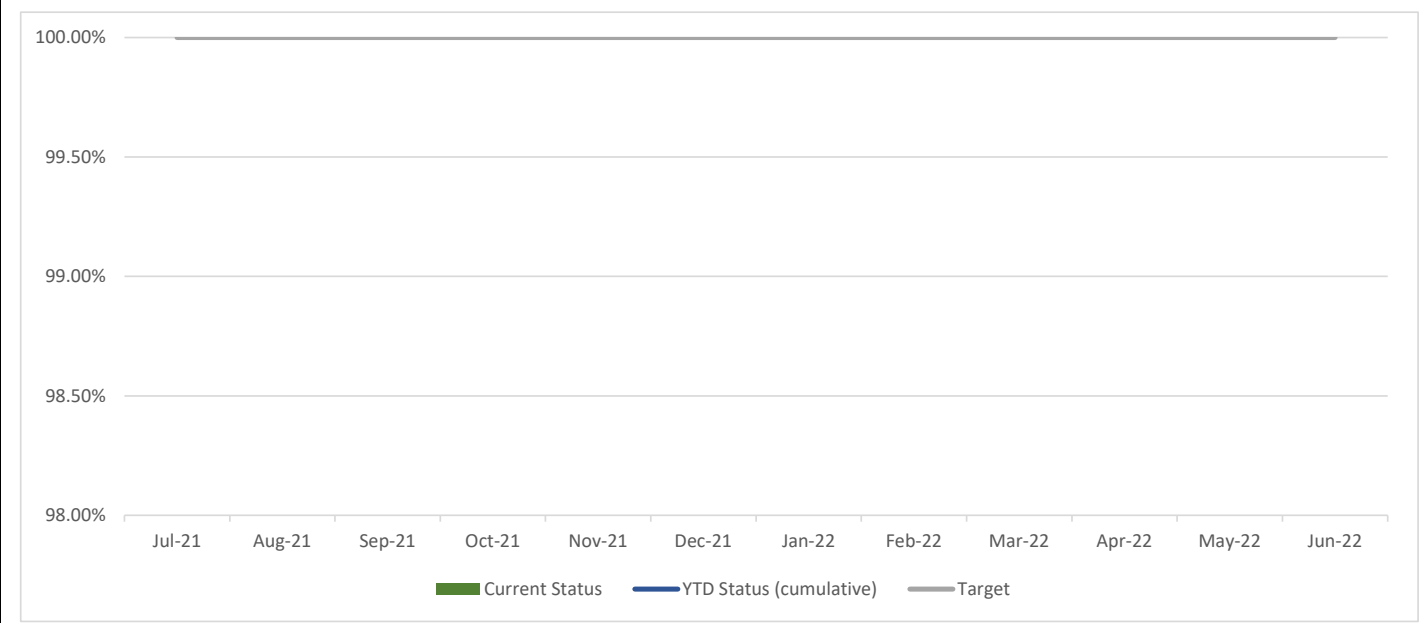
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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Monthly Retirement Disbursements		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of monthly retirement disbursements processed no later than the first business day of the month		
Calculation Methodology	The number of monthly retirement disbursements processed so that the payment date is no later than the first business day of the month, divided by the total number of monthly retirement disbursements that require processing each month. "Processed" is defined as funds having been disbursed to retirees; "disbursed" is defined as the funds having been paid out of the VRS account. This process requires VRS to submit documentation to external partners (Virginia Department of Treasury, banking partner) in sufficient time to meet the first business day of the month requirement.		
Data Source	Benefit Disbursements Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 100%</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		100	
1	Dependence upon external parties who are integral to the process (i.e., Virginia Department of Treasury and banking partner)	Develop contingency plan in concert with external parties to ensure open lines of communication and alternate processes in the event of a potential delay	
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit ability to process and/or transmit fund documentation to external stakeholders	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History



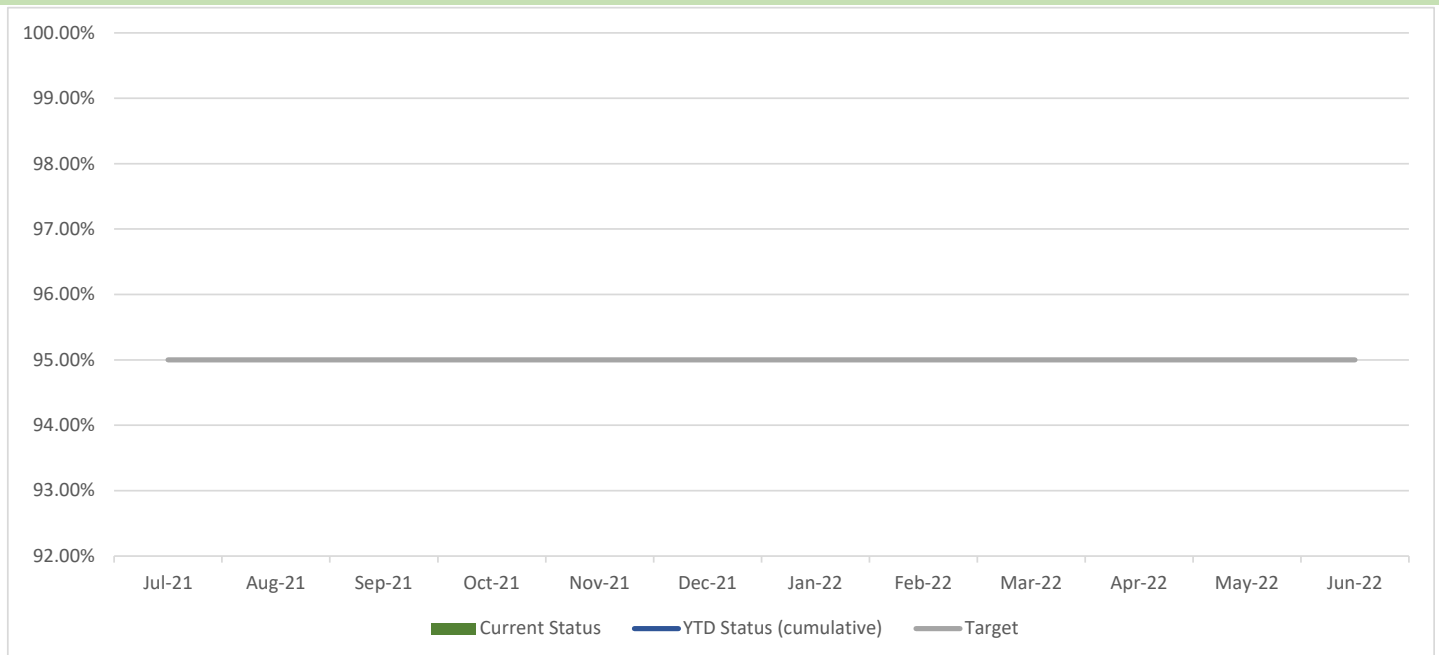
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VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Operational Measure	Timeliness of Service Retirements Processed		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible		
Calculation Methodology	The number of service retirement payments processed by the first payment date on which the member is eligible to receive retirement benefits, divided by the total number of initial payments made for the same time period. The "first payment date on which the member is eligible to receive retirement benefits" is based on the date by which VRS receives a member's retirement application that is determined by VRS to be complete, accurate, and ready for payment processing. "Processed" is defined as funds having been paid to retirees; "disbursed" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	95.00%	Baseline (Performance History)	97.90%
<i>Target Rationale: Accounts for system conversion and ongoing pandemic</i>		<i>Baseline Rationale: 5 year average = 97.90%</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit ability to process retirements	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy-of staff authorized to approve retirements	

