Virginia Retirement System

Administration, Finance and Talent Management Committee Meeting
VRS, 1111 E. Main St., 3rd Floor Board Room
Tuesday, 6/13/2023
10:30 AM - 12:30 PM ET

I. Approve Minutes
- **April 20, 2023**

II. Discussion and Consideration of FY 2024 Agency Performance Outcomes (APOs) and Operational Measures
- **RBA – Review and Approve FY 2024 Agency Performance Outcomes and Operational Measures**

III. Customer Experience Initiative Update

IV. Budget Update

Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on April 20, 2023, with the following members participating:

A. Scott Andrews, Chair
Joseph W. Montgomery, Vice Chair
Michael P. Disharoon
W. Brett Hayes

Board members present:
Jessica L. Hood

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Jeanne Chenault, Michael Cooper, David Cotter, Juanita Cribbs, Laurie Fennell, Antonio Fisher, Robert Irving, LaShaunda King, Angela Payne, Matt Priestas, Steven Ramirez, Paula Reid, Mark Rein, Kristy Scott, Leslie Weldon and Cindy Wilkinson.

Guests:

Emily Grimes, Department of Planning and Budget.

The meeting convened at 10:02 a.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the April 20, 2023, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Montgomery, with a second by Mr. Disharoon, the Committee unanimously approved the minutes of its March 29, 2023, meeting.

Approve Revised Administrative Pay Plan

Paula Reid, Director of Human Resources, presented the proposed amendments to the Administrative Pay Plan. Ms. Reid advised the Committee that CBIZ Compensation Consulting conducted a comprehensive compensation study for administrative staff with the objectives of enhancing the agency's ability to attract, retain and motivate qualified individuals and establishing structures that are flexible in meeting changing needs and are well-aligned with broader agency goals and strategies.

Ms. Reid outlined the recommendations offered by CBIZ, including:

- Increase the compensation of all applicable employees to the minimum of their respective proposed salary ranges.
- Implement the compensation plan uniformly across all positions.
- Consider compression-based pay adjustments as appropriate in the future.
- Implement additional methods to reward employee performance and move individuals through pay grades.

- Conduct a comprehensive market review every three to five years.

Regarding changes specific to the Administrative Pay Plan, Ms. Reid advised the Committee of the following recommendations:

- Institute a new job grade system to replace the current plan to create a consistent system for evaluating employee roles and providing more flexibility in rewarding employees based on their skills.
- Add in-grade salary adjustments for changes in job duties and employee retention, consistent with recent changes made to the Department of Human Resource Management Compensation Policy 3.05.

Upon a motion by Mr. Montgomery, with a second by Mr. Hayes, the Committee recommended approval of the following action to the full Board:

RBA: Approve changes to Administrative Pay Plan.

Request for Board Action: *The Virginia Retirement System Board of Trustees approves an amended Administrative Pay Plan ("Pay Plan"), effective May 10, 2023, and approves the adoption of the recommendations of the compensation market study conducted by CBIZ, Inc.*

Other Business

Lastly, Mr. Andrews advised that Investment Policy Committee will hold a brown bag session at the conclusion of the Administration, Finance and Talent Management Committee meeting, followed by the full Board of Trustees meeting at 1:00 p.m.

Adjournment

Following a motion by Mr. Montgomery, with a second by Mr. Disharoon, the Committee unanimously agreed to adjourn the meeting.

There being no further business, the meeting concluded at 10:42 a.m.

_____   _____

Chair   Date

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Approve FY 2024 APOs and Operational Measures.

Requested Action

The VRS Board of Trustees approves the FY 2024 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 2024 APOs have five stated outcomes summarized as follows:

1. Customer Experience Enhancements: Call Management System (CMS) – Phase 1
2. Customer Experience Enhancements: Voice of the Customer (VoC) Program – Phase 1
3. Records Management Program – Phase 2 Implementation
4. Hybrid Plan – Contribution Separation Legislation Implementation Phase 2
5. Human Resource Information System (HRIS) Implementation – Phase 1

The objective is to attain four of the five 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, and 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 (A)(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

_____   _____

A. Scott Andrews, Chair   Date
VRS Board of Trustees

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2024
Summary

APO Status Indicator

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

Overall Measure: 4 of 5 completed

APO #	APO Description	Strategic Goal	July	August	September	October	November	December	January	February	March	April	May	June
1	**Customer Experience Enhancements: Call Management System (CMS) - Phase 1** *(Measure: 3 of 4 completed)*	**Member, Retiree and Employer Education, Outreach and Partnership**												
2	**Customer Experience Enhancements: Voice of the Customer (VoC) Program – Phase 1** *(Measure: 3 of 4 completed)*	**Member, Retiree and Employer Education, Outreach and Partnership**												
3	**Records Management Program – Phase 2 Implementation** *(Measure: 4 of 5 completed)*	**Digital Transformation and Secure Service Delivery**												
4	**Hybrid Plan – Contribution Separation Legislation Implementation Phase 2** *(Measure: 4 of 4 completed)*	**Superior Governance and Long-Term Financial Health**												
5	**Human Resource Information System (HRIS) Implementation – Phase 1** *(Measure: 4 of 5 completed)*	**Organizational Strength, Culture and Engagement**												

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

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AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2024
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: 3 of 4 completed

Customer Experience Enhancements: Call Management System (CMS) - Phase 1												**Strategic Goal:** Member, Retiree and Employer Education, Outreach and Partnership	
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1.1	Develop and prioritize customer relationship management (CRM) system requirements.												
1.2	Initiate development of new key performance indicators (KPIs) for call management.												
1.3	Procure a new CRM system.												
1.4	Establish initial Customer Counseling Center (CCC) queue metrics dashboard.												

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2024
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

Customer Experience Enhancements: Voice of the Customer (VoC) Program – Phase 1	Strategic Goal: Member, Retiree and Employer Education, Outreach and Partnership

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
2.1	Identify and document VoC customer feedback channels.												
2.2	Develop essential responsibilities and position description for new Customer Experience Officer position, and initiate recruitment process.												
2.3	Define key business units to be involved in initial VoC program and develop organizational structure.												
2.4	Research and identify solutions for collecting and storing customer feedback in a centralized repository.												

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

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AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2024
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: 4 of 5 completed

Records Management Program – Phase 2 Implementation	Strategic Goal: Digital Transformation and Secure Service Delivery

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3.1	Develop a physical records digitization program, including processes for indexing, scanning, storage, retrieval and disposition.												
3.2	Initiate the implementation of the physical records digitization program.												
3.3	Conduct a comprehensive review of VRS' current records management program, including policies, procedures and retention requirements.												
3.4	Develop a statement of work (SOW) defining a comprehensive electronic content management (ECM) system.												
3.5	Initiate the procurement of a new ECM software solution.												

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.
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AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2024
APO 4

Virginia Retirement System

APO Status Indicator

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

APO 4 Measure: 4 of 4 completed

Hybrid Plan – Contribution Separation Legislation Implementation Phase 2	Strategic Goal: Superior Governance and Long-Term Financial Health

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4.1	Develop and execute a comprehensive communications plan, including employer outreach, and updates to publications and training materials.												
4.2	Conduct technology system testing.												
4.3	Complete staff and employer readiness activities.												
4.4	Establish post-deployment quality monitoring.												

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2024
APO 5

Virginia Retirement System

Human Resource Information System (HRIS) Implementation – Phase 1	Strategic Goal: Organizational Strength, Culture and Engagement

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
5.1	Establish an HRIS project team.												
5.2	Develop a statement of work (SOW) and procure the services of a consultant to serve as HRIS project manager.												
5.3	Identify and document stakeholder business needs, technology implementation and on-going support requirements for a new HRIS.												
5.4	Initiate a statement of work (SOW) outlining HRIS system requirements.												
5.5	Develop a project implementation plan and timeline for completion of the multi-phase HRIS project.												

