



Administration, Finance and Talent Management Committee Meeting

VRS, 1111 E. Main St., 3rd Floor Board Room

Wednesday, 9/24/2025

1:00 - 3:00 PM ET

I. Approve Minutes

- **June 17, 2025**

6.17.25 AFT Minutes - Page 2

II. RBA – Review Attainment of FY25 Agency Performance Outcomes (APOs) and Operational Measures

RBA - Attainment of FY2025 APOs and Operational Measures - Page 4

FY25 APO and OM Memorandum - Page 6

FY25 APOs - Page 7

FY25 Operational Measures - Page 13

III. RBA – Review Performance Bonuses for Eligible Administrative and Investment Operations and Administration Employees

RBA - Performance Bonuses (Eligible Administrative and Investment Operations and Administration Employees) - Page 31

IV. Budget Update (Year End Results and Biennium Budget Proposal)

- **RBA – Review and Authorize Budget Request to the Department of Planning and Budget**

RBA Authorize Budget Request to DPB Fall 2025 - Page 32

AFT-Board Budget Presentation - Page 33

New Initiative Summaries for the Board 27-28 - Page 55

V. RBA – Approve Amended Investment Operations and Administrative Pay Plan

- **RBA – Approve Amended Investment Operations and Administrative Pay Plan**

RBA - Approve revised Investment Operations and Administration Staff Pay Plan - Page 57

Investment Operations and Administrative Pay Plan - Final September Clean - Page 58

Investment Operations and Administrative Pay Plan - Final September Redline - Page 70

4 25 25 - VRS - Investment Operations Benchmark Summary_April 25 - Page 82

VI. Informational Item

- **RBA – FY2025 Internal Audit Director’s Performance Review**

RBA Audit Directors Performance Review - Page 100

VII. FOIA Electronic Meeting Policy

- **RBA – Reapprove FOIA Electronic Meeting Policy**

RBA - Affirm FOIA Electronic Meeting Policy - Page 101

FOIA Electronic Attendance Meeting Policy - Page 102

VIII. RBA – FY2025 Incentive Pay for Investment Professionals (Closed session)

- **RBA – FY2025 Incentive Pay for Investment Professionals**

IX. RBA – Director’s Performance Review (Closed session)

- **RBA – FY2025 Director’s Performance Review**

Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on June 17, 2025, with the following members participating:

A. Scott Andrews, Chair
Lawrence Bernert, III, Vice Chair
John M. Bennett

Board members present:
Jessica Hood

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Michael Cooper, David Cotter, Juanita Cribbs, Antonio Fisher, Robert Irving, Sandy Jack, LaShaunda King, Curt Mattson, Matt Priestas, Paula Reid, Mark Rein, Amethyst Sloane, Virginia Sowers, Emily Trent and Leslie Weldon.

Guests:

Jacob Hodges, Encore; and Alexandra Jansson, Joint Legislative Audit and Review Commission.

The meeting convened at 10:30 a.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the June 17, 2025, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Bernert, with a second by Mr. Bennett, the Committee approved the minutes of its May 20, 2025, meeting.

Appointment of Investment Advisory Committee (IAC) Member

Andrew Junkin, Chief Investment Officer, informed the committee that Mr. Eric Baggesen has agreed to serve on the Investment Advisory Committee (IAC), filling the existing vacancy. Mr. Junkin advised that Mr. Baggesen has significant experience in managing asset allocations and risk management in the public pension space, including in his most recent role as the Chief Investment Officer with the Rhode Island Office of the General Treasurer.

Upon a motion by Mr. Bernert, with a second by Mr. Bennett, the Committee recommended approval of the action to the full Board of Trustees:

RBA: Appointment of Investment Advisory Committee (IAC) Member

Request for Board Action: The Board appoints Eric B. Baggesen to the Investment Advisory Committee (IAC) for a two-year term ending on June 20, 2027.

Mr. Andrews thanked Mr. Junkin for his presentation.

Discussion and Consideration of FY 2026 Agency Performance Outcome (APOs) and Operational Measures (OMs)

Michael Cooper, Chief Operating Officer, reviewed the proposed agency performance outcomes (APOs) and operational measures (OMs) for fiscal year 2026, which were previously presented at the committee's May 20th meeting. Mr. Cooper provided the components for the APO related to VNAV, which was not available at the May meeting as staff was completing its VNAV visioning initiative. Staff must complete three of the four APOs and meet the target for at least 13 of the 16 OMs to be eligible for the agency's gainsharing bonus.

Upon a motion by Mr. Bennett, with a second by Mr. Bernert, the Committee recommended approval of the action to the full Board of Trustees:

RBA: Approve FY 2026 Agency Performance Outcome (APOs) and Agency Operational Measures (OMs)

Request for Board Action: The Board approves the FY 2026 Agency Performance Outcomes and Agency Operational Measures.

Mr. Andrews thanked Mr. Cooper for his presentation.

Adjournment

There being no further business and following a motion by Mr. Bennett, with a second by Mr. Bernert, the Committee agreed to adjourn the meeting at 11:05 a.m.

Chair

Date

Attainment of FY 2025 APOs and Operational Measures (and corresponding lump-sum bonus).

Requested Action

The VRS Board of Trustees approves the attainment of FY 2025 APOs and Operational Measures and a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.

Description/Background

VRS' Agency Performance Outcomes (APOs): The Board approves APOs for each fiscal year. Successful attainment of the APOs is one-half of the gainsharing portion of the performance management program, and it is to be paid as a lump-sum bonus equal to 2.5% of salary for FY 2025, as set forth in the Administrative Pay Plan. The expectation is that all employees will work collaboratively and contribute to attaining the annual APOs. The goal is to complete four of the five APOs for FY 2025.

VRS' Annual Operational Measures: VRS also identifies key operational measures each year. The operational measures are the other part of the gainsharing portion of the performance management program. The goal is to meet the target for at least 13 of the 16 measures set for the year. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

The agency achieved 15 of the 16 operational measures for FY 2025. Additionally, VRS successfully completed all five of the FY 2025 APOs.

Investment Department Gainsharing: The Investment Department's operations and administration staff employees are eligible to receive a lump-sum bonus equal to 2.5% of salary if their performance at least meets expectations, as rated in their annual performance assessment, and the employee consistently works, as a team member, to accomplish the goals of the Investment Department.

Cost: The approximate total cost for the 2.5% bonus payments to eligible employees is \$826,786.43 to be paid from the FY 2026 budget.

Rationale for Requested Action

Both the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan contain gainsharing language, as outlined previously, to reward teamwork, collaboration and organizational results.

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
VRS Board of Trustees

Date



P.O. Box 2500, Richmond, Virginia 23218-2500
Toll-free: 1-888-VARETIR (827-3847)
Website: www.varetire.org

Date: September 11, 2025

To: Trish Bishop, Director

From: Jennifer Schreck, Internal Audit Director
Krystal Groff, Principal Auditor

Subject: Review of FY 2025 Agency Performance Outcomes and Operational Measures

As part of our annual process, Internal Audit has reviewed the status of the FY 2025 Agency Performance Outcomes (APOs) and Operational Measures (OMs), as set forth by management for the fiscal year ended June 30, 2025. The purpose of our review was to obtain reasonable, but not absolute assurance, the status of such outcomes and measures were fairly represented in management's status reports.

Based upon our review of available documentation, attendance at VRS Board and Committee meetings and discussions with various VRS personnel, nothing came to our attention to cause us to question the representations set forth by management with respect to either the APOs or the OMs. Accordingly, we have no reason to believe that the APOs and OMs were not appropriately represented as satisfied for the fiscal year ended June 30, 2025.





We provided minor feedback to management for consideration to further strengthen and clarify VRS' operational measures.




























































I would like to commend the management team and staff for their accomplishments this past year. Please feel free to share this information with the Administration, Finance and Talent Management Committee as well as the full Board of Trustees, as you deem appropriate.

AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2025

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 2 DEC Owner: Robert Irving <i>(Measure: 3 of 4 completed)</i>	Member, Retiree and Employer Education, Outreach and Partnership												
2	Data Quality Enhancements – Phase 1 DEC Owner: Michael Cooper <i>(Measure: 3 of 4 completed)</i>	Digital Transformation and Secure Service Delivery												
3	Identity Proofing Initiative - Phase 1 DEC Owner: Michael Cooper <i>(Measure: 3 of 4 completed)</i>	Digital Transformation and Secure Service Delivery												
4	VNAV Enhancements DEC Owner: Robert Irving, Mark Rein, Leslie Weldon <i>(Measure: 3 of 3 completed)</i>	Digital Transformation and Secure Service Delivery	N/S											
5	Human Resource Information System (HRIS) Implementation – Phase 2 DEC Owner: Paula Reid <i>(Measure: 4 of 5 completed)</i>	Organizational Strength, Culture and Engagement												



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2025

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 2							DEC Owner: Robert Irving		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 a project plan to support the continued and phased implementation of a new CMS.	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
1.2	Document standard operating procedures for new system.	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
1.3	Craft training materials and conduct employee training on the new system.	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
1.4	Establish a project team to evaluate the implementation of secure email messaging.	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>







































AGENCY PERFORMANCE OUTCOMES STATUS REPORT **FISCAL YEAR 2025** **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

Data Quality Enhancements – Phase 1							DEC Owner: Michael Cooper		Strategic Goal: Digital Transformation and Secure Service Delivery				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
2.1	Establish a data quality task force.												
2.2	Create a task force charter, including responsibilities and authority.												
2.3	Develop a work plan to identify key priorities, resources and timelines.	N/S	N/S	N/S	N/S								
2.4	Initiate the development of a data dictionary.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S				



AGENCY PERFORMANCE OUTCOMES STATUS REPORT **FISCAL YEAR 2025** **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 4 completed

Identity Proofing Initiative - Phase 1							DEC Owner: Michael Cooper		Strategic Goal: Digital Transformation and Secure Service Delivery				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3.1	Establish a project team to enhance agency identity standards and fraud mitigation strategies.												
3.2	Identify and document stakeholder business needs and industry best practices related to identity standards.	N/S	N/S										
3.3	Conduct evaluation of agency identity standards.	N/S	N/S										
3.4	Develop a project implementation plan and timeline for completion of a multi-phase initiative to enhance agency identity standards and fraud mitigation strategies.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S				



AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2025

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: 3 of 3 completed

VNAV Enhancements							DEC Owner: Robert Irving, Mark Rein, Leslie Weldon		Strategic Goal: Digital Transformation and Secure Service Delivery				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4.1	Establish a formal vision statement for the next generation of VNAV.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	<div></div>	<div></div>	<div></div>
4.2	Develop a high-level project plan for completion of a multi-phase initiative.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	<div></div>	<div></div>	<div></div>
4.3	Initiate the identification of stakeholder business needs and technology requirements.	N/S	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>



AGENCY PERFORMANCE OUTCOMES STATUS REPORT



































FISCAL YEAR 2025

APO 5

APO Status Indicator

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

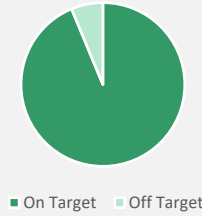
APO 5 Measure: 4 of 5 completed

Human Resource Information System (HRIS) Implementation – Phase 2							DEC Owner: Paula Reid		Strategic Goal: Organizational Strength, Culture and Engagement				
#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
5.1	Finalize the Operational Assessment, including a current state application assessment, best practices for HR service delivery, and future state recommendations.												
5.2	Develop final requirements documentation.												
5.3	Conduct the Informal Request for Proposal (IFRP) process.	N/S	N/S	N/S	N/S	N/S	N/S	N/S					
5.4	Begin contract negotiations with selected vendor.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S			
5.5	Initiate the implementation of the selected HRIS system.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S		

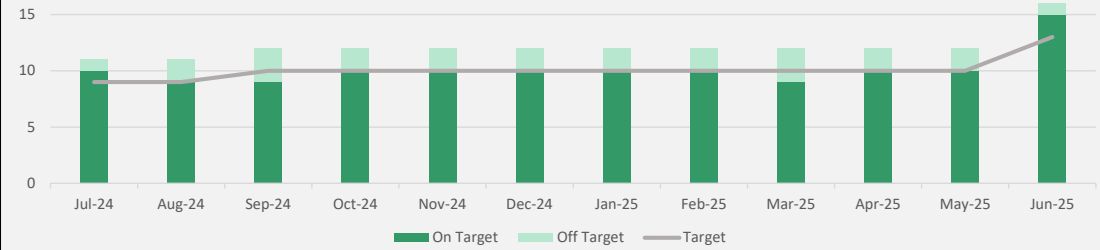
FISCAL YEAR 2025 OPERATIONAL MEASURES STATUS REPORT

June-25

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	Superior Governance and Long-Term Financial Health	> 98.00%	100.00%	100.00%	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%	2.82%	6.91%	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	.50 business days	0.40	0.40	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%	100.00%	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	98.00%	98.99%	99.72%	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%	99.49%	99.89%	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%	97.67%	98.19%	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%	100.00%	100.00%	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%	100.00%	98.70%	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	99.50%	99.99%	99.96%	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	99.00%	99.81%	99.93%	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%	100.00%	100.00%	Quarterly	

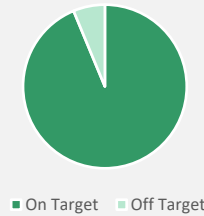
Overall Measure: 13 of 16 meet or exceed target

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

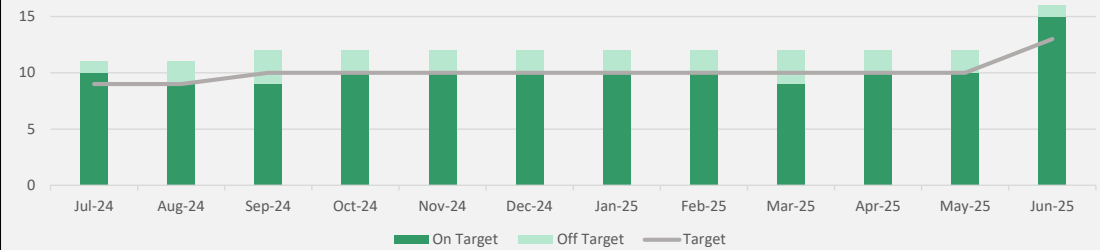
FISCAL YEAR 2025 OPERATIONAL MEASURES STATUS REPORT

June-25

Current Status - All Operational Measures



YTD Status - All Operational Measures

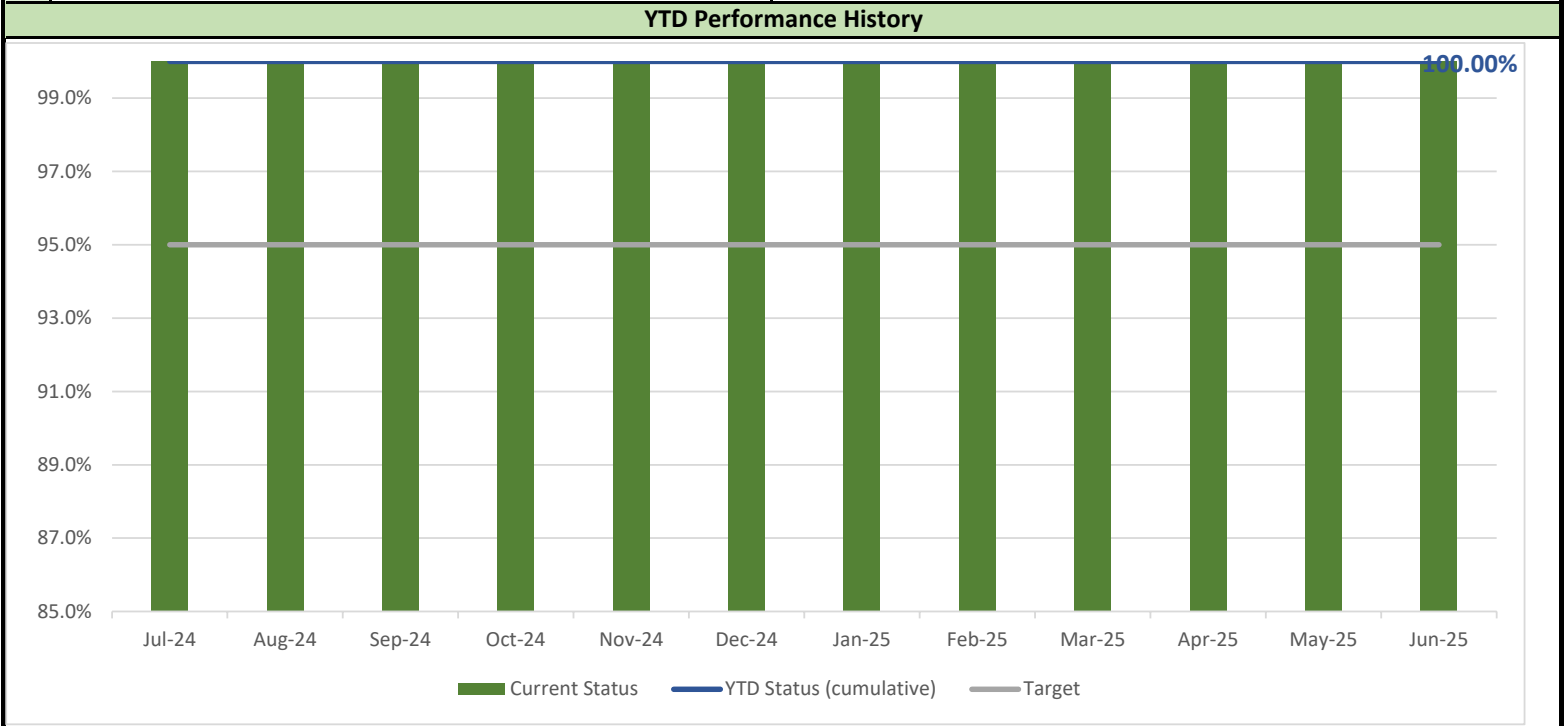


OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	0.00%	0.00%	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.	Superior Governance and Long-Term Financial Health	FY 2024 CEM Peer Cost Average	\$ 81.00	\$ 81.00	Annual	Will not know FY 2024 CEM peer cost until spring 2025
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%	100.00%	100.00%	Annual	Measure reported on an annual basis
16	Employee Professional Development	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development	Organizational Strength, Culture and Engagement	90.00%	94.00%	94.00%	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.

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)	> 98.00%	Baseline (Performance History)	99%
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 99%	
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Ongoing system enhancements	Identify alternative processes to work around disruptions, and cross-train staff for backup as needed	
2	Potential technology issues related to interdependency with Cardinal and other 3rd party systems	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	