YTD Performance History

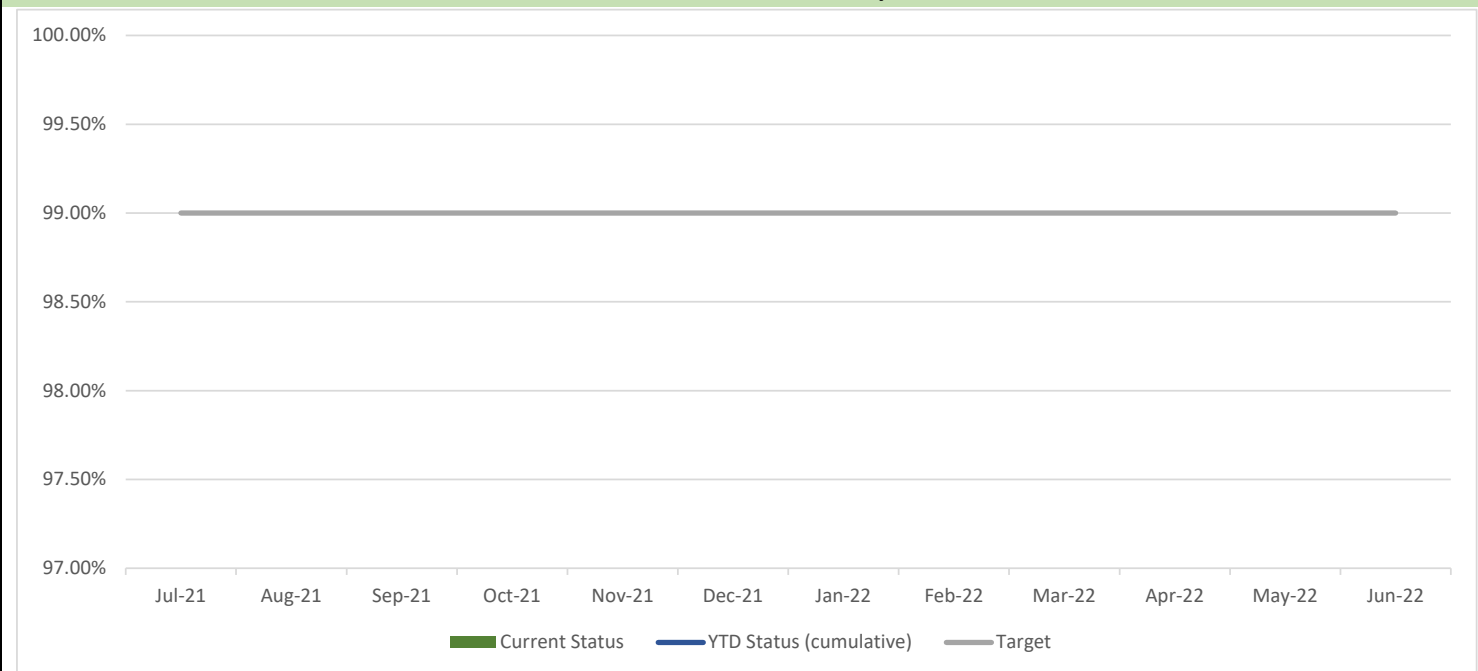


VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Operational Measure	Accuracy of Service Retirements Processed		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record		
Calculation Methodology	The number of service retirement applications processed and corresponding benefit paid accurately, divided by the total number of initial service retirement benefits processed and paid. An accurate benefit payment is defined as the benefit amount correctly reflecting the member's service record. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.00%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 99%</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit ability to process retirements	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History

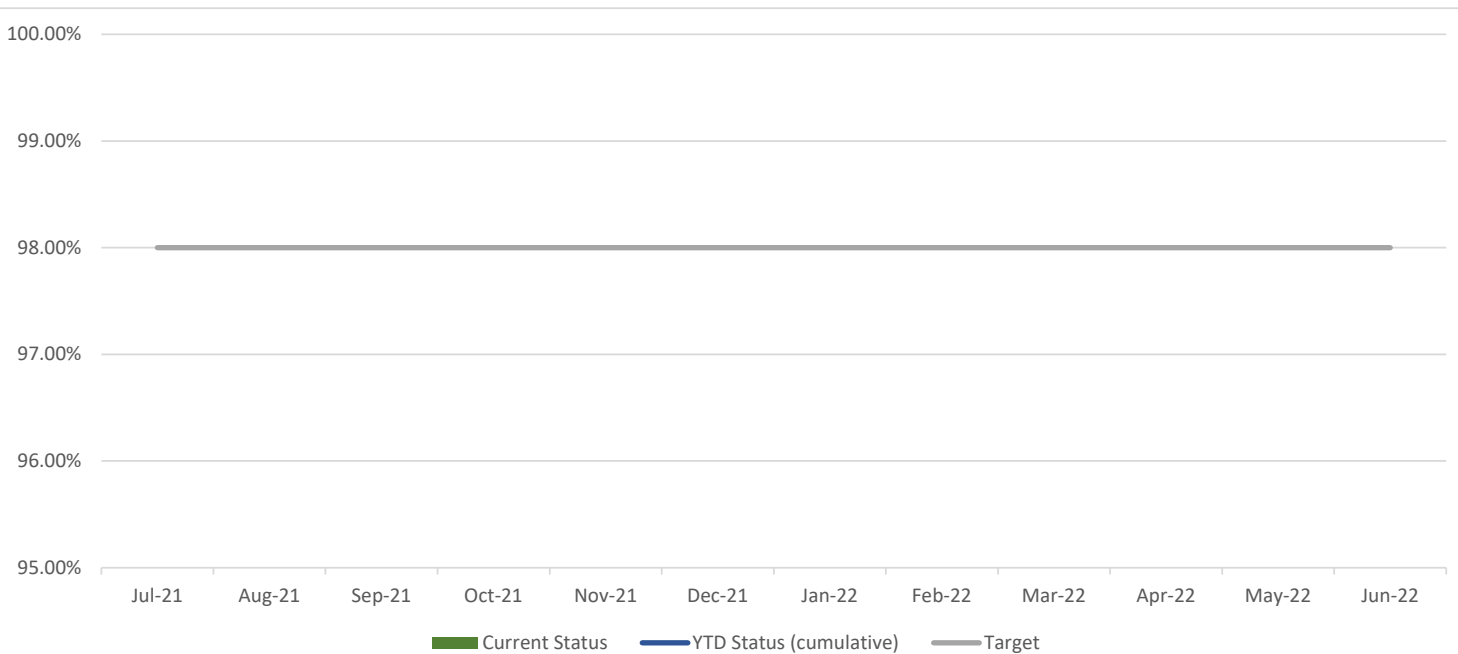


VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

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Operational Measure	Timeliness of Disability Retirements Processed		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board		
Calculation Methodology	The number of disability retirements processed within 30 days after VRS receives notice of approval of the application by the Medical Review Board. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	98.00%	Baseline (Performance History)	98.80%
Target Rationale: To account for potential processing delays due to system conversion in FY 2021 and ongoing pandemic impacts		Baseline Rationale: 5 year average = 98.80%	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition	
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit ability to process retirements	Enact business continuity plan for technology outages	
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements	