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

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FISCAL YEAR 2024 OPERATIONAL MEASURES STATUS REPORT

July-23

Virginia Retirement System

Current Status - All Operational Measures

■ On Target ■ Off Target

YTD Status - All Operational Measures

■ On Target ■ Off Target — Target

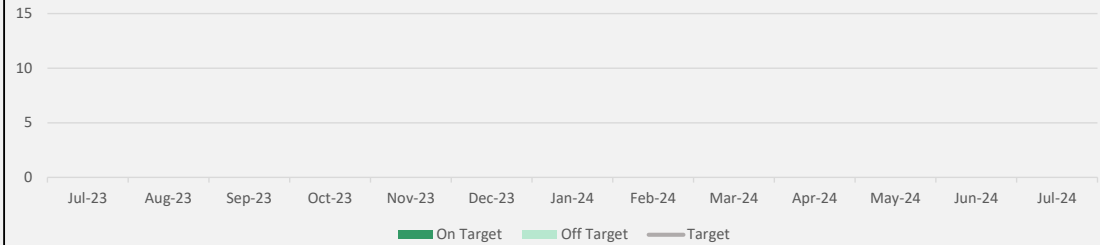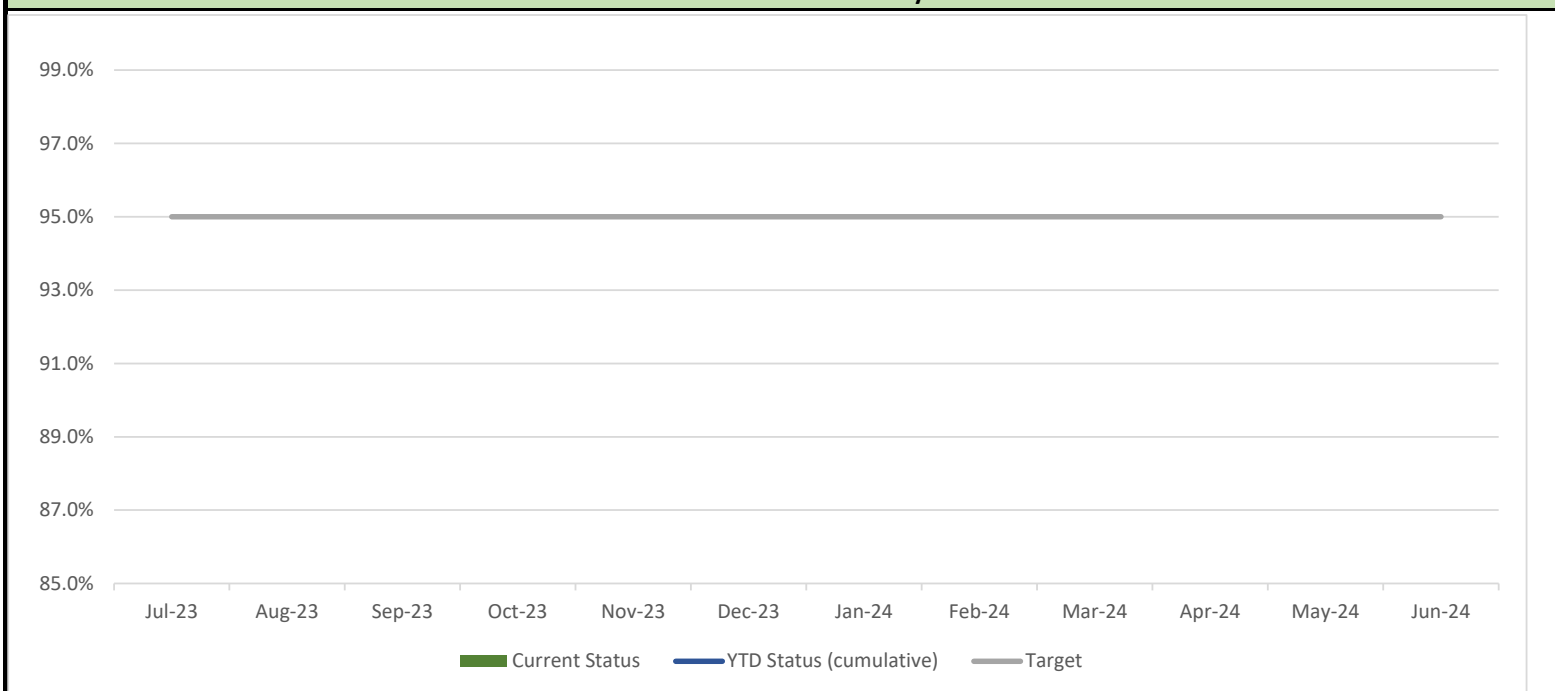| OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
1	Timeliness of Monthly Financial Account Reconciliations	Percentage of monthly financial control reconciliations completed by last business day of the following month	Superior Governance and Long-Term Financial Health	> 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	Member, Retiree and Employer Education, Outreach and Partnership	< 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	Member, Retiree and Employer Education, Outreach and Partnership	.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	Superior Governance and Long-Term Financial Health	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	Superior Governance and Long-Term Financial Health	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	Superior Governance and Long-Term Financial Health	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	Superior Governance and Long-Term Financial Health	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	Superior Governance and Long-Term Financial Health	99.00%	-	-	Monthly	
9	Timeliness of Workflow Documentation Imaging	Percentage of workflow documents imaged within one business day of receipt	Digital Transformation and Secure Service Delivery	99.50%	-	-	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	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 Governance and Long-Term Financial Health	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	Superior Governance and Long-Term Financial Health	> 95.00%	-	-	Quarterly	
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	-	-	Annual	

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.

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Virginia Retirement System

Current Status - All Operational Measures	YTD Status - All Operational Measures
■ On Target ■ Off Target	■ On Target ■ Off Target ━ Target

OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
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.	Superior Governance and Long-Term Financial Health	FY 2023 CEM Peer Cost Average	-	-	Annual	Will not know FY 2023 CEM peer cost until spring 2024
15	Systems Security Awareness	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies	Digital Transformation and Secure Service Delivery	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	Organizational Strength, Culture and Engagement	85.00%	-	-	Annual	Measure reported on an annual basis

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 2024 Operational Measures
Reporting Period: July-23

Virginia Retirement System

Operational Measure	Timeliness of Monthly Financial Account Reconciliations		
Strategic Goal	Superior Governance and Long-Term Financial Health		
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	Ongoing transition to the hybrid work environment impacts processes and agency resources	Identify alternative processes to work around disruptions, and cross-train staff for backup as needed
2	Ongoing 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

Legend: Current Status — YTD Status (cumulative) — Target

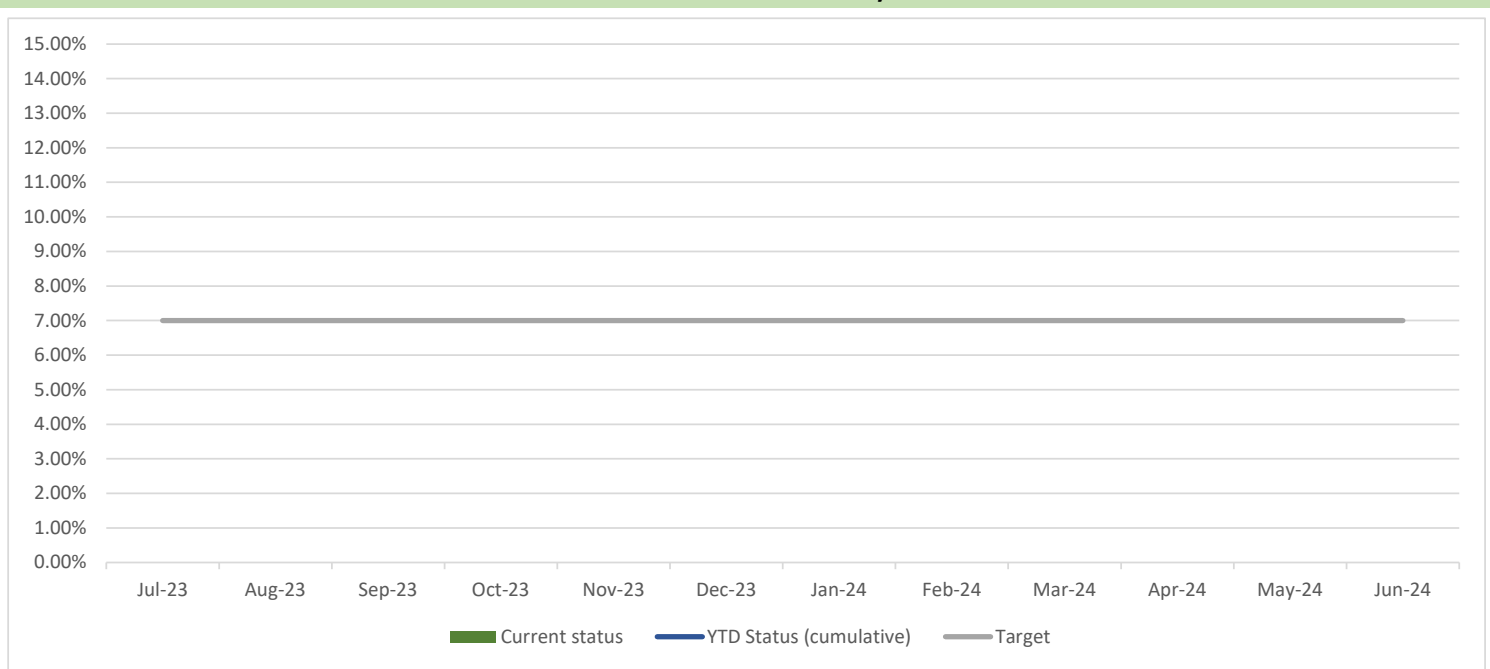| **VRS Mission:**	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target
Changes to operational measure targets sand/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	Member, Retiree and Employer Education, Outreach and Partnership		
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)	6.40%
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 = 6.4%	
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	The ongoing transition to the hybrid work environment 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