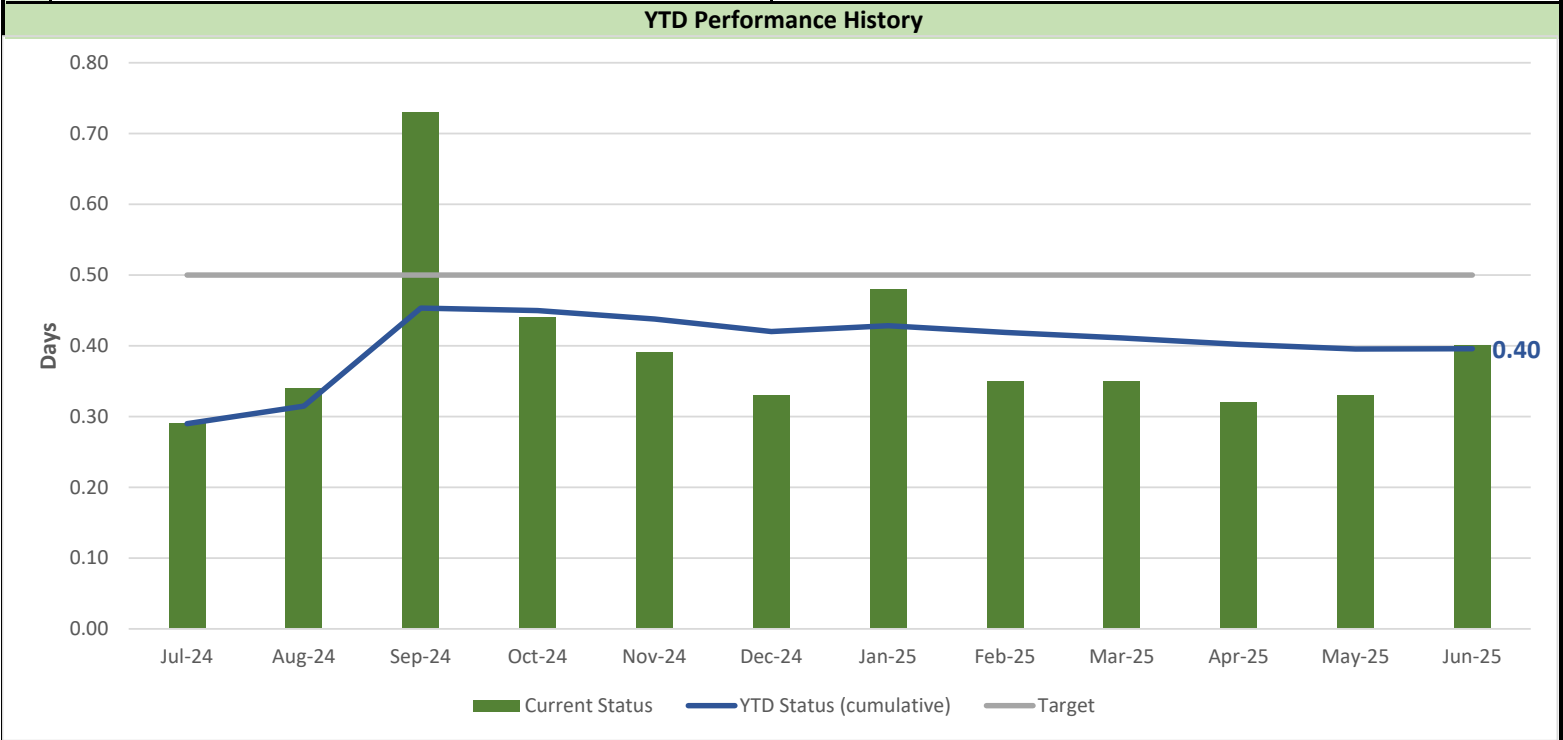


VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

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

Virginia Retirement System				Fiscal Year 2025 Operational Measures				OM 2	
				Reporting Period: June-25					
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)		10.30%			
Target Rationale: To account for anticipated high call volume due to system changes.				Baseline Rationale: 3 year average = 10.3%					
Current Reporting Month Status		2.82%		YTD Status (Cumulative; used at year-end to determine whether target has been met)		6.91%			
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 system enhancements			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									
<div><div><div>25.00%</div><div>24.00%</div><div>23.00%</div><div>22.00%</div><div>21.00%</div><div>20.00%</div><div>19.00%</div><div>18.00%</div><div>17.00%</div><div>16.00%</div><div>15.00%</div><div>14.00%</div><div>13.00%</div><div>12.00%</div><div>11.00%</div><div>10.00%</div><div>9.00%</div><div>8.00%</div><div>7.00%</div><div>6.00%</div><div>5.00%</div><div>4.00%</div><div>3.00%</div><div>2.00%</div><div>1.00%</div><div>0.00%</div></div><div><div><div>Jul-24</div><div>Aug-24</div><div>Sep-24</div><div>Oct-24</div><div>Nov-24</div><div>Dec-24</div><div>Jan-25</div><div>Feb-25</div><div>Mar-25</div><div>Apr-25</div><div>May-25</div><div>Jun-25</div></div><div><div>Current status</div><div>YTD Status (cumulative)</div><div>Target</div></div><div><div><div></div><div></div><div></div></div><div>7%</div></div></div></div>									
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	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 0.5 business days, divided by the total number of messages responded to by the CCC.		
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	.50 business days	Baseline (Performance History)	.39 business days
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = .39 days	
Current Reporting Month Status	0.40	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.40
Potential Constraints to Meeting Target		Mitigation Strategies	
1	Transition may occur in FY 2025 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 system enhancements	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	


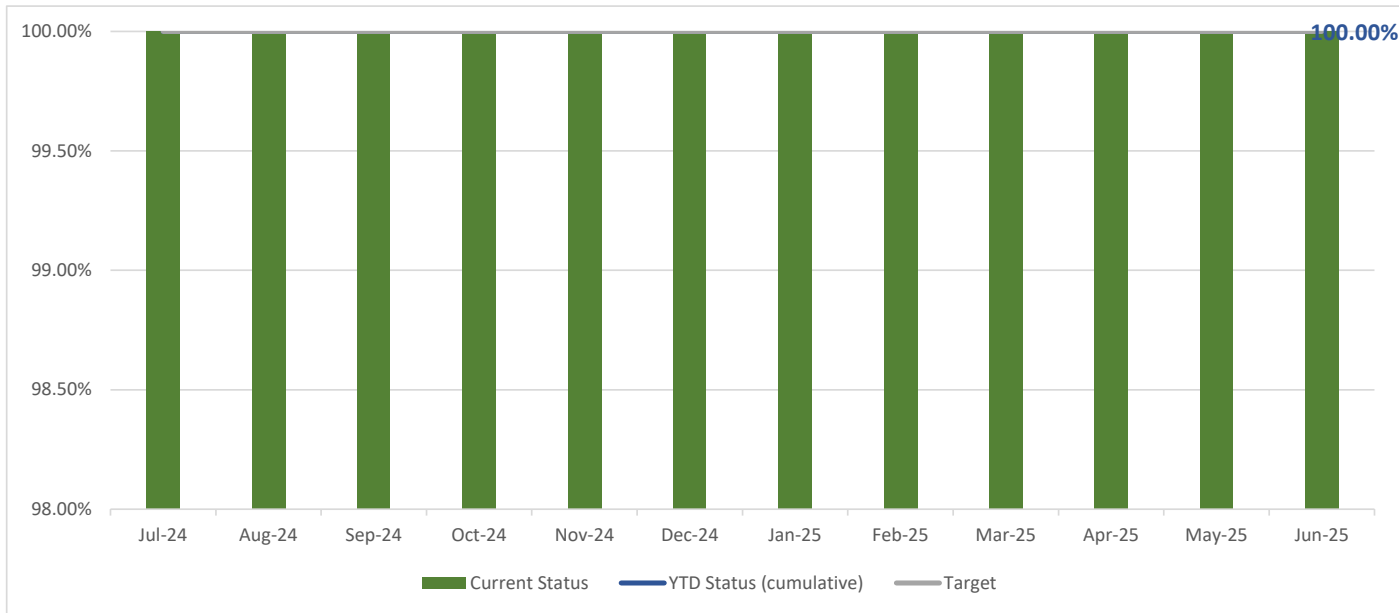


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VRS Vision:

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

		Fiscal Year 2025 Operational Measures		OM 4	
Reporting Period: June-25					
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%
<i>Target Rationale: Maintain recent performance</i>			<i>Baseline Rationale: 3 year average = 100%</i>		
Current Reporting Month Status		100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		100.00%
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 system enhancements		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.					

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.

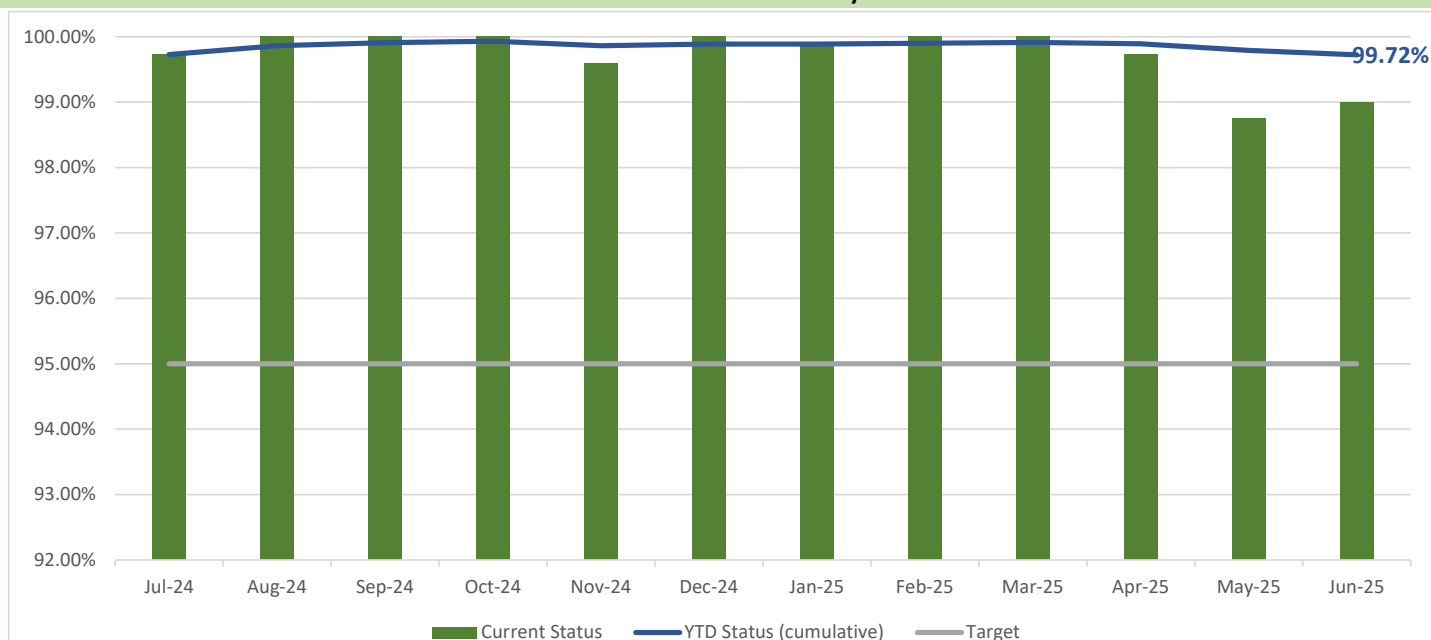
Fiscal Year 2025 Operational Measures

Reporting Period: June-25

OM
5

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)	98.00%	Baseline (Performance History)	99.00%
<i>Target Rationale: Maintain recent performance</i>		<i>Baseline Rationale: 3 year average = 99%</i>	
Current Reporting Month Status	98.99%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	99.72%
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 system enhancements	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