YTD Performance History



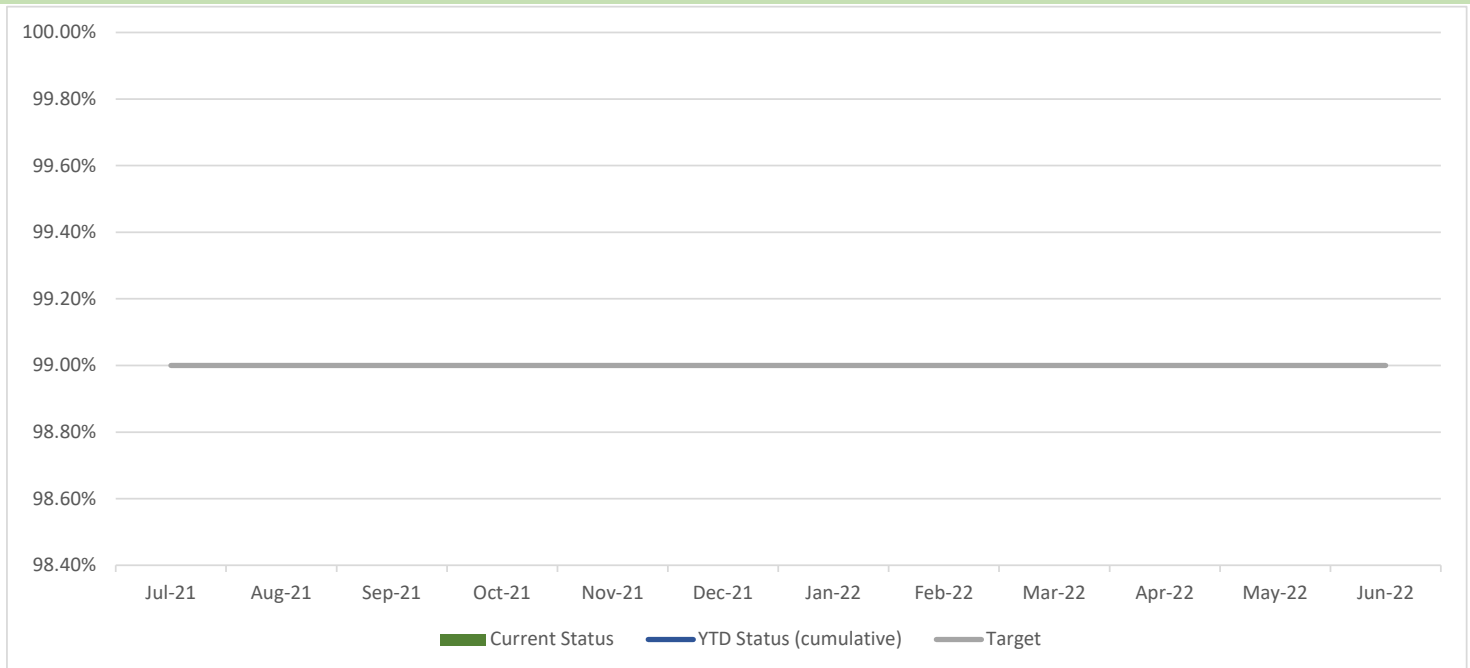
VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

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Operational Measure	Accuracy of Disability Retirements Processed		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record		
Calculation Methodology	The number of disability retirement applications processed and corresponding benefit paid accurately, divided by the total number of initial disability retirement benefits processed and paid. An accurate benefit payment is defined as the benefit amount correctly reflecting the member's service record. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.00%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 99%</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		Mitigation Strategies
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit ability to process retirements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements

YTD Performance History



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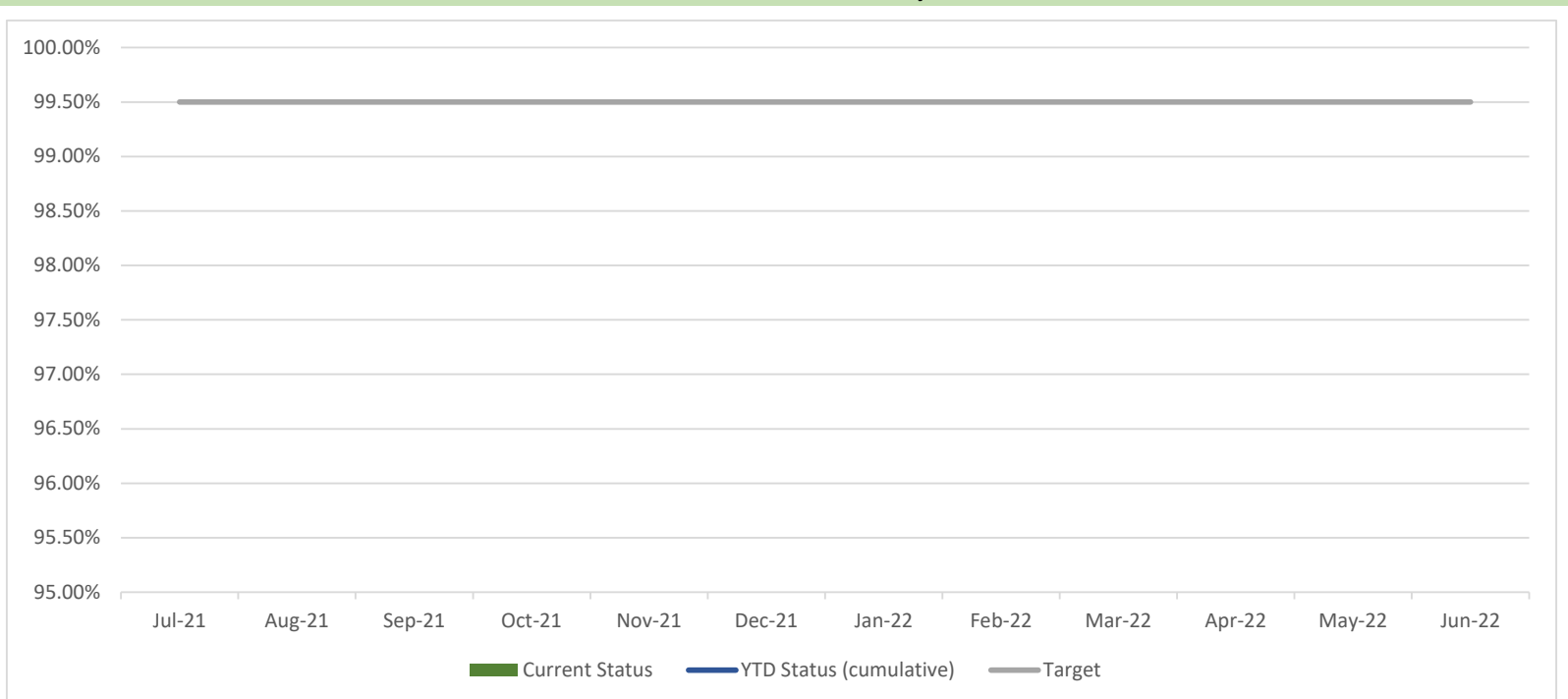
Fiscal Year 2022 Operational Measures

Reporting Period: July-21

Operational Measure	Timeliness of Workflow Documentation Imaging		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of workflow documents imaged within one business day of receipt		
Calculation Methodology	The number of documents imaged within one business day of receipt by the Imaging business unit, divided by the number of documents received by the Imaging unit within the same timeframe. Currently, an average of 20,000 documents are imaged per month.		
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.50%	Baseline (Performance History)	99.90%
Target Rationale: Maintain recent performance		Baseline Rationale: 5 year average = 99.9%	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-