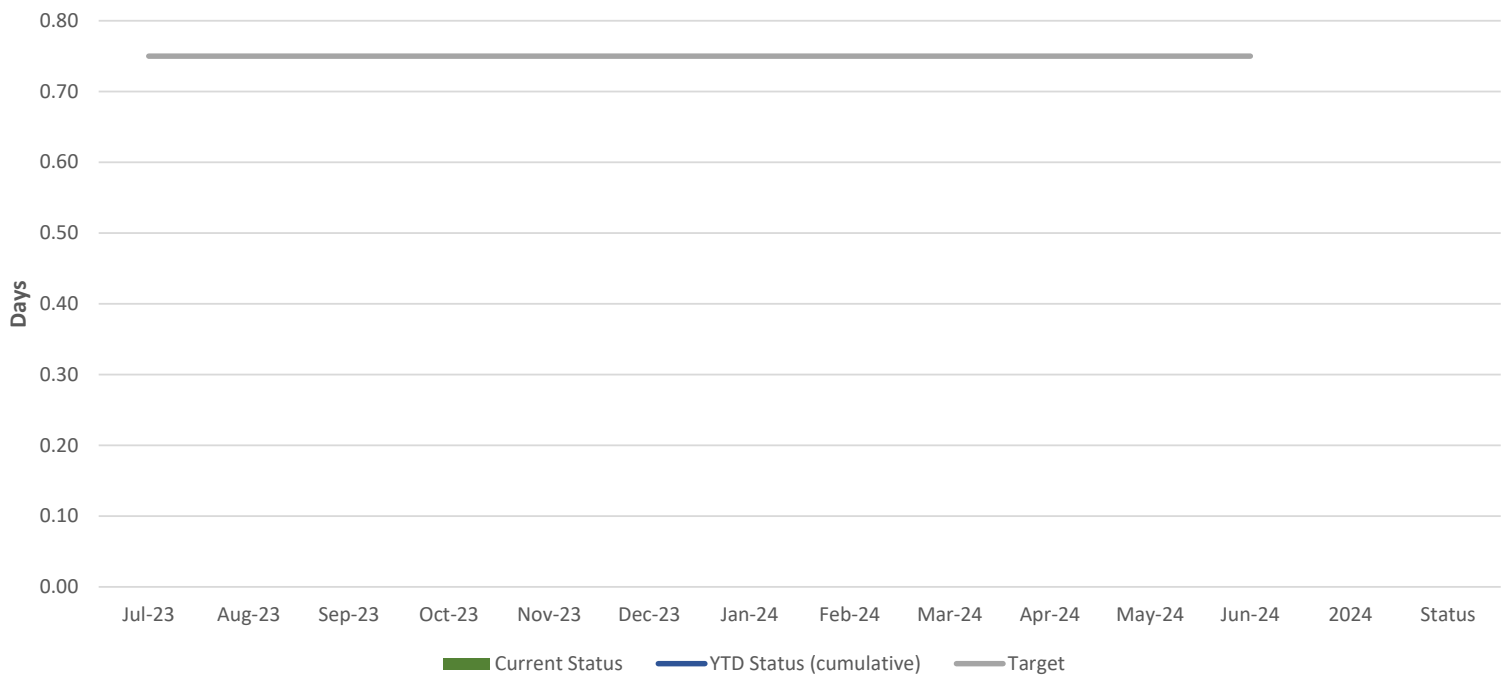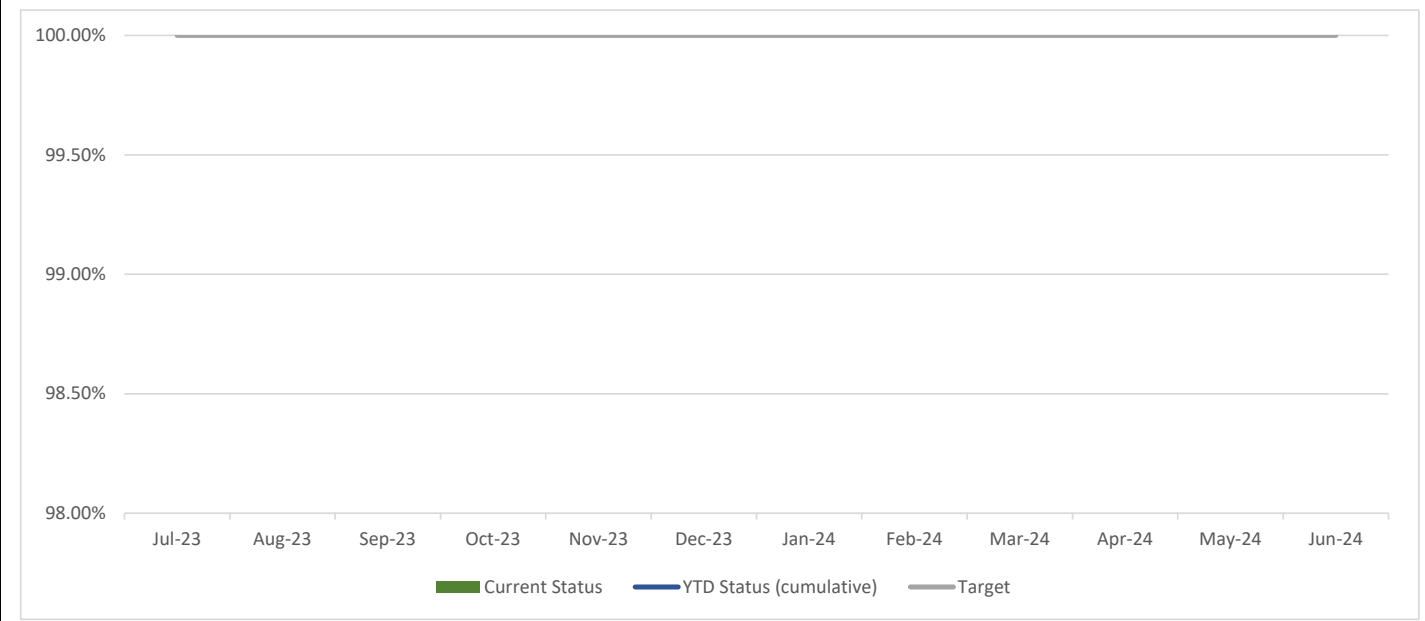| VRS Mission:	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
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Overall Measure: 13 of 16 meet or exceed target

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

Virginia Retirement System		

Operational Measure	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership
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 2024, 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)	.84 business days
Target Rationale: Maintain recent performance		*Baseline Rationale: 5 year average = .84 days*	
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 2024 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 transition to hybrid work environment 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

Legend: Current Status — YTD Status (cumulative) — Target

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.

Fiscal Year 2024 Operational Measures
Reporting Period: July-23

Virginia Retirement System

Operational Measure	Timeliness of Monthly Retirement Disbursements
Strategic Goal	Superior Governance and Long-Term Financial Health
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%
Target Rationale: Maintain recent performance		*Baseline Rationale: 5 year average = 100%*	
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 transition to hybrid work environment 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

Legend: Current Status | YTD Status (cumulative) | Target

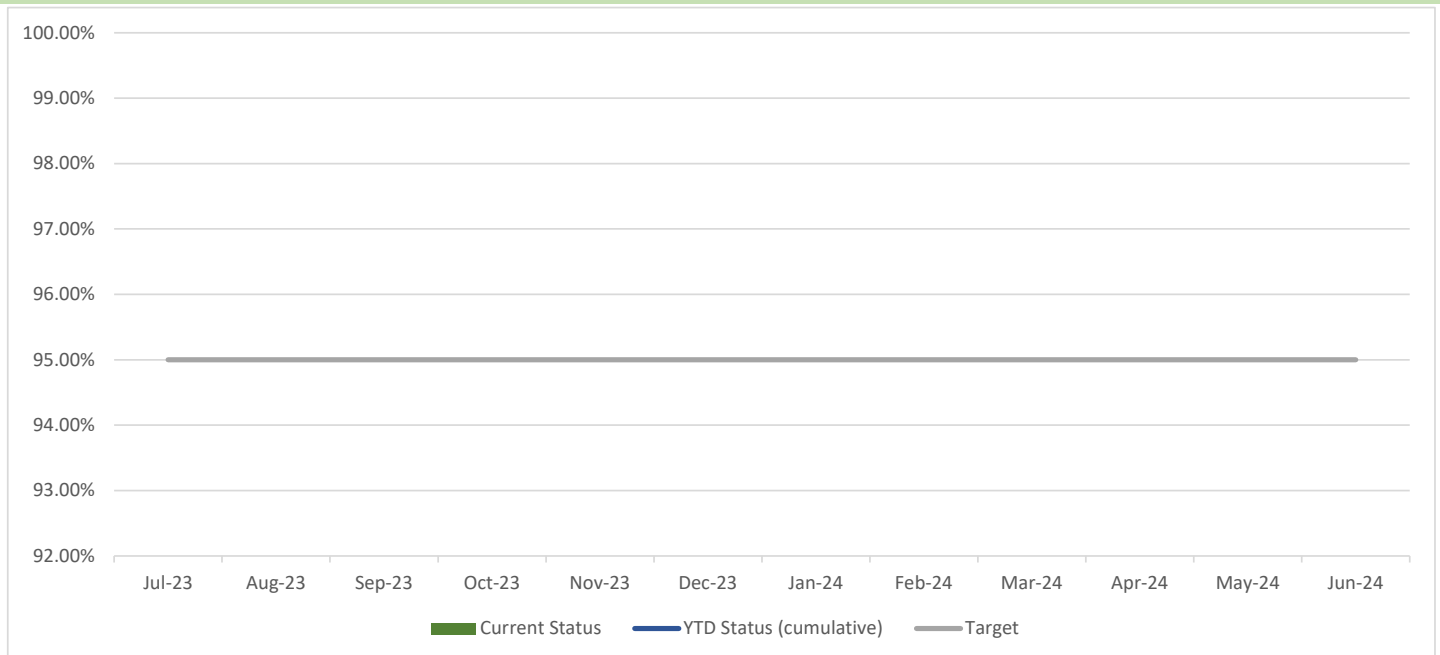| **VRS Mission:**	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
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Overall Measure: 13 of 16 meet or exceed target
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Operational Measure	Timeliness of Service Retirements Processed
Strategic Goal	Superior Governance and Long-Term Financial Health
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)	98.38%

Target Rationale: Accounts for system conversion and ongoing pandemic	*Baseline Rationale: 5 year average = 98.38%*

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 transition to hybrid work environment 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

Legend: Current Status — YTD Status (cumulative) — Target

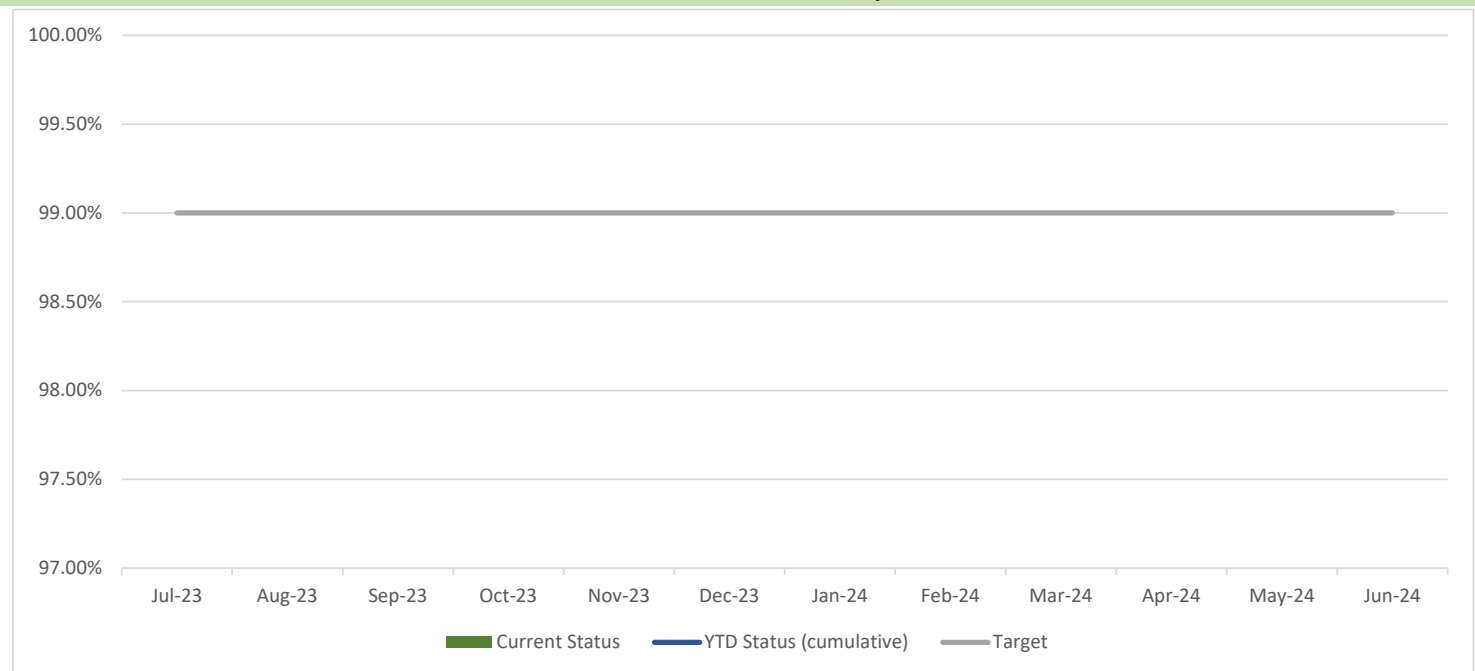| **VRS Mission:**	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
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Overall Measure: 13 of 16 meet or exceed target