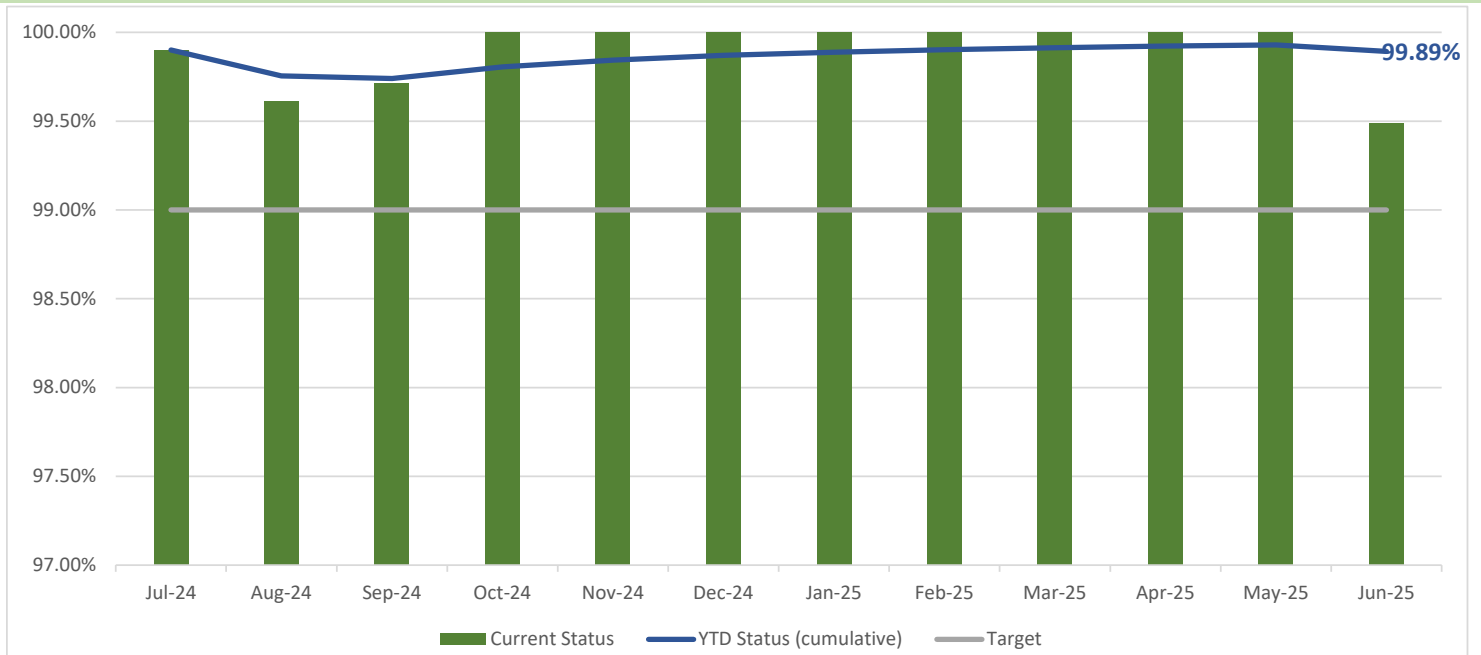


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Overall Measure: 13 of 16 meet or exceed target

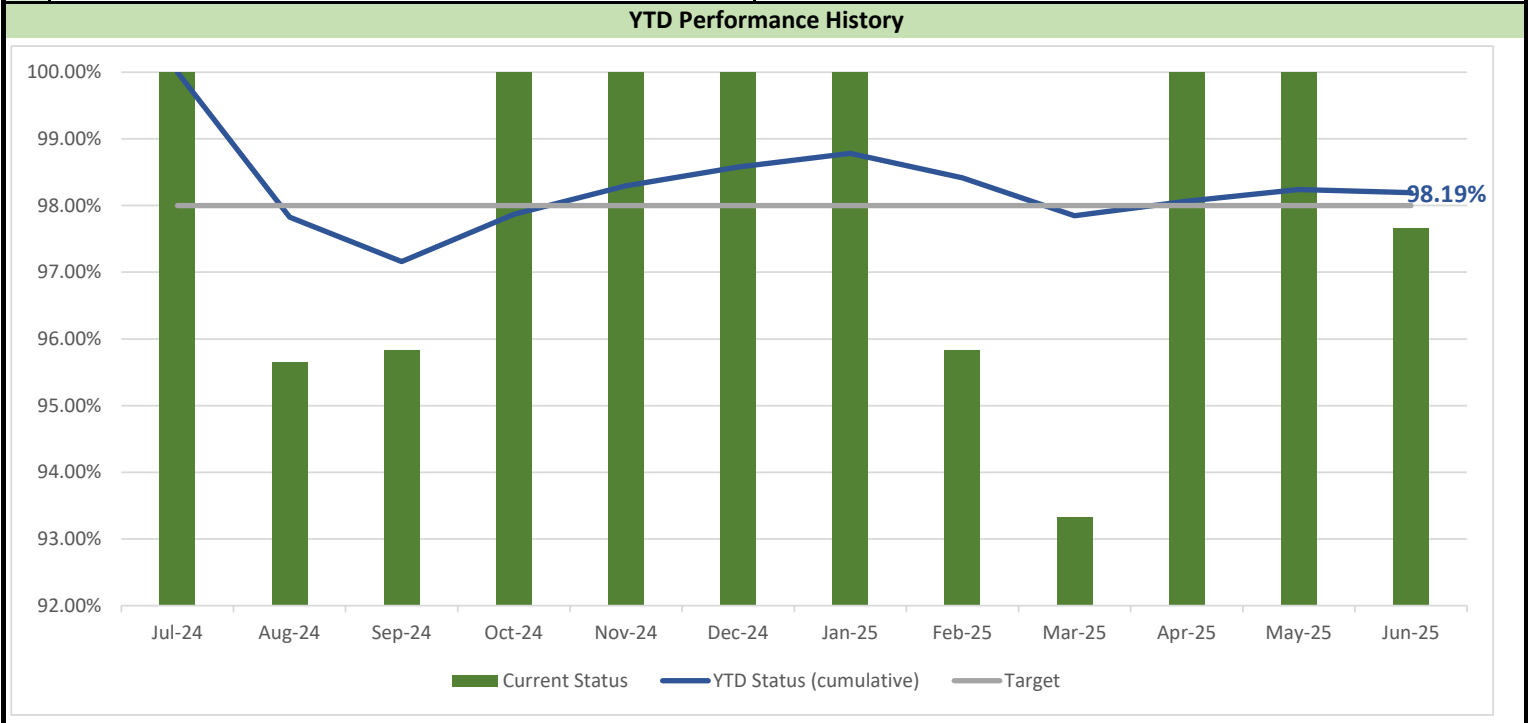
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

		Fiscal Year 2025 Operational Measures		OM 6	
Reporting Period: June-25					
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%
<i>Target Rationale: Maintain recent performance</i>			<i>Baseline Rationale: 3 year average = 99%</i>		
Current Reporting Month Status		99.49%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		99.89%
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 system enhancements		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.					

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)	98.95%
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 98.95%	
Current Reporting Month Status	97.67%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	98.19%
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 system enhancements	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	