Potential Constraints to Meeting Target		Mitigation Strategies
1	Dependence upon current Imaging unit staffing level to ensure expedient and accurate processing within the prescribed turnaround time	Prescribe duties that merit the continuance of the current Imaging unit staffing level (with respect to the ongoing transition to online retirements that should reduce paper form intake levels)
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit system availability	Enact business continuity plan for technology outages
3	Staffing constraints; specific skill set required limits feasibility for untrained staff to produce results with same efficiency and effectiveness	Establish a routine cross-training program to ensure well-trained staff are available at all times

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

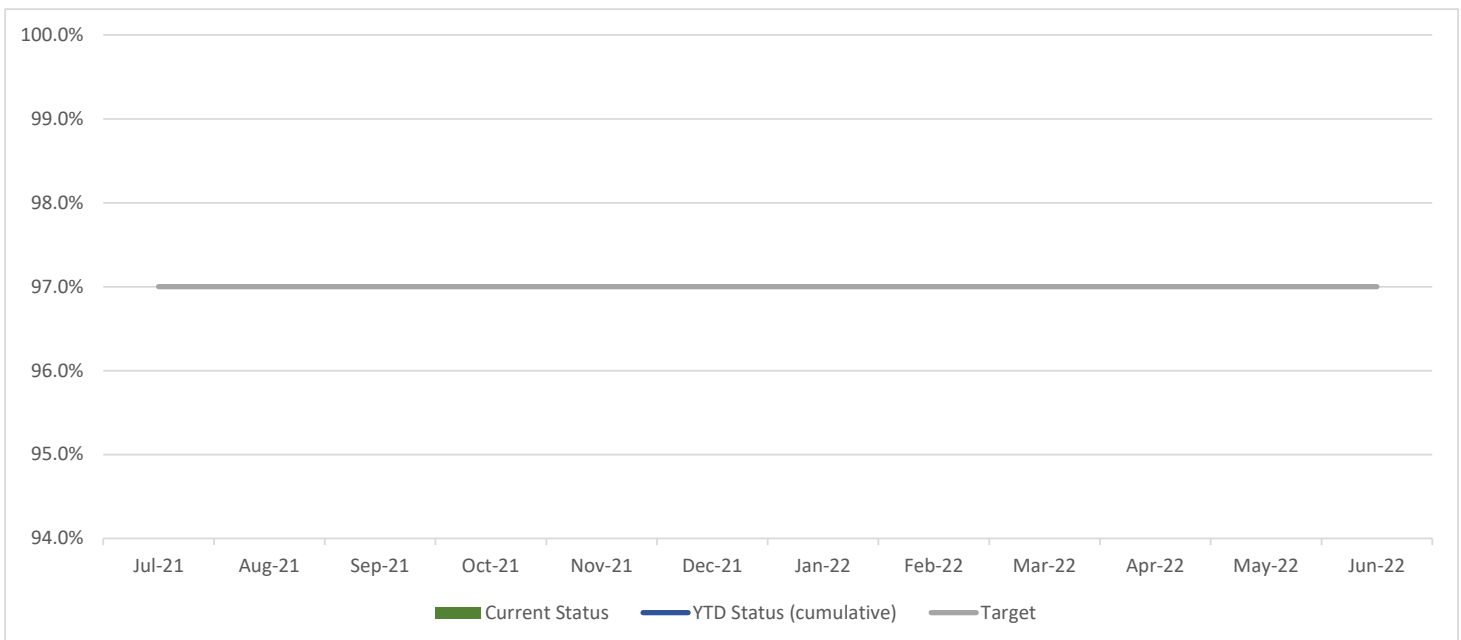
Operational Measure		Planned IT System Availability																																																					
Strategic Goal		Superior Technological Tools that Enable Efficient Delivery of Service																																																					
Description		Percentage of time critical systems are available during periods of planned availability																																																					
Calculation Methodology		Percentage of time during which critical business systems are available for use by VRS staff and customers, divided by the total time for which it was planned that said systems would be available. Critical business systems include: VNAV, telephone, email, internet, MyVRS, Imaging, Investments, MUNIS, Customer Counseling Center Cisco phone system, and remote access. Note: business systems deemed "critical" may change periodically depending on business needs or system changes (ex: RIMS was decommissioned in spring 2019 and is no longer considered a critical business system as of that time). Periods of availability are pre-determined based on business needs and requirements regarding routine system testing, maintenance and upgrades. "Availability" is defined as being able to be used by the majority of persons for whom it is intended and for the majority of purposes for the system's intended use.																																																					
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Monthly																																																				
Target (Performance Goal)	99.50%	Baseline (Performance History)	99.90%																																																				
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 99.9%</i>																																																					
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-																																																				
Potential Constraints to Meeting Target		Mitigation Strategies																																																					
1	Failure on the part of third party business partners to provide dependent services	Implement back-up plans (ex: different phone line)																																																					
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit system availability	Enact business continuity plan for technology outages																																																					
3	Timing of a potential system failure that limits staff resources available to respond immediately	Strategically plan staffing availability to address potential system failures in the most effective manner																																																					
YTD Performance History																																																							
<table border="1"> <caption>YTD Performance History Data</caption> <thead> <tr> <th>Month</th> <th>Current Status</th> <th>YTD Status (cumulative)</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Jul-21</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Aug-21</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Sep-21</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Oct-21</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Nov-21</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Dec-21</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Jan-22</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Feb-22</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Mar-22</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Apr-22</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>May-22</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> <tr> <td>Jun-22</td> <td>99.50%</td> <td>99.50%</td> <td>99.50%</td> </tr> </tbody> </table>				Month	Current Status	YTD Status (cumulative)	Target	Jul-21	99.50%	99.50%	99.50%	Aug-21	99.50%	99.50%	99.50%	Sep-21	99.50%	99.50%	99.50%	Oct-21	99.50%	99.50%	99.50%	Nov-21	99.50%	99.50%	99.50%	Dec-21	99.50%	99.50%	99.50%	Jan-22	99.50%	99.50%	99.50%	Feb-22	99.50%	99.50%	99.50%	Mar-22	99.50%	99.50%	99.50%	Apr-22	99.50%	99.50%	99.50%	May-22	99.50%	99.50%	99.50%	Jun-22	99.50%	99.50%	99.50%
Month	Current Status	YTD Status (cumulative)	Target																																																				
Jul-21	99.50%	99.50%	99.50%																																																				
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Operational Measure	Timeliness of Employer Contribution Confirmations		
Strategic Goal	Superior Technological Tools that Enable Efficient Delivery of Service		
Description	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due		
Calculation Methodology	The number of employer CC snapshots received by the end of the month in which they are due, divided by the total number of employer CC snapshots required for the same time period. VRS works with employers to ensure that monthly CC snapshots are posted in a timely fashion. There are over 1,000 employers reporting to VRS for which CC snapshots are required on a monthly basis.		
Data Source	Employer Reporting Contribution Confirmation and Payment Status Report	Reporting Frequency	Monthly
Target (Performance Goal)	97.00%	Baseline (Performance History)	97.60%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 97.60%</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Dependence on over 1,000 employers to submit their confirmations on time every month	Proactively communicate with employers with a focus on those with a history of delinquent submissions to mediate potential causes for delay	
2	Impact of ongoing pandemic and transition to a return to the office on resources at the employer level that prevent their timely submission of CC snapshots	Proactively communicate with employers to identify potential impacts and assist as appropriate with the submission process	
3	Cardinal implementation for state employers may delay timely submission due to additional responsibilities during Cardinal transition	Provide notice to state employers of potential for delay due to Cardinal implementation and advise that they prepare to ensure timely report submission	