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

Fiscal Year 2024 Operational Measures
Reporting Period: July-23

Virginia Retirement System

Operational Measure	Accuracy of Service Retirements Processed
Strategic Goal	Superior Governance and Long-Term Financial Health
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%
Target Rationale: Maintain recent performance		*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	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 transition to hybrid work environment 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

| Current Status | YTD Status (cumulative) | Target |

VRS Mission: *VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
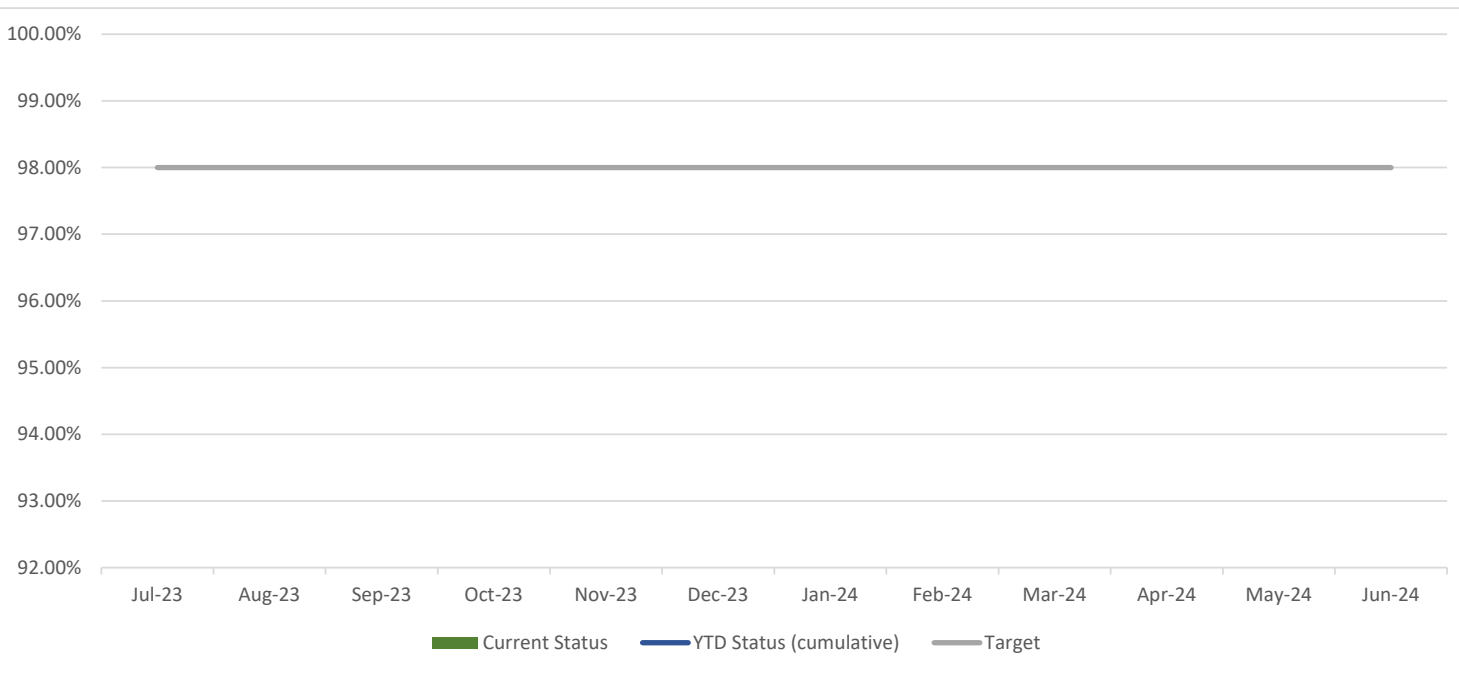
VRS Vision: *To be the trusted leader in the delivery of benefits and services to those we serve.*

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	Timeliness of Disability Retirements Processed
Strategic Goal	Superior Governance and Long-Term Financial Health
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)	97.96%

Target Rationale: To account for potential processing delays due to system conversion in FY 2021 and ongoing pandemic impacts		*Baseline Rationale: 5 year average = 97.96%*

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 transition to hybrid work environment 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

Legend: Current Status, YTD Status (cumulative), Target

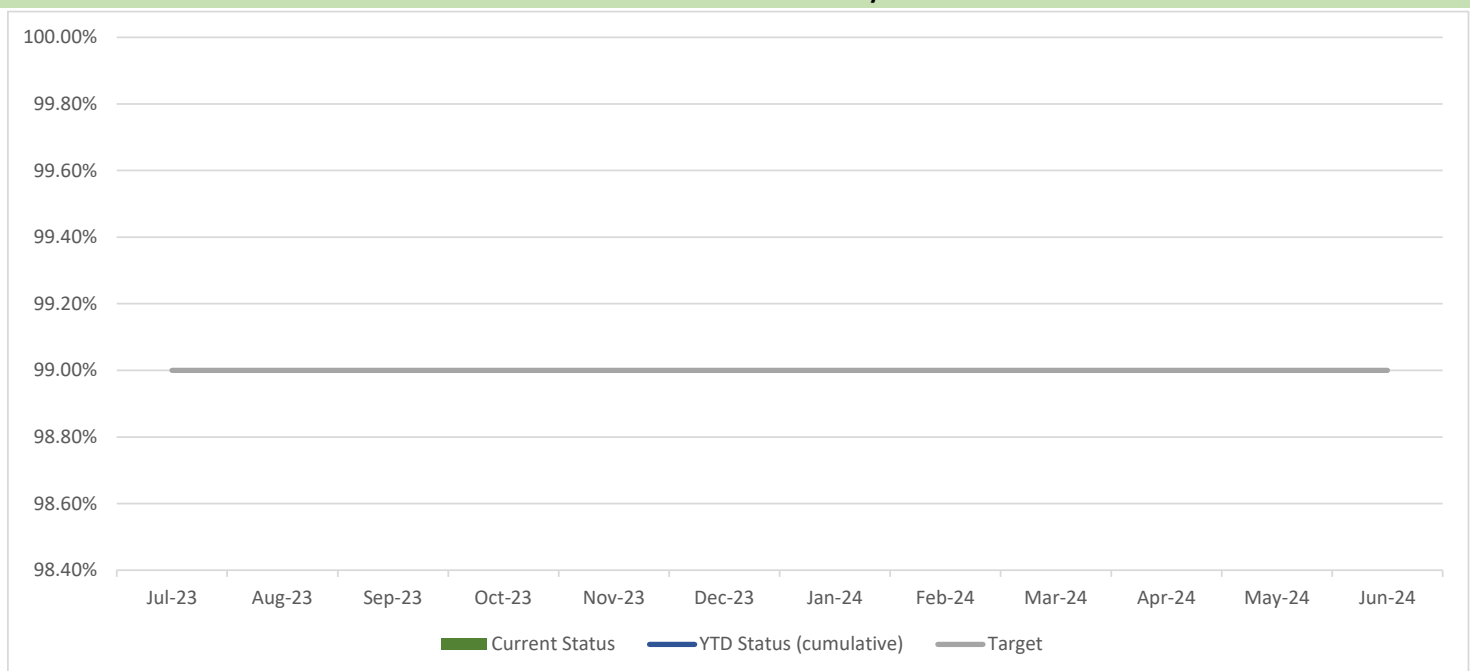| VRS Mission:	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

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	Accuracy of Disability Retirements Processed
Strategic Goal	Superior Governance and Long-Term Financial Health
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%
Target Rationale: Maintain recent performance		*Baseline Rationale: 5 year average = 99%*	
Current Reporting Month Status	-	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	-

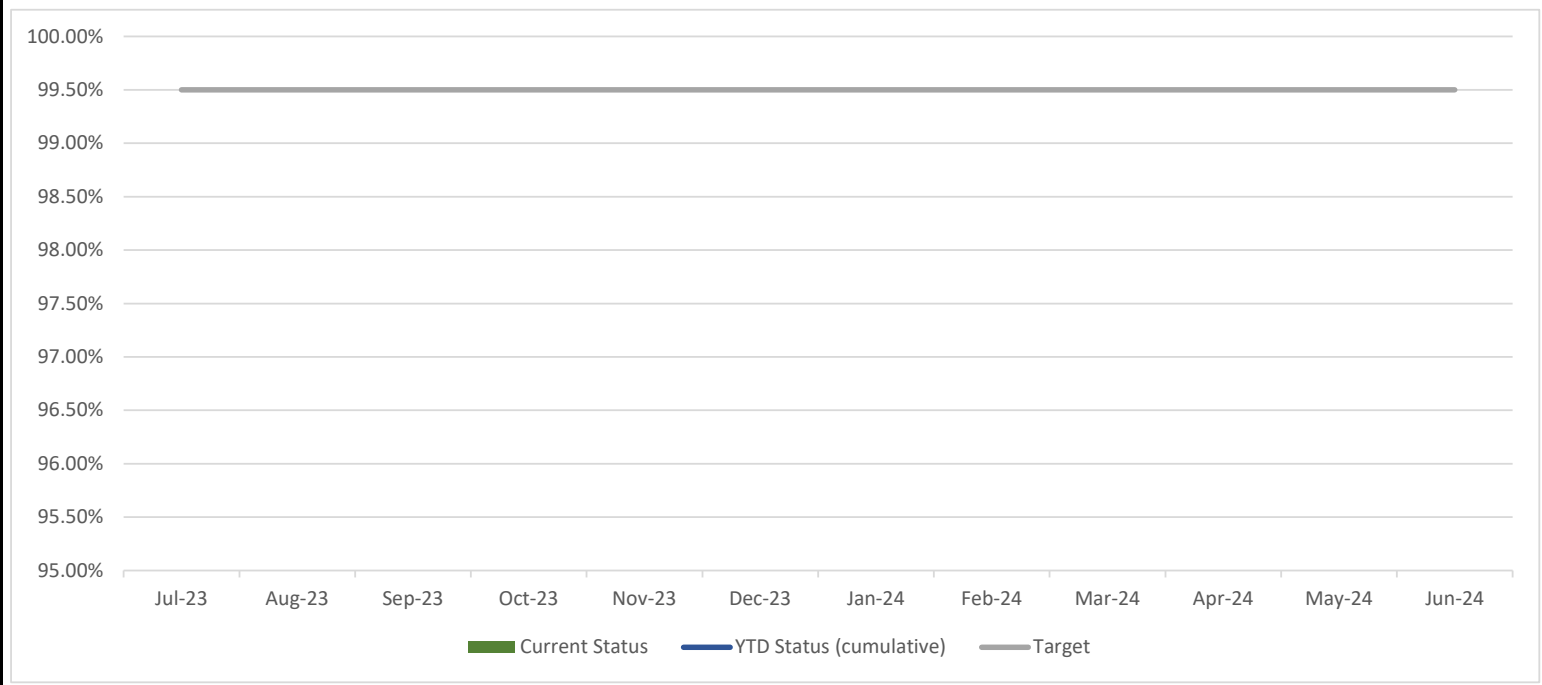|	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing transition to hybrid work environment 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