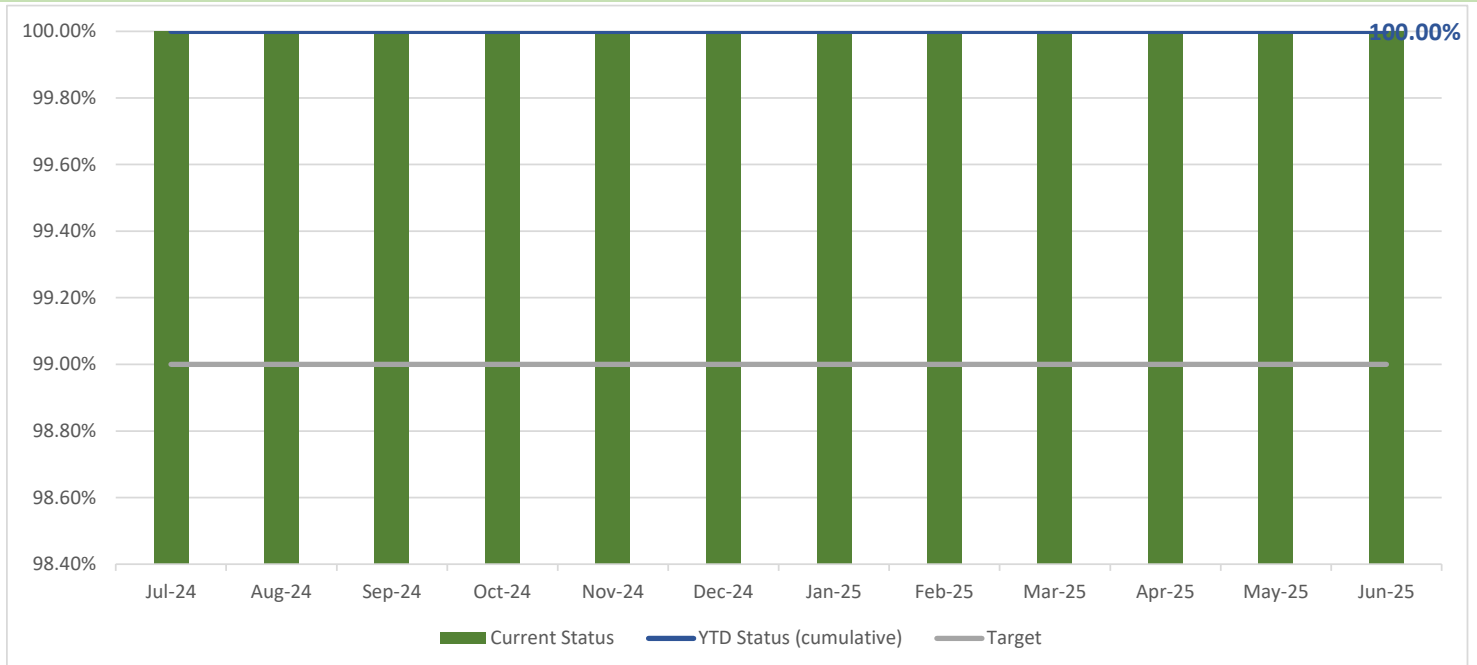


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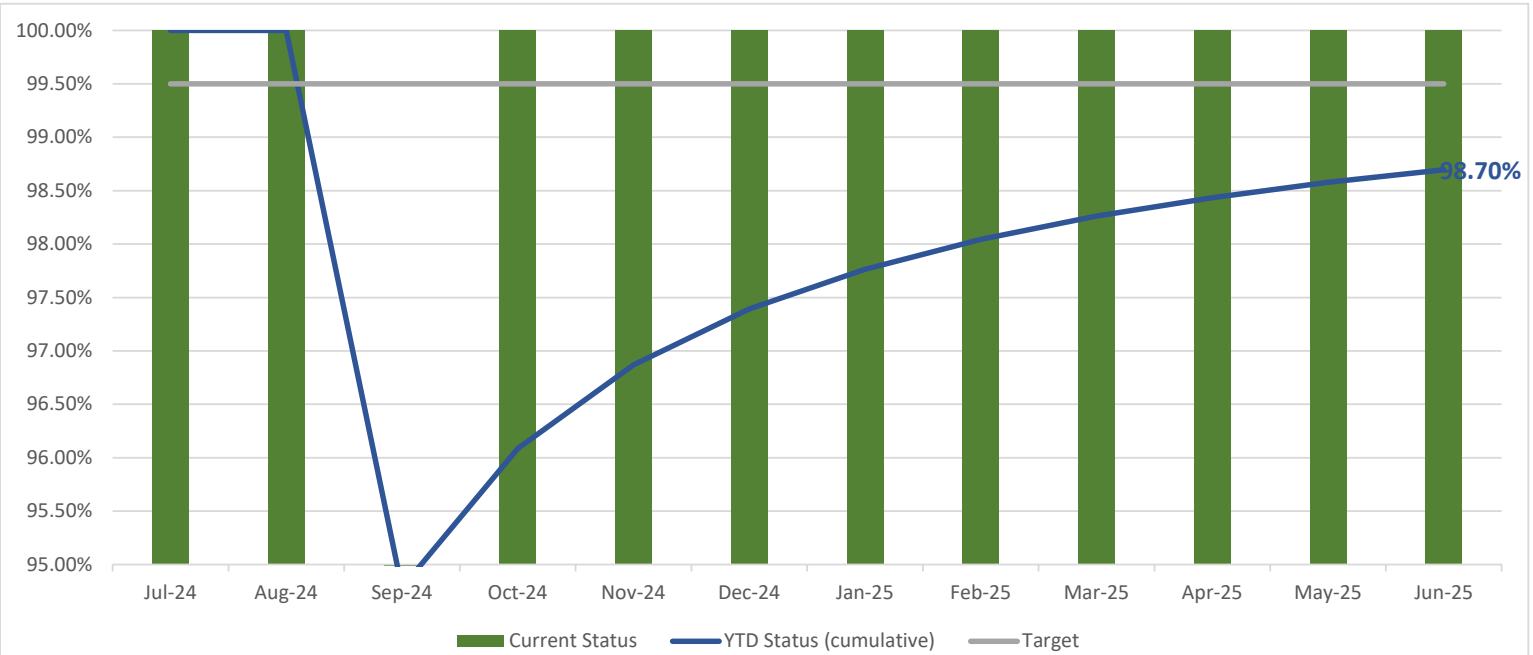
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Virginia Retirement System		Fiscal Year 2025 Operational Measures			OM 8																																																				
Reporting Period: June-25																																																									
Operational Measure		Accuracy of Disability 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.																																																							
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Target (Performance Goal)		99.00%	Baseline (Performance History)	99.00%																																																					
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 99%																																																						
Current Reporting Month Status		100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%																																																					
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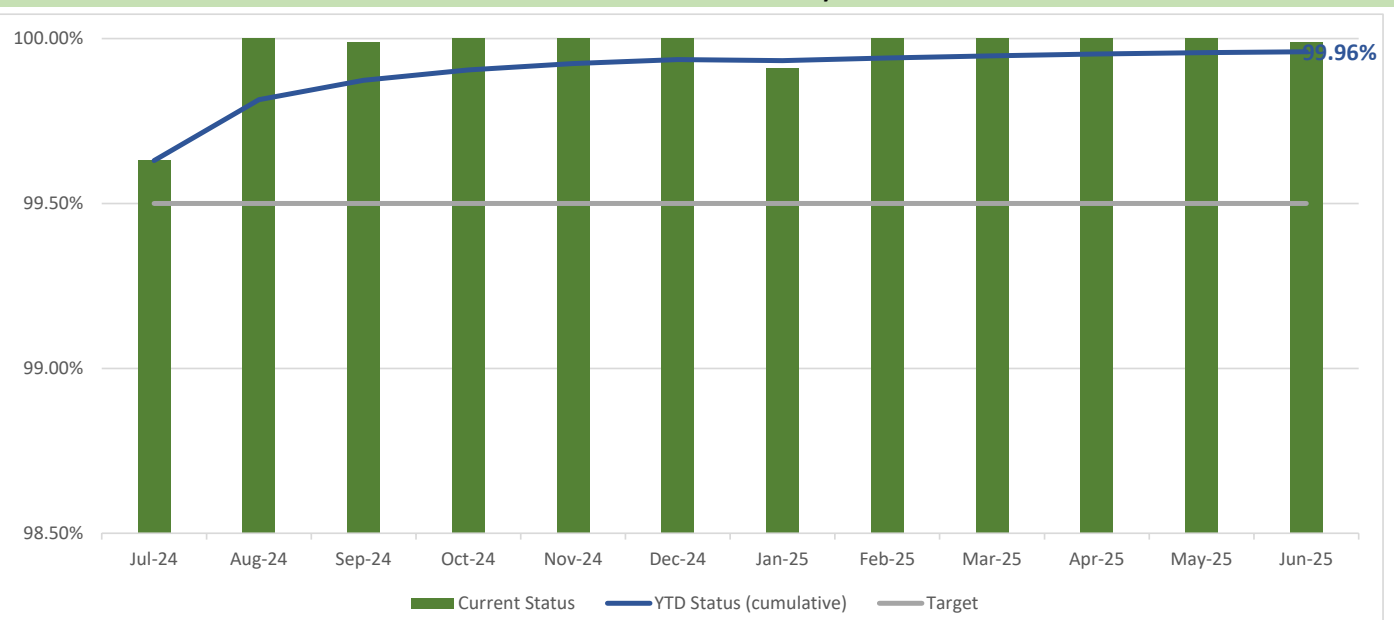
Overall Measure: 13 of 16 meet or exceed target

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 2025 Operational Measures				OM 9
Reporting Period: June-25				
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)	100.00%	
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 100%		
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	98.70%	
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 system enhancements	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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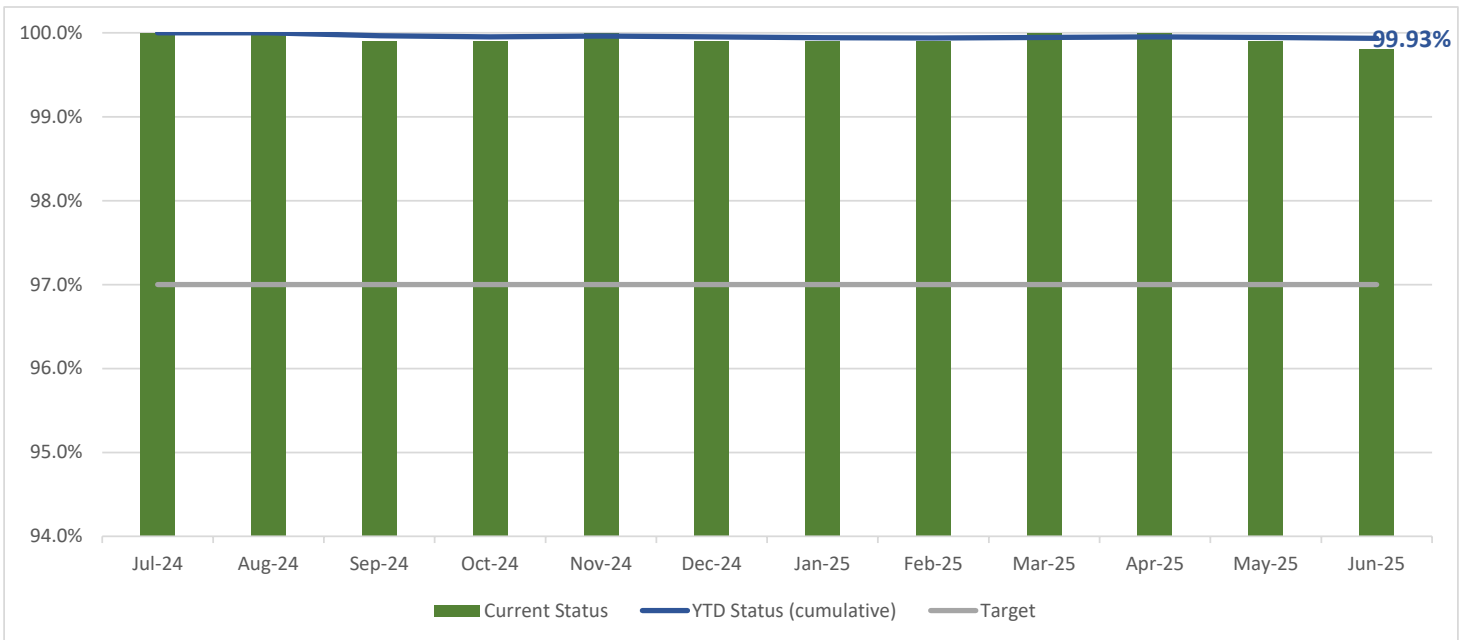
Overall Measure: 13 of 16 meet or exceed target