YTD Performance History

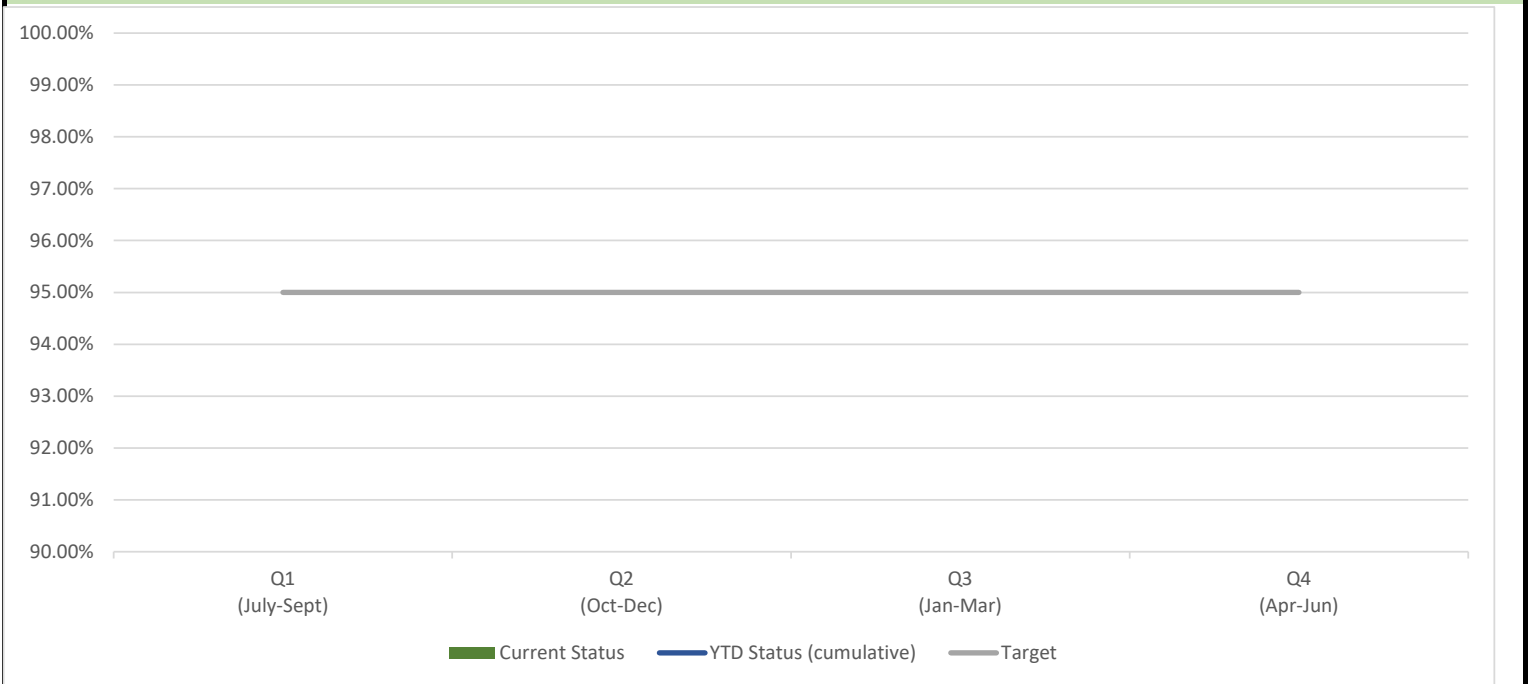


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Operational Measure	Implementation of Corrective Action to Audit Recommendations		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date		
Calculation Methodology	The number of audit recommendations for which VRS management has represented that corrective action has been implemented, divided by the total number of audit recommendations for which corrective action is needed as of the date the measure is calculated. VRS management establishes target dates and provides periodic updates to Audit regarding whether actions have been taken. Audit tracks responses in the Audit Recommendation Follow-Up System (ARFUS).		
Data Source	ARFUS	Reporting Frequency	Quarterly
Target (Performance Goal)	> 95.00%	Baseline (Performance History)	94.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 5 year average = 94.00%</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	High cost to implement necessary corrective action	Work within existing agency allocations and, if necessary, also with state budgetary processes to obtain resources needed to effectuate corrective action	
2	Limited staff resources to effectively implement necessary corrective action	Adjust allocation of staffing resources to enable corrective action implementation	
3	External factors that delay ability to take necessary corrective action (ex: legislative mandates that redirect agency resources, ongoing pandemic)	Communicate with DEC and Audit regarding possible adjustment of target date to accommodate timeline of when resources will be available	

YTD Performance History



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Fiscal Year 2022 Operational Measures

Reporting Period: July-21

OM
13

Operational Measure	Preventable Employee Turnover		
Strategic Goal	Exceptional Organizational Culture and Work Environment		
Description	Percentage of employees voluntarily separating VRS employment due to preventable experiences		
Calculation Methodology	The number of Administration employees who voluntarily separate from VRS employment due to preventable reasons, divided by the total number of Administration employees who voluntarily separate VRS employment, when total employee turnover exceeds 5% within the same period of time. Preventable turnover is determined from exit interview results, and includes substantiated reports of unsuccessful supervision or management, unsatisfactory work environment, insufficient resources to complete one's job effectively, and unavailability of training opportunities.		
Data Source	Human Resources Department Exit Interview Survey Results	Reporting Frequency	Annual
Target (Performance Goal)	< 10.00%	Baseline (Performance History)	5.88%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: FY 2019 results</i>	
Current Reporting Month Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Unrealistic employee expectations regarding VRS work environment and responsibilities	Provide clear position descriptions and responsibilities upon hire; outline organization culture and expectations on a regular basis; ensure open communication between employees, managers and supervisors	
2	Reorganization due to myVRS enhancements may alter current work responsibilities for some employees	Provide clear and open communication throughout the implementation process; Offer sufficient training opportunities for employees tasked with new responsibilities	
3	Ongoing pandemic and transition to a return to the office impacts employee morale	Continue direct outreach to employees, provide EAP resources and implement employee engagement activities	
YTD Performance History			
[Reported as an annual measure]			