Current Status   YTD Status (cumulative)   Target

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 2024 Operational Measures
Reporting Period: July-23

Operational Measure	Timeliness of Workflow Documentation Imaging
Strategic Goal	Digital Transformation and Secure Service Delivery
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 transition to hybrid work environment 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

Legend: Current Status | YTD Status (cumulative) | Target

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	Planned IT System Availability
Strategic Goal	Technology Infrastructure
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, D365, 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%
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	Failure on the part of third party business partners to provide dependent services	Implement back-up plans (ex: different phone line)
2	Ongoing transition to hybrid work environment 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

Current Status   YTD Status (cumulative)   Target

VRS Mission: *VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
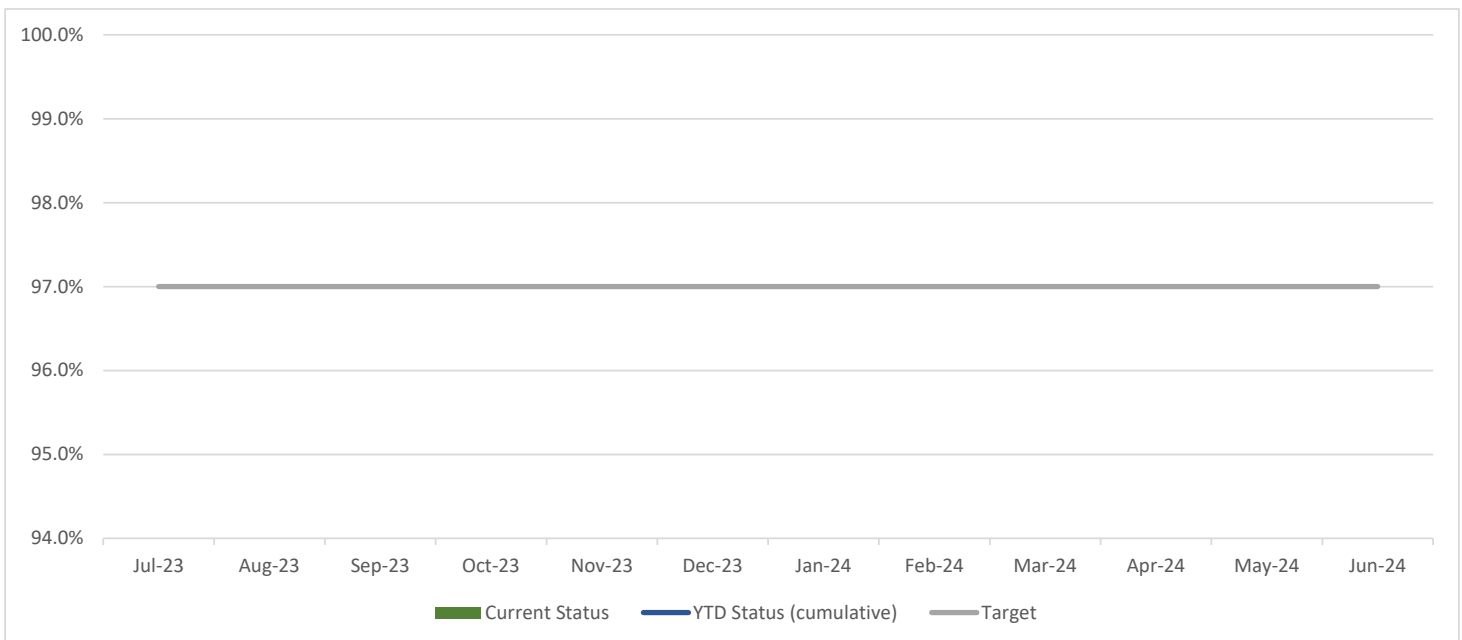**VRS Vision:** *To be the trusted leader in the delivery of benefits and services to those we serve.*

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.

Fiscal Year 2024 Operational Measures	
Reporting Period: July-23	

Virginia Retirement System

Operational Measure	Timeliness of Employer Contribution Confirmations
Strategic Goal	Superior Governance and Long-Term Financial Health
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)	98.80%
Target Rationale: Maintain recent performance		*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	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 transition to hybrid work environment 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	Ongoing Cardinal transition 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

Legend: Current Status — YTD Status (cumulative) — Target

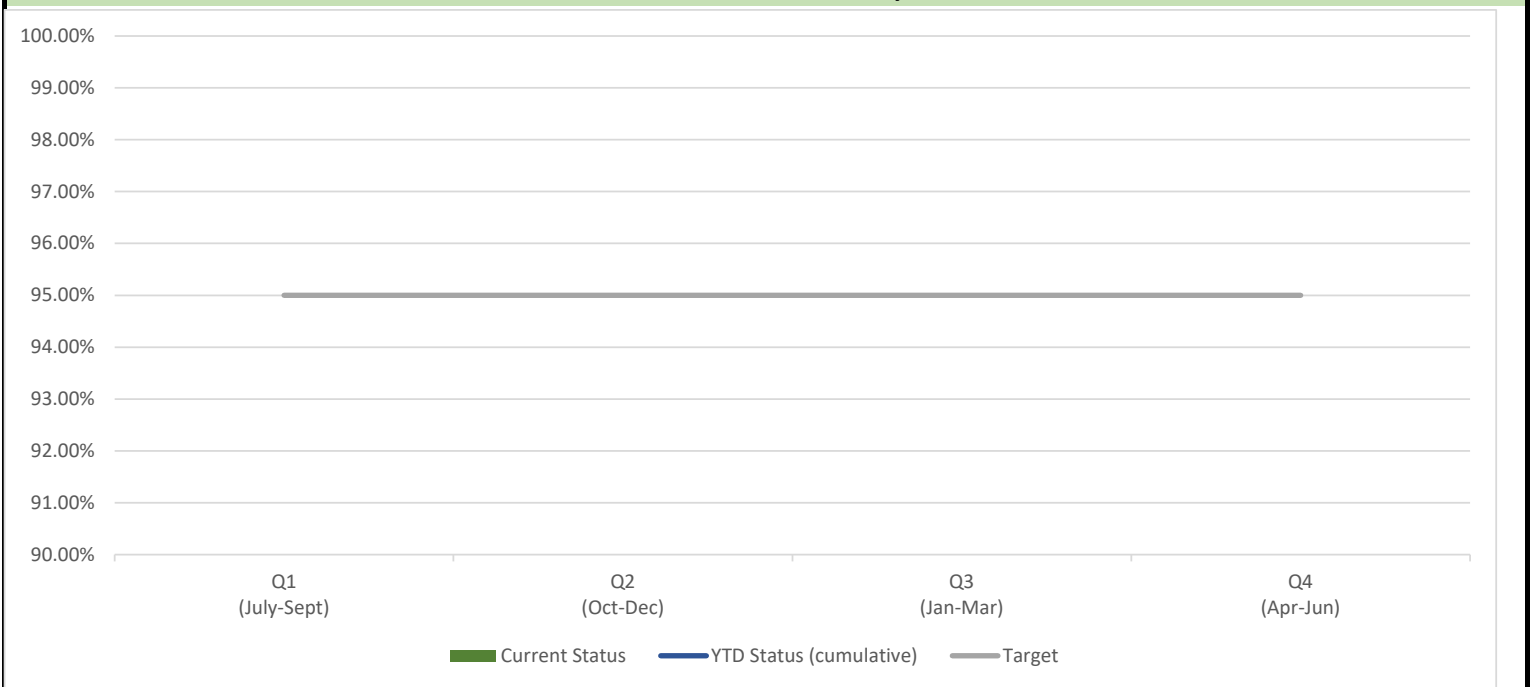| **VRS Mission:**	*VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.*
VRS Vision:	*To be the trusted leader in the delivery of benefits and services to those we serve.*

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	Implementation of Corrective Action to Audit Recommendations
Strategic Goal	Superior Governance and Long-Term Financial Health
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)	97.00%
Target Rationale: Maintain recent performance		Baseline Rationale: 5 year average = 97.00%	
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

Legend: Current Status | YTD Status (cumulative) | Target

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	Preventable Employee Turnover
Strategic Goal	Organizational Strength, Culture and Engagement
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)	6.67%
Target Rationale: *Maintain recent performance*		Baseline Rationale: *FY 2022 results*	

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 transition to hybrid work environment impacts employee morale	Continue direct outreach to employees, provide EAP resources and implement employee engagement activities

YTD Performance History
[Reported as an annual measure]

| **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.

| Virginia Retirement System | **Fiscal Year 2024 Operational Measures**
 Reporting Period: July-23 | OM 14 |