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Virginia Retirement System		Fiscal Year 2025 Operational Measures		OM 10																																																					
		Reporting Period: June-25																																																							
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)		99.96%																																																				
Target Rationale: Maintain recent performance			Baseline Rationale: 3 year average = 99.96%																																																						
Current Reporting Month Status		99.99%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		99.96%																																																				
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 system enhancements		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																																																						
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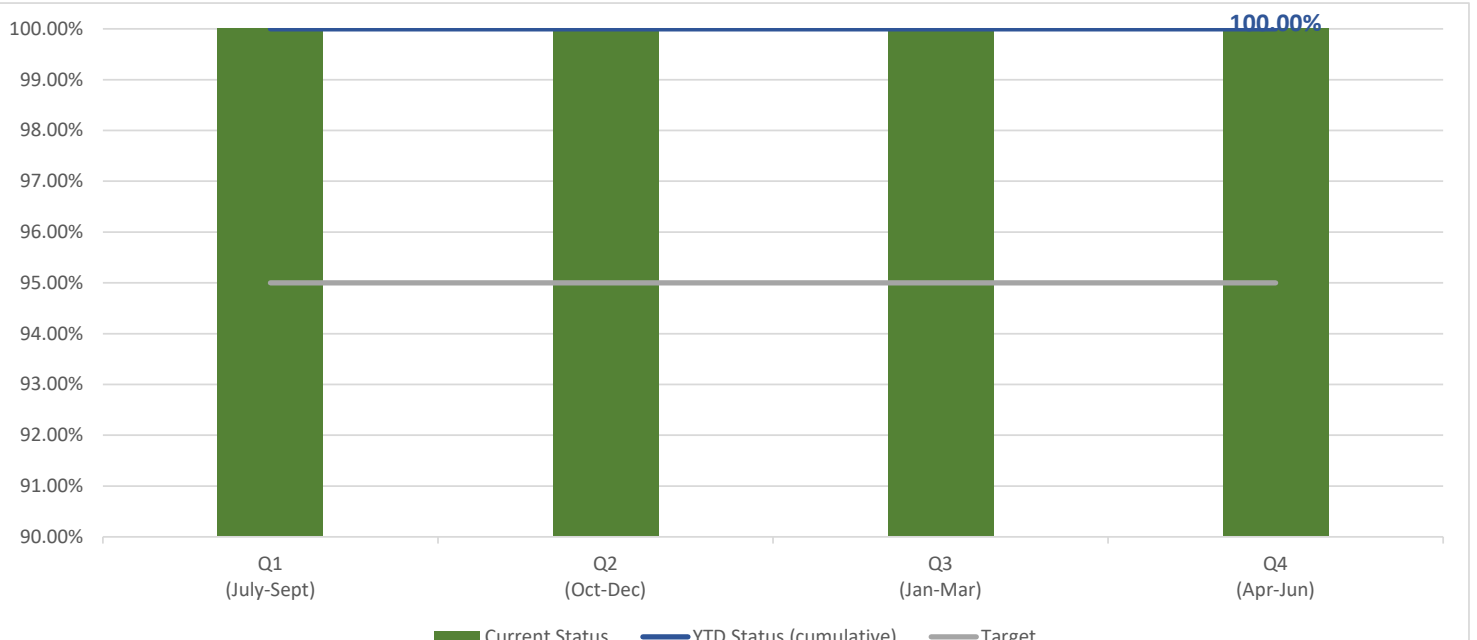
Overall Measure: 13 of 16 meet or exceed target

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		Fiscal Year 2025 Operational Measures		OM 11
		Reporting Period: June-25		
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)	99.00%	Baseline (Performance History)	100.00%	
Target Rationale: Maintain recent performance		Baseline Rationale: 3 year average = 100.00%		
Current Reporting Month Status	99.81%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	99.93%	
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	Ongoing system enhancements	Proactively communicate with employers to identify potential impacts and assist as appropriate with the submission process		
3	Potential technology issues related to interdependency with Cardinal and other 3rd party systems	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				
				
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 2025 Operational Measures		OM 12																					
		Reporting Period: June-25																							
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)		100.00%																				
Target Rationale: Maintain recent performance and account for ongoing system and process changes impacting implementation.			Baseline Rationale: 3 year average = 100%																						
Current Reporting Month Status		100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)		100.00%																				
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)		Communicate with DEC and Audit regarding possible adjustment of target date to accommodate timeline of when resources will be available																						
YTD Performance History																									
 <table><thead><tr><th>Quarter</th><th>Current Status</th><th>YTD Status (cumulative)</th><th>Target</th></tr></thead><tbody><tr><td>Q1 (July-Sept)</td><td>100.00%</td><td>100.00%</td><td>95.00%</td></tr><tr><td>Q2 (Oct-Dec)</td><td>100.00%</td><td>100.00%</td><td>95.00%</td></tr><tr><td>Q3 (Jan-Mar)</td><td>100.00%</td><td>100.00%</td><td>95.00%</td></tr><tr><td>Q4 (Apr-Jun)</td><td>100.00%</td><td>100.00%</td><td>95.00%</td></tr></tbody></table>						Quarter	Current Status	YTD Status (cumulative)	Target	Q1 (July-Sept)	100.00%	100.00%	95.00%	Q2 (Oct-Dec)	100.00%	100.00%	95.00%	Q3 (Jan-Mar)	100.00%	100.00%	95.00%	Q4 (Apr-Jun)	100.00%	100.00%	95.00%
Quarter	Current Status	YTD Status (cumulative)	Target																						
Q1 (July-Sept)	100.00%	100.00%	95.00%																						
Q2 (Oct-Dec)	100.00%	100.00%	95.00%																						
Q3 (Jan-Mar)	100.00%	100.00%	95.00%																						
Q4 (Apr-Jun)	100.00%	100.00%	95.00%																						
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 2025 Operational Measures


Reporting Period: June-25

OM
13

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)	5.45%
Target Rationale: Maintain recent performance		Baseline Rationale: FY 2023 results	
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.00%
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	Internal and external factors impacting 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.

		Fiscal Year 2025 Operational Measures		OM 14	
		Reporting Period: June-25			
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 2025. At that time the FY 2024 annual agency cost will be compared to the to the FY 2024 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 2024 CEM Peer Cost Average	Baseline (Performance History)		N/A
Target Rationale: <i>Measuring VRS annual administrative cost for FY 2024 against the most current peer data as provided by CEM Benchmarking, Inc.</i>			Baseline Rationale: <i>N/A</i>		
Current Reporting Month Status		\$81	YTD Status (Used at year-end to determine whether target has been met)		\$81
Potential Constraints to Meeting Target			Mitigation Strategies		
1	Significant unanticipated costs to administer pension plans due to external influences		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 2024 CEM cost not known until late into FY 2025 (limiting agency ability to react if missing target)		Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2024 CEM cost; adjust agency spending if out of line with recent CEM peer cost averages		
YTD Performance History					

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 2025 Operational Measures

Reporting Period: June-25

OM
15

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 2025 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	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100%
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 system enhancements	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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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 2025 Operational Measures		OM 16
Reporting Period: June-25				
Operational Measure	Employee Professional Development			
Strategic Goal	Organizational Strength, Culture and Engagement			
Description	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development			
Calculation Methodology	The number of eligible full-time VRS administration employees who have completed at least 10 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, 2024 who are not on short- or long-term disability or FMLA during FY 2025. 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)	90.00%	Baseline (Performance History)	98.00%	
Target Rationale: Maintain recent performance and increased total # of hours		Baseline Rationale: 3 year average = 98%		
Current Status	94.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	94%	
Potential Constraints to Meeting Target		Mitigation Strategies		
1	Limited staff flexibility to obtain professional development due to significant staff time dedicated to new software solution implementations and other system enhancements.	Encourage staff to plan for professional development opportunities before and/or after periods of time dedicated to software solution implementations 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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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.



Performance bonuses for eligible administrative employees and Investment Department operations and administration employees.

Requested Action

The VRS Board of Trustees approves performance lump-sum bonuses for eligible administrative employees and eligible Investment Department operations and administration employees.

Description/Background

The Board approved the current Administrative Pay Plan and the current Investment Operations and Administration Staff Pay Plan on April 16, 2025, and the plans became effective on June 10, 2025. Each of the plans state:

Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

Cost: The approximate total cost for the FY 2025 performance bonus payments to eligible employees is \$797,455.19 to be paid from the FY 2026 budget.

Rationale for Requested Action

Bonus payments recognize and reward the positive contributions of individual performance that enable VRS to achieve and exceed its goals and objectives.

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
VRS Board of Trustees

Date



**Authorize staff to request spending authority from the
Department of Planning and Budget.**

Requested Action

The VRS Board of Trustees authorizes staff to request spending authority from the Department of Planning and Budget and legislature, as applicable, to execute planned initiatives for the next two fiscal years.

Description/Background

VRS staff notified the Administration, Finance and Talent Management Committee on September 24, 2025, that additional appropriation authority will be needed in FY 2027 and FY 2028 to accommodate planned spending. The Committee concurred with the planned spending line items and recommended that this RBA be presented to the entire Board for approval.

Rationale for Requested Action

This RBA seeks Board authority for staff to seek nineteen additional full-time positions and the necessary non-general fund appropriation for the following expenses:

Initiative	FY 2027 cost (in millions)	FY 2028 cost (in millions)
• Reinforcing Member, Retiree & Employer Outreach	\$1.17	\$1.27
• Enhancing Data Quality	\$2.24	\$2.01
• Elevating Business Systems & Service Delivery	\$7.33	\$9.35
• Investing in Organizational Infrastructure & Talent	\$4.45	\$3.52
• Optimizing Asset Management	\$10.59	\$13.69
• Advancing Strategic Investment Processes & Efficiency	<u>\$2.81</u>	<u>\$3.69</u>
	\$28.59	\$33.53

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(8) authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1.