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Operational Measure	Cost to Administer Defined Benefit Plans		
Strategic Goal	Strong Financial Viability		
Description	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.		
Calculation Methodology	VRS pension administration cost per active member and annuitant for defined benefit plans as compared to that of its peer group, as calculated by CEM Benchmarking, Inc. The average peer cost calculated by CEM is available on delay and will not be known until spring 2022. At that time the FY 2021 annual agency cost will be compared to the to the FY 2021 CEM peer cost to determine whether VRS's cost is lower than the peer average.		
Data Source	CEM Benchmarking, Inc.	Reporting Frequency	Annual
Target (Performance Goal)	Lower than the FY 2021 CEM Peer Cost Average	Baseline (Performance History)	N/A
Target Rationale: <i>Measuring VRS annual administrative cost for FY 2021 against the most current peer data as provided by CEM Benchmarking, Inc.</i>		Baseline Rationale: N/A	
Current Reporting Month Status	-	YTD Status (Used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Significant unanticipated costs to administer pension plans due to external influences, including the ongoing pandemic and transition to a return to the office	Work within existing agency allocations and prioritize spending plans to ensure administrative expenditures remain reasonable	
2	Dependent upon expenditure patterns for the CEM Peer group for administrative cost average	Maintain communications with CEM peers to stay informed on any spending abnormalities that may skew CEM-calculated peer costing	
3	FY 2021 CEM cost not known until late into FY 2022 (limiting agency ability to react if missing target)	Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2021 CEM cost; adjust agency spending if out of line with recent CEM peer cost averages	
YTD Performance History			
<p>[Average Pension Administration Cost for VRS' Peer Group, as provided by CEM Benchmarking, will be known in spring 2020]</p>			
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Operational Measure	Systems Security Awareness		
Strategic Goal	Continuous Improvement of Effective and Efficient Operations		
Description	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies		
Calculation Methodology	Percentage of eligible staff who have completed the agency's annual security training, VRS User IT Security Policy Training ("security training"), divided by the total eligible agency staff. Employees who join the agency during FY 2022 are required to complete security training within 30 days after their start date. All staff are required to complete the training during the annual training window. The training provides information on such critical security practices as protecting sensitive data, utilizing effective passphrases, reviewing acceptable technology use policies, being on alert for phishing and other malpractices, and more. The percentage is calculated on a cumulative basis and reported annually (with the total requirement recalculated monthly as new staff are hired and required to obtain security training).		
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Annual
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%
<i>Target Rationale: Maintain high security awareness</i>		<i>Baseline Rationale: All VRS staff completed security training in FY 2020</i>	
Current Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Unavailability of the Virginia Learning Center (VLC, a non-VRS application) for training	Provide sufficient time for staff to obtain training within prescribed timeline to allow for possible VLC system unavailability	
2	Ongoing pandemic and transition to a return to the office impacts processes and agency resources, including technology outages that limit system availability	Enact business continuity plan for technology outages	
3	New training requirements as set-forth by the Commonwealth Security Policy that require changes to the prepared security training	Proactively coordinate with different units within VRS to ensure sufficient time and resources to make necessary changes to the prepared training	
YTD Performance History			
[Reported as an annual measure]			
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Operational Measure	Employee Professional Development		
Strategic Goal	Highly Skilled and Trained Staff		
Description	Percentage of full-time VRS administration employees receiving at least 8 hours of professional development		
Calculation Methodology	The number of eligible full-time VRS administration employees who have completed at least 8 hours of professional development, divided by the total number of eligible full-time administration employees. Eligible employees are full-time administration staff hired after July 1, 2021 who are not on short- or long-term disability or FMLA during FY 2022. Qualifying professional development includes courses designated in the Virginia Learning Center (VLC), as well as conferences, webinars, college or trade school classes, and any other professional development as approved by the Human Resources Director. Number of hours received is tracked on a cumulative basis and reported quarterly.		
Data Source	Human Resources Performance Report	Reporting Frequency	Annual
Target (Performance Goal)	85.00%	Baseline (Performance History)	91.30%
<i>Target Rationale: Maintain recent performance and increased total # of hours</i>		<i>Baseline Rationale: 5 year average = 91.32%</i>	
Current Status	-	YTD Status (Cumulative; used at year-end to determine whether target has been met)	-
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Limited staff flexibility to obtain professional development due to significant staff time dedicated to cloud migration and other system enhancements.	Encourage staff to plan for professional development opportunities before and/or after periods of time dedicated to cloud migration and other system enhancements.	
2	Dependence on IT system availability/accessibility for trainings and/or time tracking	Advise staff to plan to be proactive about obtaining professional development and reporting their hours earned as they go	
3	Limited progressive course availability on relevant subject matter area	Ongoing communication between managers and staff to expand and identify new learning opportunities	
YTD Performance History			
[Reported as an annual measure]			
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Virginia Retirement System (VRS) FY 2021 Budget to Actual Projections

	Current Budget A	Expenses through 3/31/2021 B	Projected Remaining Expenses C	Projected Total Expenses ¹ D = B + C	Projected Variance Favorable/ (Unfavorable) E = A - D	% Remaining E / A
Administration						
Personnel						
Salaries, Wages & Benefits	23,171,000	16,250,000	5,596,000	21,846,000	1,325,000	5.7%
Incentive Compensation	818,000	754,000	15,000	769,000	49,000	6.0%
Contractual Services						
Communication Services	950,000	588,000	350,000	938,000	12,000	1.3%
Employee Development Services ²	295,000	113,000	134,000	247,000	48,000	16.3%
Management & Informational Services ^{3,4}	2,550,000	1,289,000	850,000	2,139,000	411,000	16.1%
Medical Review Services	1,000,000	450,000	500,000	950,000	50,000	5.0%
Support Services ⁵	582,000	389,000	100,000	489,000	93,000	16.0%
Technical Services ^{6,7}	291,000	291,000	-	291,000	-	0.0%
Equipment & Supplies	98,000	44,000	41,000	85,000	13,000	13.3%
Facility	2,059,000	1,640,000	415,000	2,055,000	4,000	0.2%
Insurance, Claims & Bonds	86,000	5,000	80,000	85,000	1,000	1.2%
Service Charges	164,000	68,000	96,000	164,000	-	0.0%
Administration Total	32,064,000	21,881,000	8,177,000	30,058,000	2,006,000	6.3%
Information Technology						
Personnel						
Salaries, Wages & Benefits	12,964,000	8,189,000	3,025,000	11,214,000	1,750,000	13.5%
Incentive Compensation	345,000	333,000	12,000	345,000	-	0.0%
Contractual Services						
Communication Services	813,000	586,000	198,000	784,000	29,000	3.6%
Employee Development Services ²	53,000	22,000	29,000	51,000	2,000	3.8%
Management & Informational Services ³	9,000	5,000	4,000	9,000	-	0.0%
Support Services ⁵	5,000	-	5,000	5,000	-	0.0%
Technical Services	11,756,000	9,291,000	2,465,000	11,756,000	-	0.0%
Equipment & Supplies	7,480,000	1,181,000	6,295,000	7,476,000	4,000	0.1%
Facility	414,000	314,000	95,000	409,000	5,000	1.2%
Insurance, Claims & Bonds	95,000	92,000	3,000	95,000	-	3.2%
Information Technology Total	33,934,000	20,013,000	12,131,000	32,144,000	1,790,000	5.3%



Virginia Retirement System (VRS) FY 2021 Budget to Actual Projections

	Current Budget A	Expenses through 3/31/2021 B	Projected Remaining Expenses C	Projected Total Expenses ¹ D = B + C	Projected Variance Favorable/ (Unfavorable) E = A - D	% Remaining E / A
Investment Management						
Personnel						
Salaries, Wages & Benefits	18,903,000	13,319,000	4,293,000	17,612,000	1,291,000	6.8%
Incentive Compensation	7,425,000	3,482,000	110,000	3,592,000	3,833,000	51.6%
Contractual Services						
Communication Services	59,000	46,000	12,000	58,000	1,000	1.7%
Employee Development Services ²	801,000	252,000	220,000	472,000	329,000	41.1%
Management & Informational Services ³	2,005,000	1,245,000	595,000	1,840,000	165,000	8.2%
Technical Services ⁶	9,591,000	3,530,000	5,775,000	9,305,000	286,000	3.0%
Equipment & Supplies	224,000	177,000	23,000	200,000	24,000	10.7%
Facility	659,000	498,000	155,000	653,000	6,000	0.9%
Insurance, Claims & Bonds	27,000	-	27,000	27,000	-	0.0%
Investment Management Total	39,694,000	22,549,000	11,210,000	33,759,000	5,935,000	15.0%
VRS Subtotal	105,692,000	64,443,000	31,518,000	95,961,000	9,731,000	9.2%
Appropriation Pending - Central Accounts ⁸	146,000	-	-	-	146,000	
VRS Total	105,838,000	64,443,000	31,518,000	95,961,000	9,877,000	9.3%

¹ Projected Total Expenses are best estimates as of the creation of this report and are subject to change.