Operational Measure	Cost to Administer Defined Benefit Plans
Strategic Goal	Superior Governance and Long-Term Financial Health
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 2024. At that time the FY 2023 annual agency cost will be compared to the to the FY 2022 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 2023 CEM Peer Cost Average	**Baseline** (Performance History)	N/A

Target Rationale: *Measuring VRS annual administrative cost for FY 2023 against the most current peer data as provided by CEM Benchmarking, Inc.*	*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 2023 CEM cost not known until late into FY 2024 (limiting agency ability to react if missing target)	Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2023 CEM cost; adjust agency spending if out of line with recent CEM peer cost averages

YTD Performance History
[Average Pension Administration Cost for VRS' Peer Group, as provided by CEM Benchmarking, will be known in spring 2024]

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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	Systems Security Awareness
Strategic Goal	Digital Transformation and Secure Service Delivery
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%
Target Rationale: *Maintain high security awareness*		*Baseline Rationale:* *All VRS staff completed security training in FY 2023*	
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 transition to hybrid work environment 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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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	Employee Professional Development
Strategic Goal	Organizational Strength, Culture and Engagement
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, 2023 who are not on short- or long-term disability or FMLA during FY 2024. 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%
Target Rationale: *Maintain recent performance and increased total # of hours*		**Baseline Rationale:** *5 year average = 91.32%*	
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 HCI data center and other system enhancements.	Encourage staff to plan for professional development opportunities before and/or after periods of time dedicated to HCI data center 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]

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

Board of Trustees Update

June 2023

Agenda

- Overview

- Current State Assessment

- Recommendations

- Roadmap

- The Path Forward
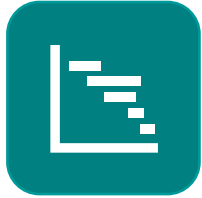
2

Overview

Overview

- VRS established an APO for FY23 to evaluate its Customer Experience (CX) program.

- This was a multi-pronged approach:

  - KPMG was engaged to assist with reviewing the agency's overall program and recommend future enhancements.

  - ICMI was engaged to assist in evaluating the agency's contact center CRM and related CX measures.

- A working group was constituted, representing business units across the agency, to work with KPMG and ICMI.

- Based on the findings during the current state assessment, several recommendations were presented for consideration by staff.

4

Current State Assessment

Current State Assessment

Visioning Workshop ● **Customer & Performance Data Review** ● **Constituent & Stakeholder Interviews** ● **Current State Assessment & Technical Landscape**

Source: KPMG

Current State Assessment:
Key Takeaways

1 **Consistent experience across channels**

Provide the same customer experiences across channels to build trust, increase credibility and improve customer satisfaction.

2 **Data and analysis to drive informed decisions**

Use facts and figures to identify patterns, trends, and predictions to improve the effectiveness and efficiency of decision making and provide a way to measure the success of past decisions.

3 **Comprehensible and reliable information that is readily accessible**

Ensure important information is easily understood, accurate and can be easily accessed by those who need it.

7

Source: KPMG

Current State Assessment

What has been working well:

When customers reach out, they have **positive** interactions with **empathetic** representatives.

Employer

"I have built a relationship with most agents and believe VRS does a great job. VRS employees are **professional, helpful and empathetic**."

Retiree

"They understand that the retirement process is complex and **helped me navigate the website** to find what I needed."

Member

"Employees at VRS are **great to talk to** and always willing to walk you through the application process."

VRS employees are **customer-focused** and **strive to do the right thing** for the customer.

VRS

"We want to do things **not just well, we want to excel** because we are a perfectionist organization."

VRS

"We are always interested in **doing our best and putting our best foot forward**, not just for ourselves but for our members."

VRS

"We are a team! If I have a question, I can **call up an expert, send them an email or converse** with someone who can assist."

Source: KPMG

8

Current State Assessment

Through interviews, focus groups and analyzing calls,
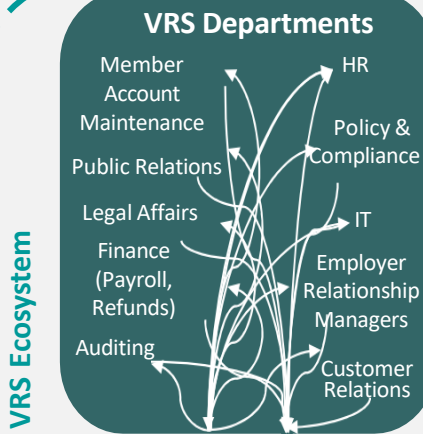KPMG determined that the path to resolution is complex.

A constituent will contact VRS for a variety of reasons...

Members, Employers, Retirees

Reasons for Inquiry*

Finances & Reporting (22.4%)

Pre-Retirement Counseling (8.5%)

myVRS Usability (5.4%)

VNAV (2.2%)

Plan Information (17.8%)

Forms Request/ Assistance (8.1%)

Benefits (5.1%)

Research/ Callback (1.8%)

Other (8.4%)

Health Insurance/ Credit (8.8%)

myVRS Assistance (7.4%)

Address/ Name Changes (4%)

Security (0.1%)

The VRS Ecosystem

VRS Departments

Member Account Maintenance

Public Relations

Legal Affairs

Finance (Payroll, Refunds)

Auditing

HR

Policy & Compliance

IT

Employer Relationship Managers

Customer Relations

VRS Channels

Digital

Voice

In-Person

Within the VRS ecosystem, cases move from one department to another without ownership or transparency to the customer.

Resolution

There is not a clear path to resolution as the inquiry either gets bounced around within VRS or gets routed to a third-party agency.

Third-Party Agencies
(MissionSquare, Life insurance, etc.)

* Frequency of inquiry (% of total) based on November 2022 data.

Current State Assessment Themes

Despite available resources, customers do not prepare for retirement until closer to retirement age

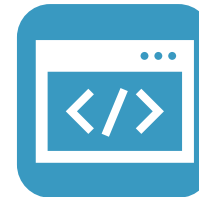Process and metrics hinder the desired experience

VRS employees need enhanced tools and resources to further enable them to handle customer inquiries

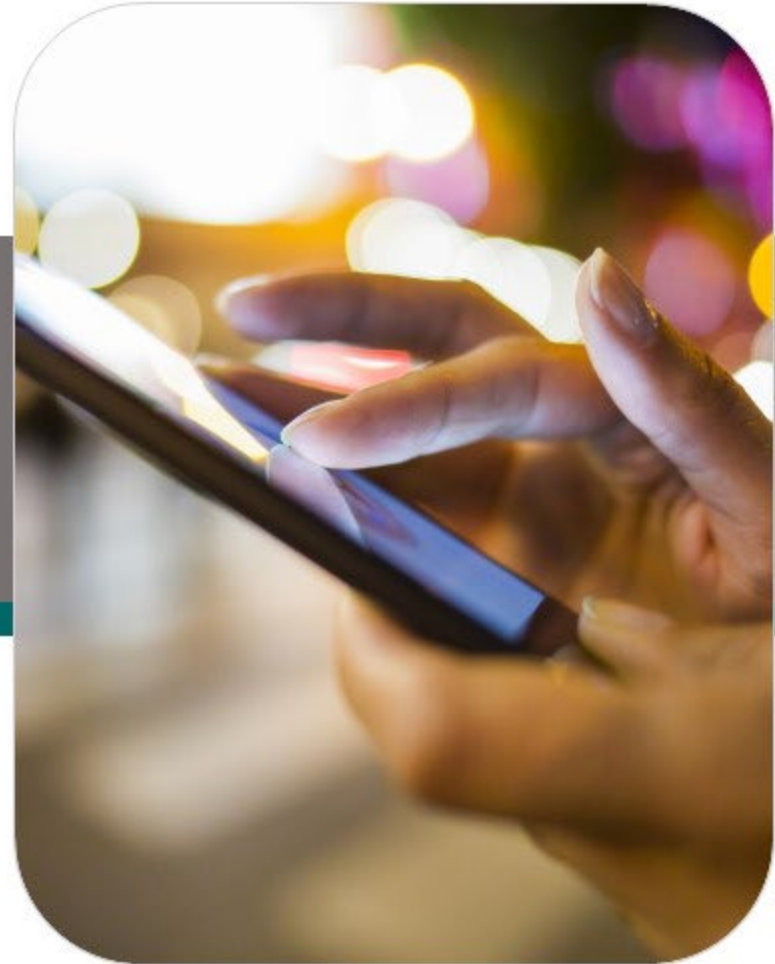Feedback and metrics are insufficient to make informed decisions

Resolution requires multiple groups and lacks end-to-end ownership

Digital channels may not be as effective as intended

10

Recommendations

Six Key Opportunities to Improve the Customer Experience

1. Revise Experience Metrics

Implement strategic metrics that accurately measure or impact customer experience and help inform employee performance.

These metrics set the foundation for our recommendations and will help VRS gain visibility into the customer experience and progress towards the ideal state.

2. Revamp Knowledge and Learning

Equip new hires for success and enable current VRS employees with the tools to provide strategic and proactive service to customers.

Current State Theme

3. Enhance Customer Ownership Mode

Redefine the roles, responsibilities, and processes involving case ownership and quality of service.

Current State Theme

4. Robust Voice of the Customer Program

Enhance opportunities for customers to provide feedback and gain an evidence-driven understanding of customer sentiments.

Current State Theme

5. Targeting Moments That Matter

Establish seamless and impactful communication touchpoints with customers at strategic moments that matter.

Current State Theme

6. Operational Enablement

Proactively service employees and customers while tracking customer cases end-to-end across the organization.
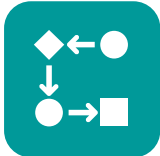
Current State Theme

12

Source: KPMG

Key Opportunities
for an Enhanced Call Management System

Align roadmap initiatives and future enterprise architecture.

Increase efficiency by reducing unnecessary complexity.

Allow for staff planning or running scenarios with new workforce management practices.