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date



Building for the Next Biennium

Presentation to the Administration, Finance & Talent
Management Committee

September 24, 2025

FY 2025 Year-End

FY 2025 Final Position

	FY 2025 Budget	Total FY 2025 Expenses	Final FY 2025 Variance
Administration			
Personnel	47,880,000	43,880,000	4,000,000
Operating	<u>38,211,000</u>	<u>32,568,000</u>	<u>5,643,000</u>
Administration Total	\$86,091,000	\$76,448,000	\$9,643,000
Investments			
Personnel	32,788,000	33,011,000	-223,000
Operating	<u>17,492,000</u>	<u>16,455,000</u>	<u>1,037,000</u>
Investments Total	\$50,280,000	\$49,466,000	\$814,000

FY2026 Budget Update

Carry-Over Appropriation

Brownstone Repair	\$1,745,625
HRIS Integration	\$1,766,800
Electrical Panel Repairs	\$450,000
HQ Building Refresh	\$1,000,000
Budgeting Solution Integration	\$300,000
ECM Project	\$583,323
James Center Improvements	\$2,853,000
Various Projects and Contract Renewals	\$860,927
Total	\$9,559,675

FY2026 Budget

	FY2025 Budget	Initiatives & Adjustments	Carry-Over Initiatives & Adjustments	FY2026 Budget
Administration				
Personnel	47,880,000	384,000	0	48,264,000
Operating	<u>38,211,000</u>	<u>-2,915,000</u>	<u>9,560,000</u>	<u>44,856,000</u>
Administration Total	86,091,000	-2,531,000	9,560,000	93,120,000
Investments				
Personnel	32,788,000	11,000	0	32,799,000
Operating	<u>17,492,000</u>	<u>551,000</u>	<u>0</u>	<u>18,043,000</u>
Investments Total	<u>50,280,000</u>	<u>562,000</u>	<u>0</u>	<u>50,842,000</u>
VRS TOTAL	\$136,371,000	- \$1,969,000	\$9,560,000	\$143,962,000

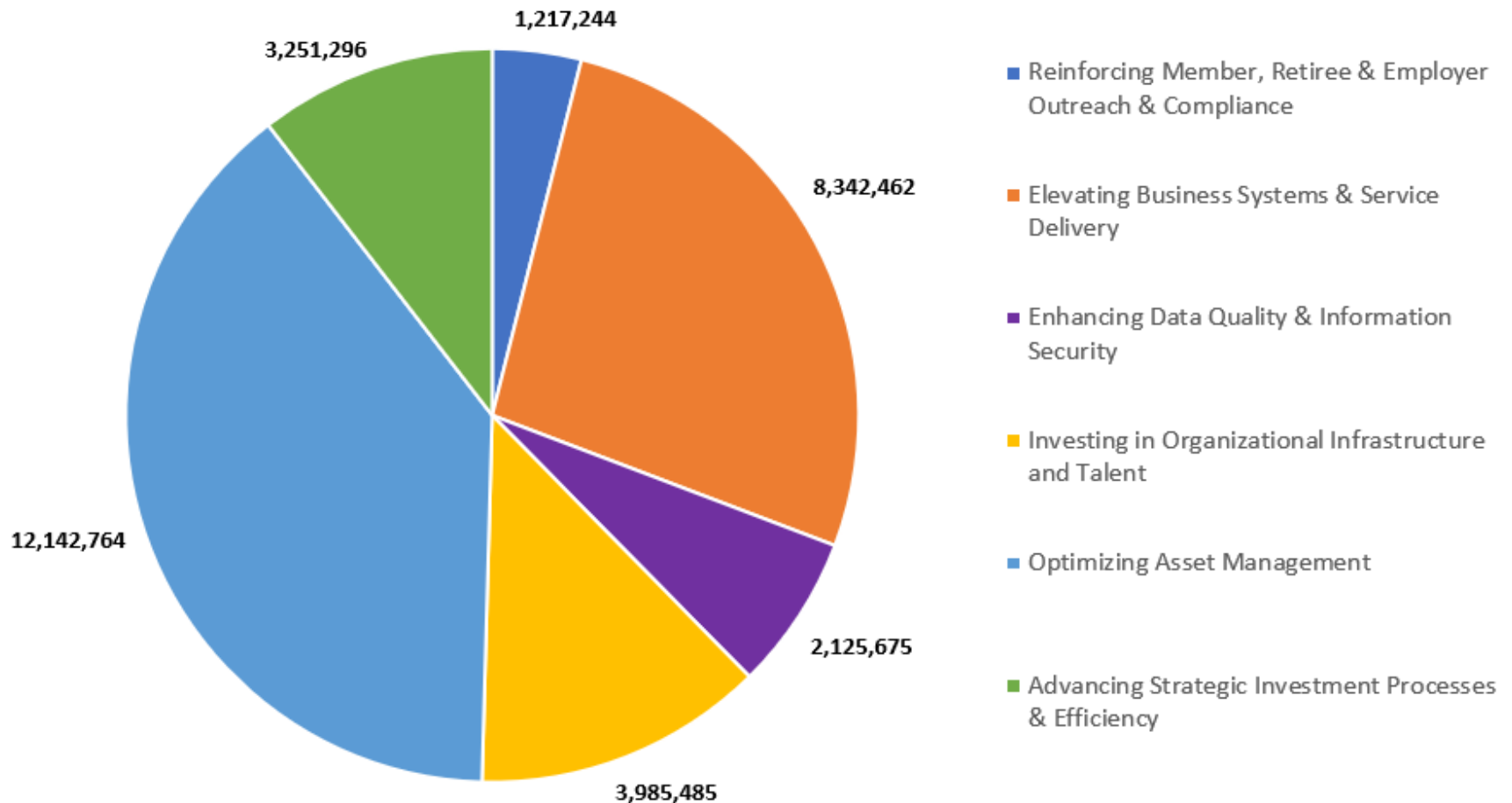


FY 2027-2028 Proposed Budgets

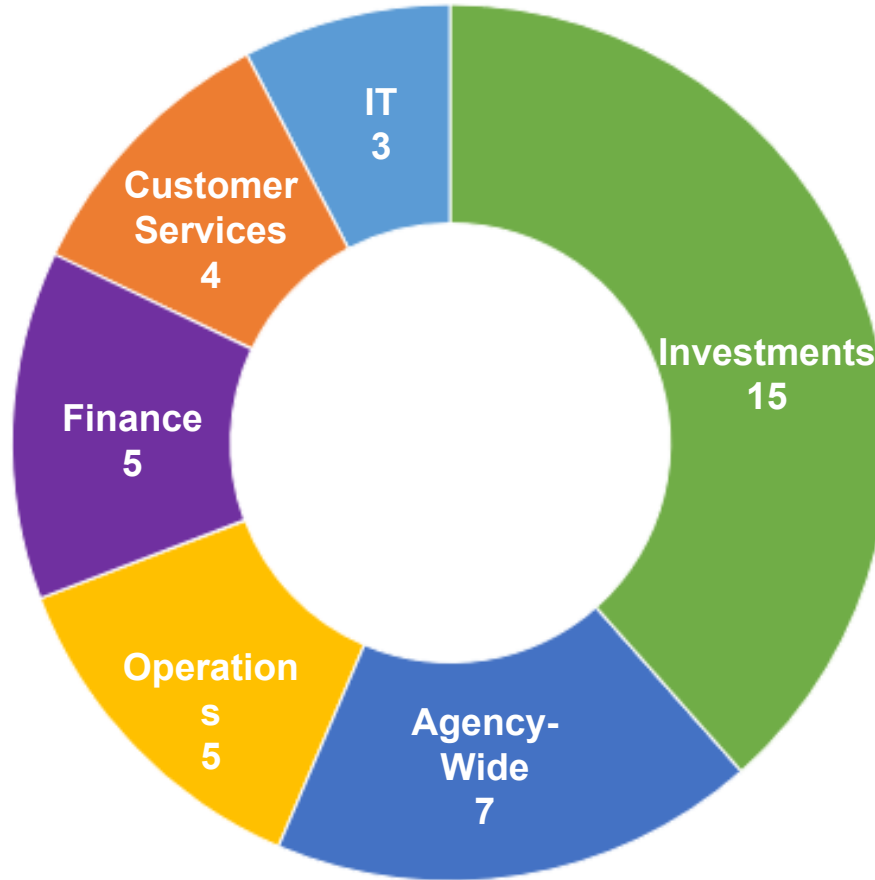
Proposed Decision Packages

	FY 2027	FY 2028	Position s
Reinforcing Member, Retiree & Employer Outreach	1,168,117	1,266,371	7
Enhancing Data Quality	2,239,589	2,011,760	5
Elevating Business Systems & Service Delivery	7,332,076	9,352,848	8
Investing in Organizational Infrastructure & Talent	4,450,147	3,520,823	4
Optimizing Asset Management	10,593,554	13,691,974	6
Advancing Strategic Investment Processes & Efficiency	2,810,831	3,691,761	9
TOTAL VRS	\$28,594,314	33,535,537	39

Average Annual Costs of Decision Packages Over Biennium



FTE Requests by Business Unit



Reinforcing Member, Retiree & Employer Outreach & Compliance

Initiative	FY27 Cost	FY28 Cost	FTEs
Customer Programs Strategic Leadership	423,294	425,500	2
Benefits Specialist	120,436	119,715	1
Content Curator	120,436	119,715	1
Financial Compliance Support	228,546	226,857	2
Purchase of Prior Service Senior Analyst	115,405	114,584	1
Customer Services Part-time Help	160,000	160,000	0
Long-term Care Program RFP	0	100,000	0
Total	\$1,168,117	\$1,266,371	7