² Employee Development Services includes organization memberships, subscriptions, employee trainings and related travel, and tuition reimbursement. Although in-person training and related travel spending were naturally reduced beginning in March 2020 due to the COVID-19 pandemic, online training has been encouraged.

³ Management and Informational Services includes fiscal services, management services, legal services, media services, food services and business travel.

⁴ Includes \$300K budgeted for the Retirement Commission, which currently has no planned expenditures.

⁵ Support Services includes clerical and manual labor services.

⁶ Technical Services includes hardware/software maintenance, technology contractors and data feeds.

⁷ Represents the Modernization project, which received a budget transfer of \$291K to complete implementation of myVRS functionality. The project was extended into FY 2021 due to the reallocation of resources in FY 2020 to implement the provisions of legislation enacted by the 2020 General Assembly.

⁸ \$146K is the estimated net impact of actions authorized by Chapter 1289 of the 2020 Acts of Assembly; appropriation is pending transfer to VRS by the Department of Planning and Budget (DPB). Per standard practice, the transfer is expected to occur in the second half of the fiscal year. VRS will coordinate with DPB to determine the final amount of the transfer.

FY 2021 Budget Remaining Detail

Category	Description	Amount
Administration		
Salaries, Wages & Benefits	Vacancies / hiring freeze	1,325,000
Salaries, Wages & Benefits Total		1,325,000
Incentive Compensation	Incentive Compensation	49,000
Incentive Compensation Total		49,000
Communication Services	Printing & Postage: PR brochures & manuals - we budget to include flexibility in case addtl plans need updates	5,000
	Printing & Postage: Other	7,000
Communication Services Total		12,000
Employee Development Services	Trainings & related travel (est. per historical plus svgs for travel)	48,000
Employee Development Services Total		48,000
Mgmt & Info Svcs	Retirement Commission	300,000
	LODA (appropriation must match 400,108)	12,000
	Business-related travel (Board meetings, ER workshops/site visits)	19,000
	Disability retirement - legal svcs: fluctuates based on caseload (social security advocacy svcs)	33,000
	Fiscal Svcs re: CavMac - likely some savings for legislation/other requests; budgeted flexibility. TBD	19,000
	Reduced meeting costs - virtual due to covid. Will modify as assumptions change on in-person mtgs for purposes of projections (curr assuming 50% of FY)	12,000
	Office of AG - billing consistent with FY20 (budget based on FY18-19 rates)	16,000
Mgmt & Info Svcs Total		411,000
Medical Review Svcs	Disability retirement - fluctuates based on volume	42,000
	LODA (appropriation must match 400,108)	8,000
Medical Review Svcs Total		50,000

Category	Description	Amount
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Support Services	Exela mail service/printer contract (based on FY20 and YTD trends; budget consistent w/FY18/19 actuals)	60,000
	Misc. manual labor services	30,000

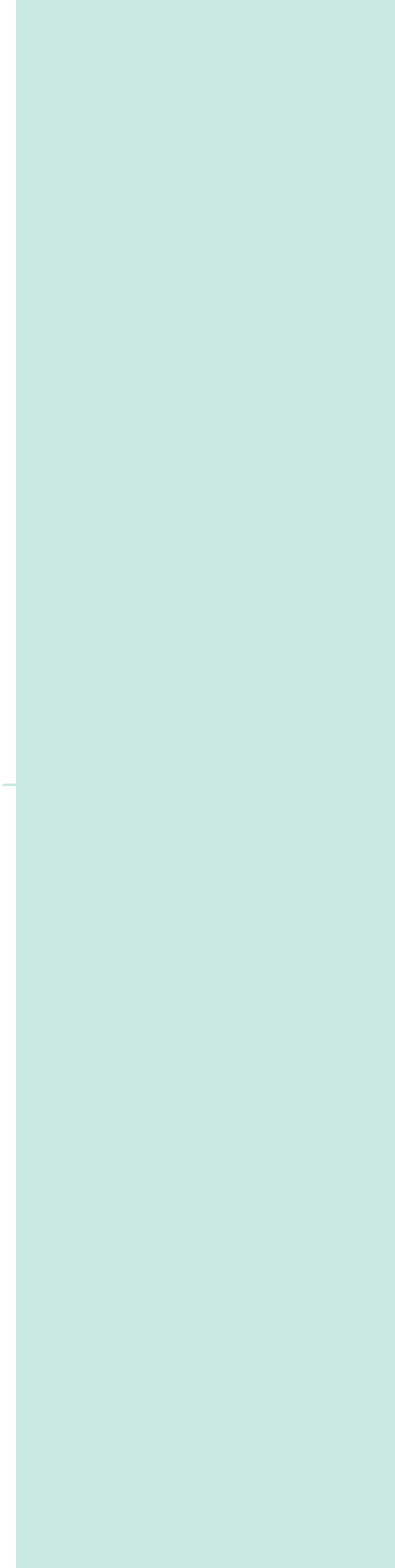
Category	Description	Amount
	VSDP DHRM vacancy / unsure whether we will continue to pay for this position. Study pending.	3,000
Support Services Total		93,000

Category	Description	Amount
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Equipment & supplies		
	Board retreat refund received (negative actuals)	6,000
	Cintas refills of first aid supplies on hold while office is largely unoccupied (2.8K budget; 3.8K actual in FY19)	2,000

Category	Description	Amount
	Code books less than budget	2,000
	Office supplies	1,000

Category	Description	Amount
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Skillsoft license renewal less than anticipated	1,000
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Unlikely to purchase audience response system	1,000
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Category	Description	Amount
Equipment & supplies Total		13,000
Facility	Includes budget for contingency items throughout the year	4,000
Facility Total		4,000
Insurance, Claims & Bounties	Reimb. of overdraft/wire fees due to VRS clerical errors (est per historical)	1,000
Insurance, Claims & Bounties Total		1,000
Administration Total		2,006,000
Information Technology		

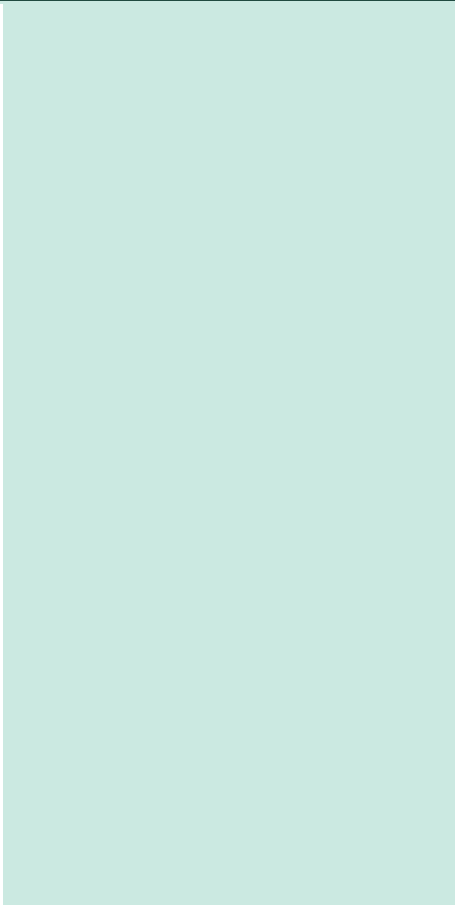
Category	Description	Amount
Salaries, Wages & Benefits	Vacancies / hiring freeze	1,750,000
Salaries, Wages & Benefits Total		1,750,000

Communication Services	Telecomm - Verizon long distance for DR site (based on PO under budget)	10,000