Define customer personas to deliver superior customer service.
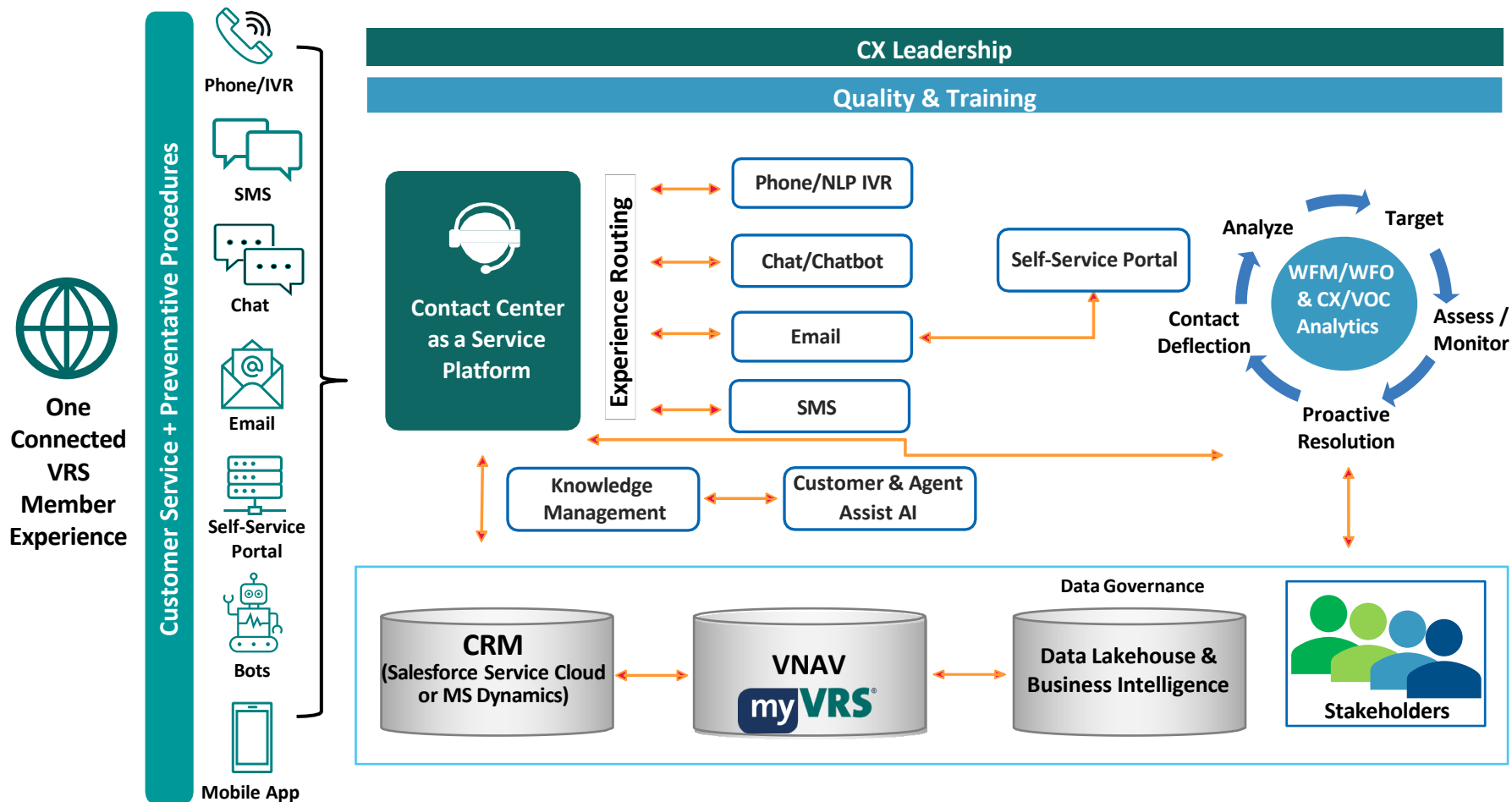
Envision Contact Center 101 for the biggest opportunity.

Improve performance with small process/technology changes.

Source: ICMI

13

Recommendation: CMS

Omnichannel Transformation

Reason for Call

Satisfaction/ Wait Time

Goal Accomplished

EMPLOYERS   MEMBERS   RETIREES

Meet Expectations

Satisfaction/ Agent Knowledge

Satisfaction/ Agent Courtesy

17
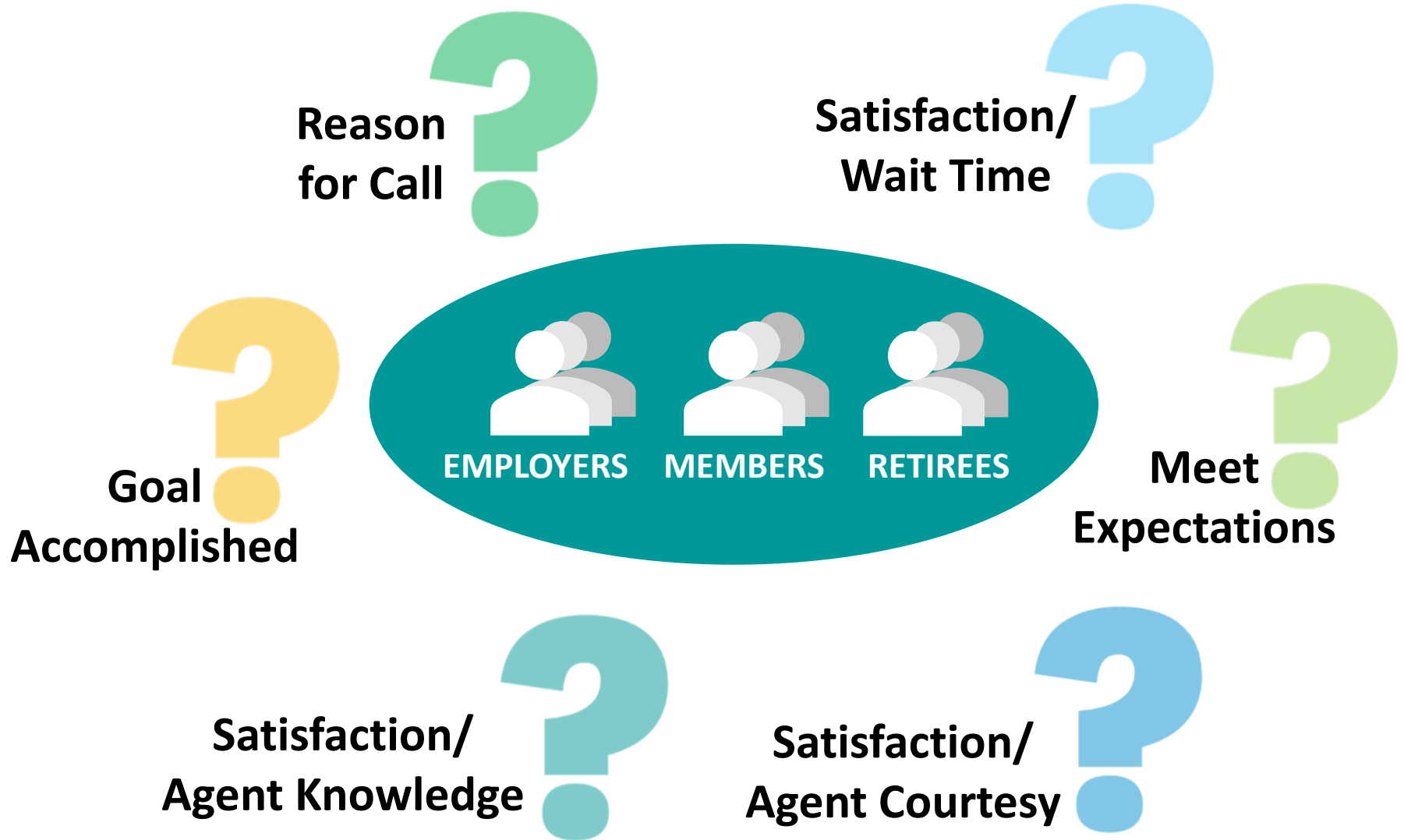
The Path Forward

The Path Forward

	FY 23	FY 24				FY 25				FY 26	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Robust Voice of the Customer Program											
Operational Enablement											
Enhance Customer Ownership Model											
Revise Experience Metrics											
Revamp Knowledge and Learning											
Targeting Moments That Matter											