Category	Description	Amount
	VITA based on trend	13,000
	Wireless stipends not fully utilized (some due to vacancies)	6,000
Communication Services Total		29,000

Category	Description	Amount
Employee Development Services	Subscriptions	2,000
Employee Development Services Total		2,000
Equipment & supplies	Misc. supplies	4,000
Equipment & supplies Total		4,000

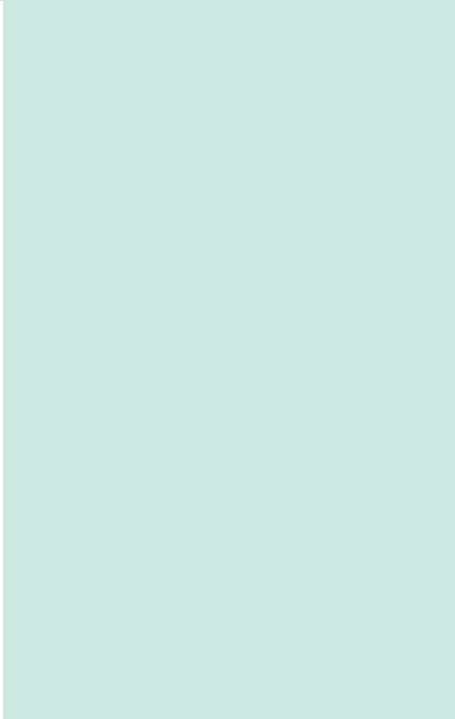
Category	Description	Amount
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Facility	Library of VA storage & destruction	5,000
Facility Total		5,000

Information Technology Total		1,790,000
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Investment Management		
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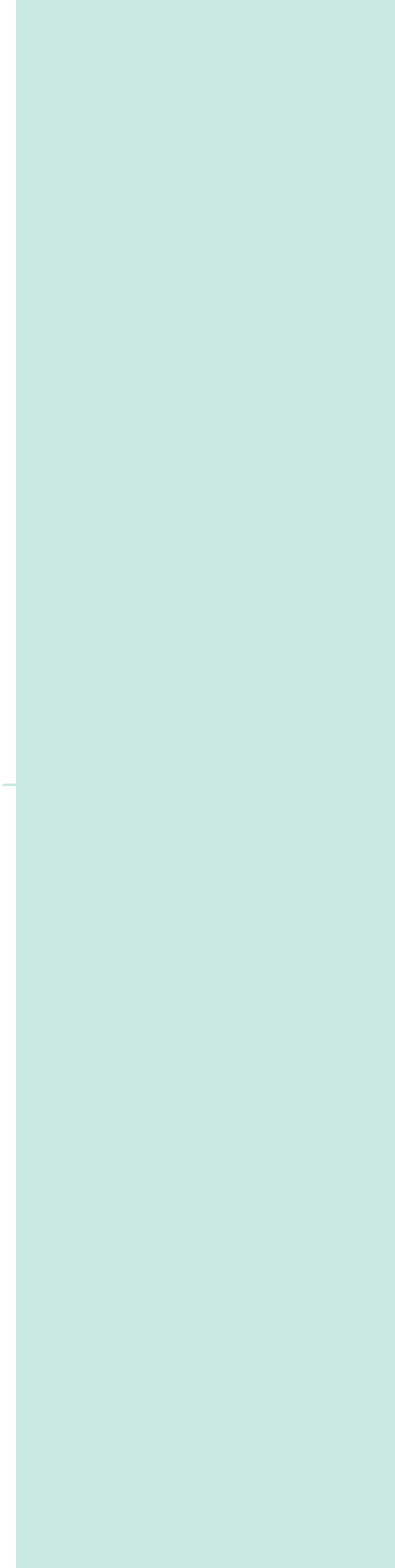
Salaries, Wages & Benefits	Vacancies / hiring freeze	1,291,000
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Category	Description	Amount
Salaries, Wages & Benefits Total		1,291,000
Incentive Compensation	Incentive Compensation	3,833,000
Incentive Compensation Total		3,833,000
Communication Services	Not all stipend budget being utilized	1,000
Communication Services Total		1,000

Category	Description	Amount
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Employee Development Services		
	COVID-19 planned spending reduction: org memberships for new, vacant positions	255,000
	COVID-19 planned spending reduction: publication subscriptions for new, vacant positions	24,000

Category	Description	Amount
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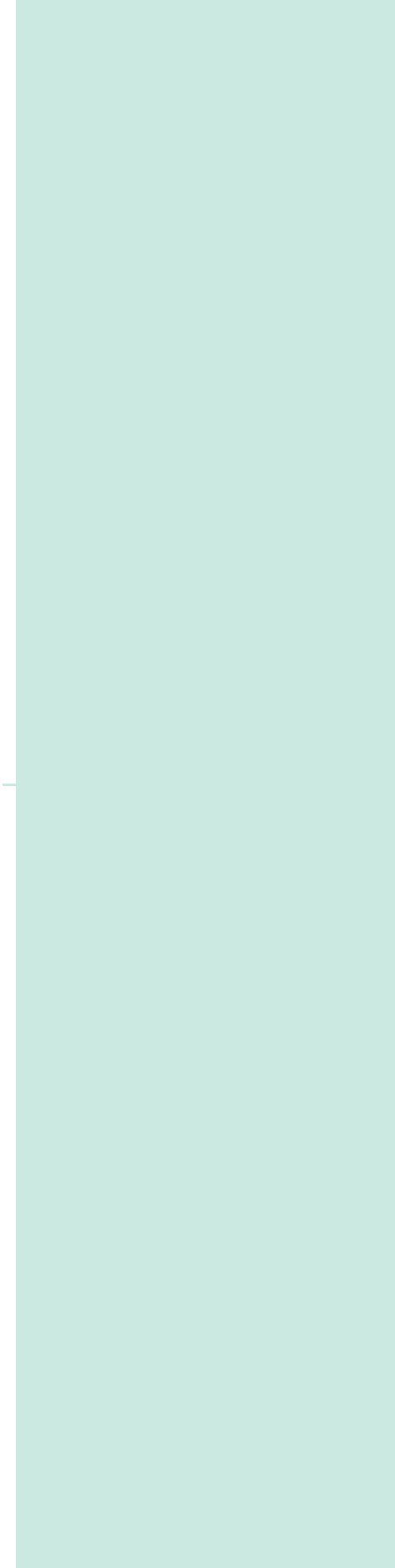


COVID-19 planned spending reduction: training and related travel	25,000
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Tuition reimbursement program (based on historical)	25,000
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Category	Description	Amount
Employee Development Services Total		329,000
Mgmt & Info Svcs		
	Contingency for translation services; on-demand service as-needed	129,000

Category	Description	Amount
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COVID-19 planned spending reduction: business travel for new positions	26,000
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Fiscal services, planned spending reduction in discretionary on-demand contingency	8,000
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Category	Description	Amount
		
	Food services related to meetings, etc.	2,000
Mgmt & Info Svcs Total		165,000

Category	Description	Amount
Technical Services	Reduced contingency for data feeds; some costs fluctuate based on volume/usage	286,000
Technical Services Total		286,000

Category	Description	Amount
Equipment & supplies	COVID-19 planned spending reduction: office furniture and equipment contingencies (Includes 10K related to new positions)	24,000
Equipment & supplies Total		24,000

Category	Description	Amount
Facility	Flexibility for building rental and related items	6,000
Facility Total		6,000
Investment Management Total		5,935,000
Grand Total		9,731,000
		146,000
		9,877,000