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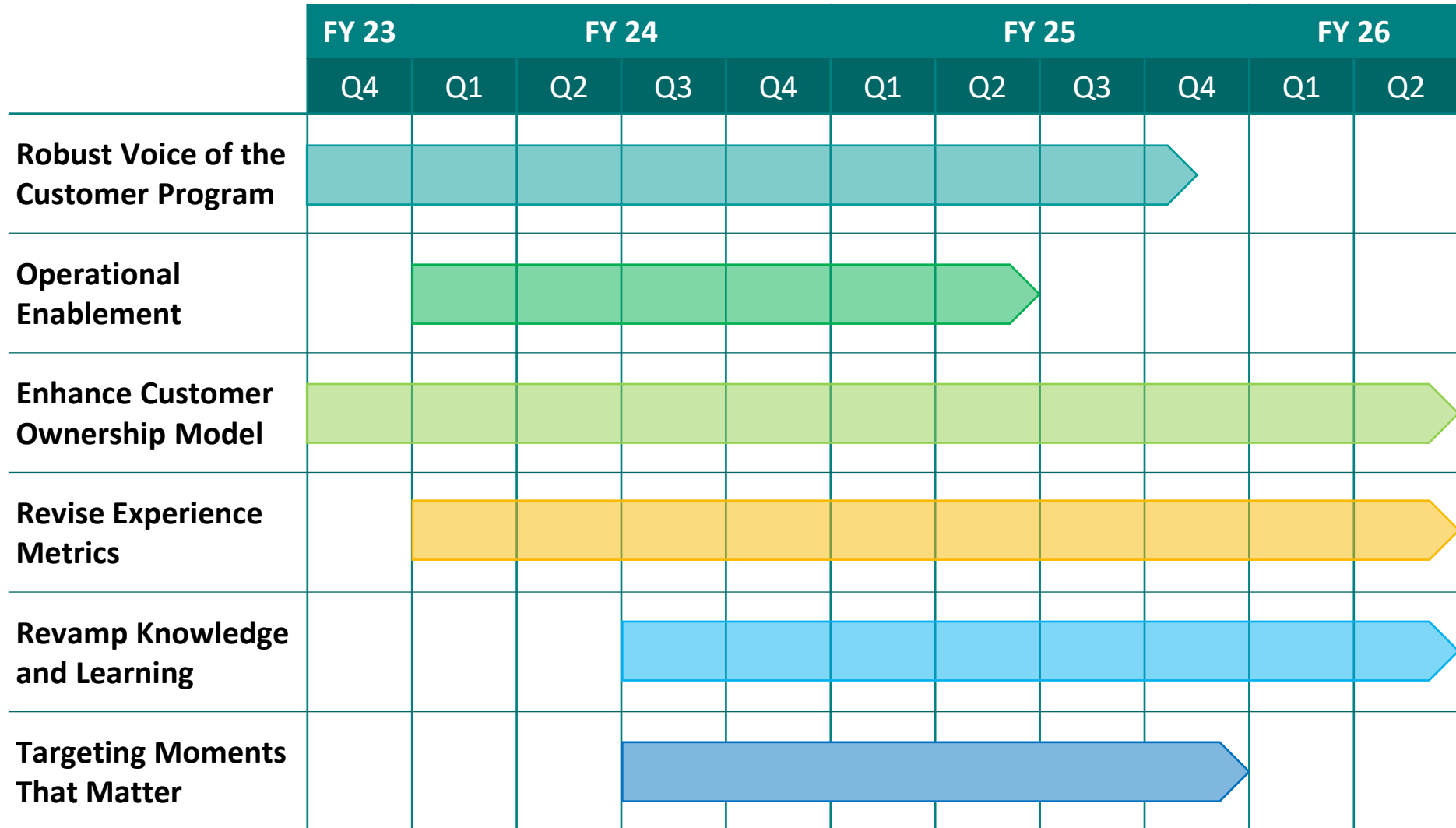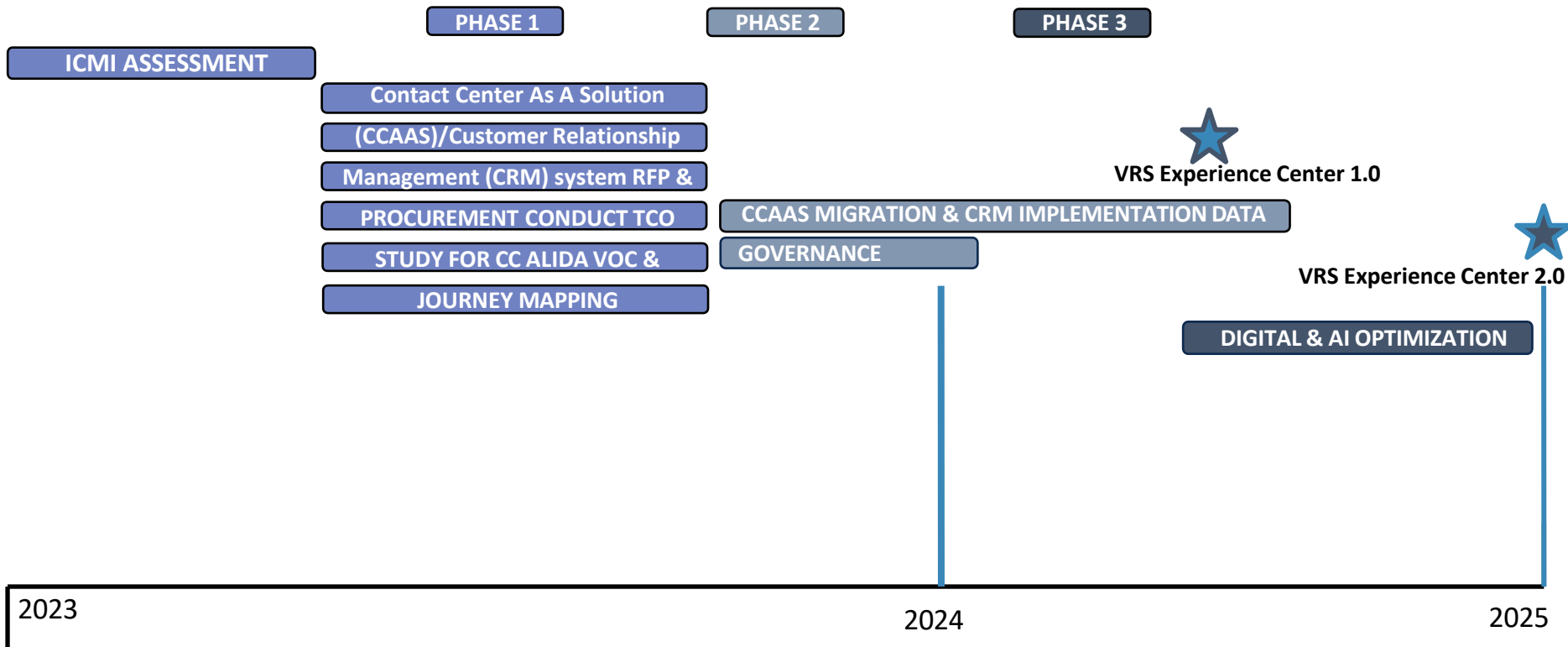
Roadmap – Contact Center CMS

A unified crawl/walk/run approach shifting from Multichannel to Omnichannel Champions

PHASE 1   **PHASE 2**   **PHASE 3**

ICMI ASSESSMENT

Contact Center As A Solution (CCAAS)/Customer Relationship Management (CRM) system RFP & PROCUREMENT CONDUCT TCO STUDY FOR CC ALIDA VOC & JOURNEY MAPPING

CCAAS MIGRATION & CRM IMPLEMENTATION DATA GOVERNANCE

⭐ **VRS Experience Center 1.0**

⭐ **VRS Experience Center 2.0**

DIGITAL & AI OPTIMIZATION

2023   2024   2025

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Source: ICMI

Questions?

Virginia Retirement System (VRS)
FY 2023 Budget to Actual Projections

	Current Budget[1]	Expenses through 4/30/2023	Projected Remaining Expenses	Projected Total Expenses[2]	Projected Variance Favorable/ (Unfavorable)	Projected % Remaining
	A	B	C	D = B + C	E = A - D	F = E / A
Administration						
Personnel						
Salaries & Wages	18,204,000	13,745,000	2,757,000	16,502,000	1,702,000	9.3%
Fringe Benefits	8,262,000	5,846,000	1,471,000	7,317,000	945,000	11.4%
Incentive Compensation	1,128,000	1,018,000	-	1,018,000	110,000	9.8%
Contractual Services						
Management & Administration[3]	1,238,000	737,000	453,000	1,190,000	48,000	3.9%
Professional Services[4]	4,243,000	2,976,000	557,000	3,533,000	710,000	16.7%
Technical Services[5]	243,000	13,000	12,000	25,000	218,000	89.7%
Travel & Training	396,000	173,000	170,000	343,000	53,000	13.4%
Network Infrastructure	117,000	47,000	30,000	77,000	40,000	34.2%
Equipment & Supplies	133,000	60,000	43,000	103,000	30,000	22.6%
Facility	1,979,000	1,801,000	115,000	1,916,000	63,000	3.2%
Administration Total	**35,943,000**	**26,416,000**	**5,608,000**	**32,024,000**	**3,919,000**	**10.9%**
Information Technology						
Personnel						
Salaries & Wages	9,730,000	6,688,000	1,369,000	8,057,000	1,673,000	17.2%
Fringe Benefits	3,799,000	2,590,000	592,000	3,182,000	617,000	16.2%
Incentive Compensation	473,000	473,000	-	473,000	-	0.0%
Contractual Services			-			
Management & Administration[3]	1,707,000	1,198,000	503,000	1,701,000	6,000	0.4%
Professional Services[4]	68,000	46,000	6,000	52,000	16,000	23.5%
Technical Services[5]	13,047,000	7,230,000	5,784,000	13,014,000	33,000	0.3%
Travel & Training	103,000	26,000	39,000	65,000	38,000	36.9%
Network Infrastructure	7,232,000	5,398,000	1,820,000	7,218,000	14,000	0.2%
Equipment & Supplies	1,131,000	46,000	1,066,000	1,112,000	19,000	1.7%
Facility	692,000	546,000	141,000	687,000	5,000	0.7%
Information Technology Total [6]	**37,982,000**	**24,241,000**	**11,320,000**	**35,561,000**	**2,421,000**	**6.4%**

Virginia Retirement System (VRS)
FY 2023 Budget to Actual Projections

	Current Budget[1]	Expenses through 4/30/2023	Projected Remaining Expenses	Projected Total Expenses	Projected Variance Favorable/ (Unfavorable)	Projected % Remaining
	A	B	C	D = B + C	E = A - D	E / A
Investment Management						
Personnel						
Salaries & Wages	14,837,000	11,781,000	2,317,000	14,098,000	739,000	5.0%
Fringe Benefits	5,036,000	4,013,000	662,000	4,675,000	361,000	7.2%
Incentive Compensation	7,803,000	7,803,000	-	7,803,000	-	0.0%
Contractual Services						
Management & Administration[3]	1,470,000	159,000	201,000	360,000	1,110,000	75.5%
Professional Services[4]	2,149,000	1,205,000	350,000	1,555,000	594,000	27.6%
Technical Services[5]	10,833,000	6,544,000	2,870,000	9,414,000	1,419,000	13.1%
Travel & Training	681,000	270,000	150,000	420,000	261,000	38.3%
Network Infrastructure	996,000	324,000	200,000	524,000	472,000	47.4%
Equipment & Supplies	51,000	43,000	4,000	47,000	4,000	7.8%
Facility	657,000	575,000	75,000	650,000	7,000	1.1%
Investment Management Total	**44,513,000**	**32,717,000**	**6,829,000**	**39,546,000**	**4,967,000**	**11.2%**
VRS Subtotal	**118,438,000**	**83,374,000**	**23,757,000**	**107,131,000**	**11,307,000**	**9.5%**

[1] Original budget plus/minus transfers

[2] Projected Total Expenses are best estimates as of the creation of this report and are subject to change

[3] Management & Administration includes postage, printing, communications, memberships, subscriptions, insurance, claims and bonds

[4] Professional Services includes fiscal services, management services, legal services, media services, medical services, and auditing services

[5] Technical Services includes computer operating services, contractors and data feeds

[6] Does not include funds obligated through POs, but not yet paid