- Supports member, retiree and employer education, outreach and partnership (Strategic Plan Goal 3)
- Addresses strategic and cross-functional leadership gaps
- Increases opportunities for building and transferring institutional knowledge
- Improves bench strength

Enhancing Data Quality & Information Security

Initiative	FY27 Cost	FY28 Cost	FTEs
Data Process Improvements	982,071	976,981	2
Business Analysts	444,268	446,894	2
Data Traffic Mapping	675,000	450,000	0
Fraud Investigator	138,250	137,885	1
Total	\$2,239,589	\$2,011,760	5

- Supports digital transformation and secure service delivery (Strategic Plan Goal 4)
- Supports a top priority for the agency – data quality
- Strengthens risk and fraud prevention capabilities

Elevating Business Systems & Service Delivery

Initiative	FY27 Cost	FY28 Cost	FTEs
VNAV Enhancements Phases 1 & 2	3,653,829	5,814,734	5
HRIS Phase III	400,000	0	0
CRM Migration	350,000	900,000	0
ECM Integration Phase 2	109,325	13,310	0
AI Development	350,000	300,000	0
Infrastructure Improvements	2,237,543	1,959,164	1
Project Management Office	231,379	365,640	2
Total	\$7,332,076	\$9,352,848	8

- Supports technology infrastructure (Strategic Plan Goal 5)
- Enables the agency to complete several long-term projects
 - Projects aimed at enhancing the customer experience
- Facilitates VRS' utilization of AI to gain efficiencies in a secure and responsible manner
- Creates efficiencies and cost savings

Investing in Organizational Infrastructure & Talent

Initiative	FY27 Cost	FY28 Cost	FTEs
Accountant II	113,040	112,171	1
Procurement Support	440,181	639,726	2
Facilities Manager	21,926	18,926	1
VRS HQ Building Refresh	2,125,000	0	0
Compensation Market Adjustments	750,000	1,750,000	0
Investments Salary Increases	1,000,000	1,000,000	0
Total	\$4,450,147	\$3,520,823	4

- Supports organizational strength, culture, and engagement (Strategic Plan Goal 1)
- Adjusts VRS salaries to align with market benchmarks
- Emphasizes recruitment and retention efforts
- Improves efficiency and accuracy in procurement

Optimizing Asset Management

Initiative	FY27 Cost	FY28 Cost	FTEs
Decision Systems Analysts	181,073	362,638	2
Investment Officer	0	304,543	1
Senior Investment Officer	0	385,322	1
Senior Investment Analyst	211,941	213,050	1
Senior Operations Analyst	200,540	201,421	1
Contractors	2,650,000	2,650,000	0
Asset Management Platform and Support	7,350,000	9,575,000	0
Total	\$10,593,554	\$13,691,974	6

- Supports superior governance and long-term financial health (Strategic Plan Goal 2)
- Aligns with Fund strategic asset allocation approved by the Board in 2023
- Updates investment, risk, data, and treasury management tools
- Eliminates independent systems, creating efficiency and cost savings

Advancing Strategic Investment Processes & Efficiency

Initiative	FY27 Cost	FY28 Cost	FTEs
Credit Strategies - Senior Investment Officer	385,322	389,899	1
Investment Sciences - Multi-Asset Portfolio Strategy	839,865	851,153	2
Private Equity - Senior Investment Officer	385,322	389,899	1
Real Assets - Senior Investment Officer	385,322	389,899	1
Investment Ops - Compliance Team Support	200,000	400,540	1
Investment Ops - R&L Team Support	0	223,541	1
Investment Ops Support	175,000	584,830	2
Data Feeds	440,000	462,000	0
Total	\$2,810,831	\$3,691,761	9

- Supports superior governance and long-term financial health (Strategic Plan Goal 2)
- Provides resources to further support internal investment management
- Ensures in-house asset management remains well-governed and financially sound
- Enhances business process documentation and advances greater knowledge transfer
- Reduces management fees, resulting in savings for the Fund

Net Impact

	FY27	FY28
Base Budget	\$134,402,000	\$165,683,000
Adjustments from State	3,141,000	0
One-Time Initiatives from Previous Year's Budget	(454,000)*	(3,230,000)*
New Budget Requests	28,594,000	8,171,000
Beginning Budget	\$165,683,000[^]	\$170,624,000[^]

*Represents funding from previous year's initiatives that is not carried forward to future budgets

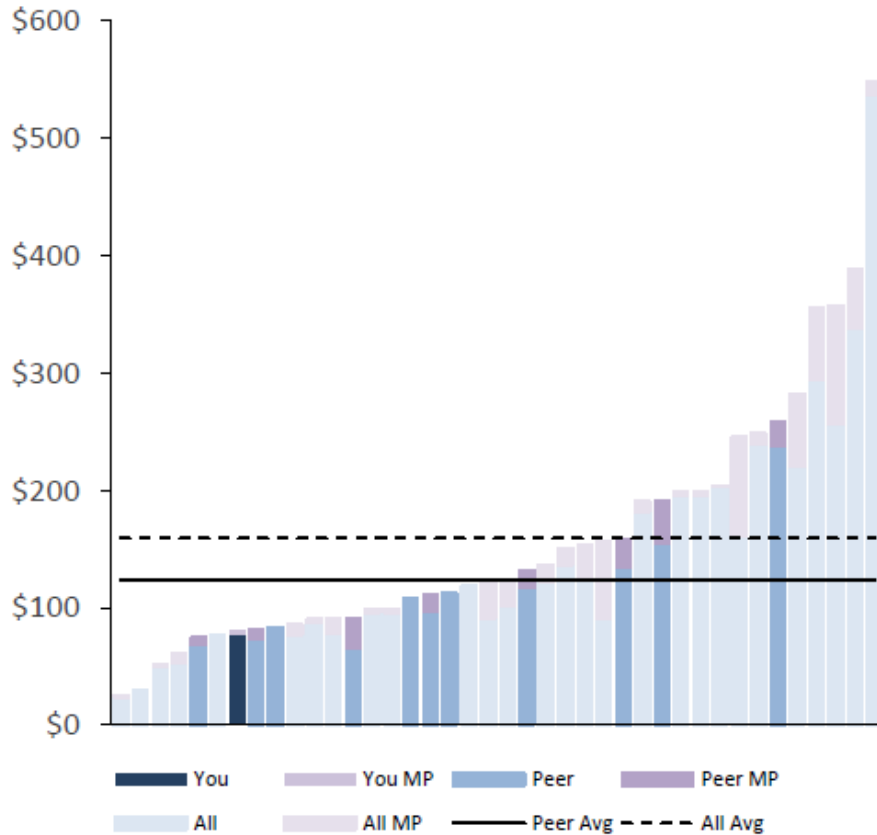
[^]Subject to change by future amendments from the Commonwealth

Benchmarking



VRS Cost

Pension Administration Cost Per Active Member and Annuitant ¹



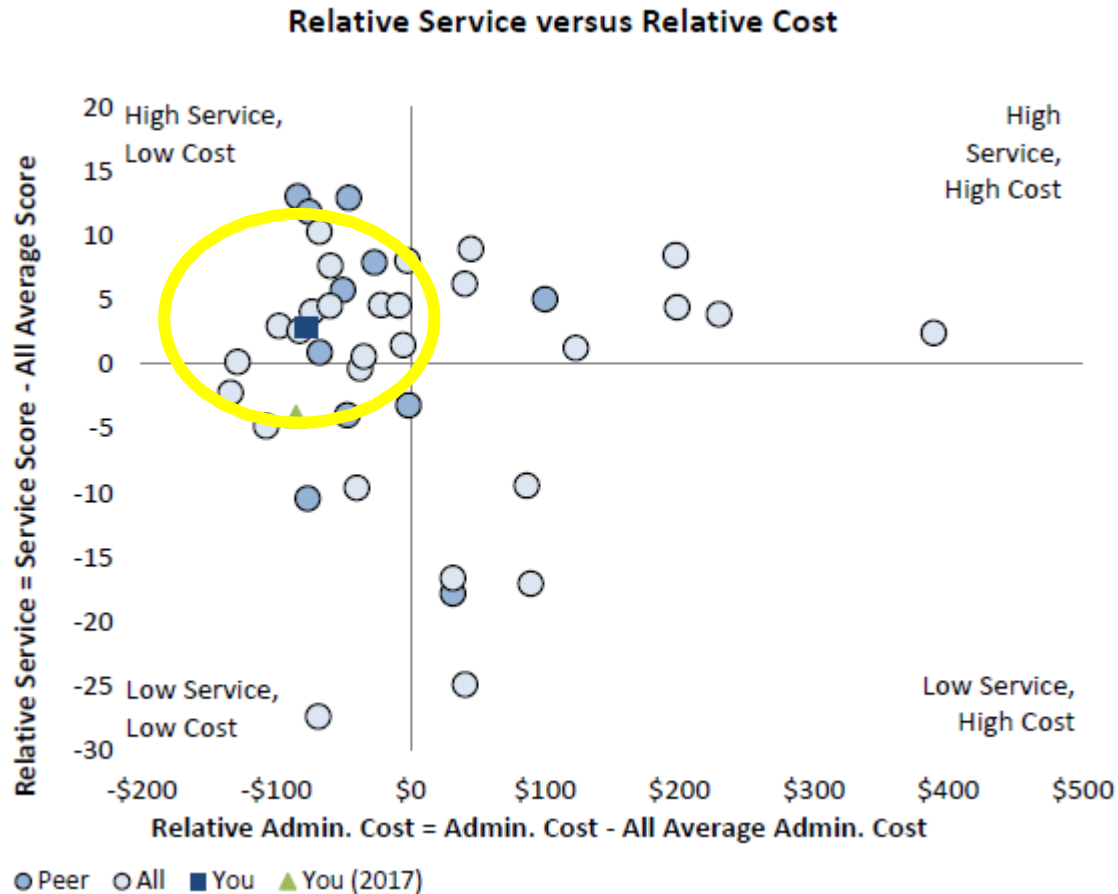
VRS' FY 2024 total pension administration cost (most recent CEM survey) of **\$81 per active member and annuitant** was

2nd-lowest among peers

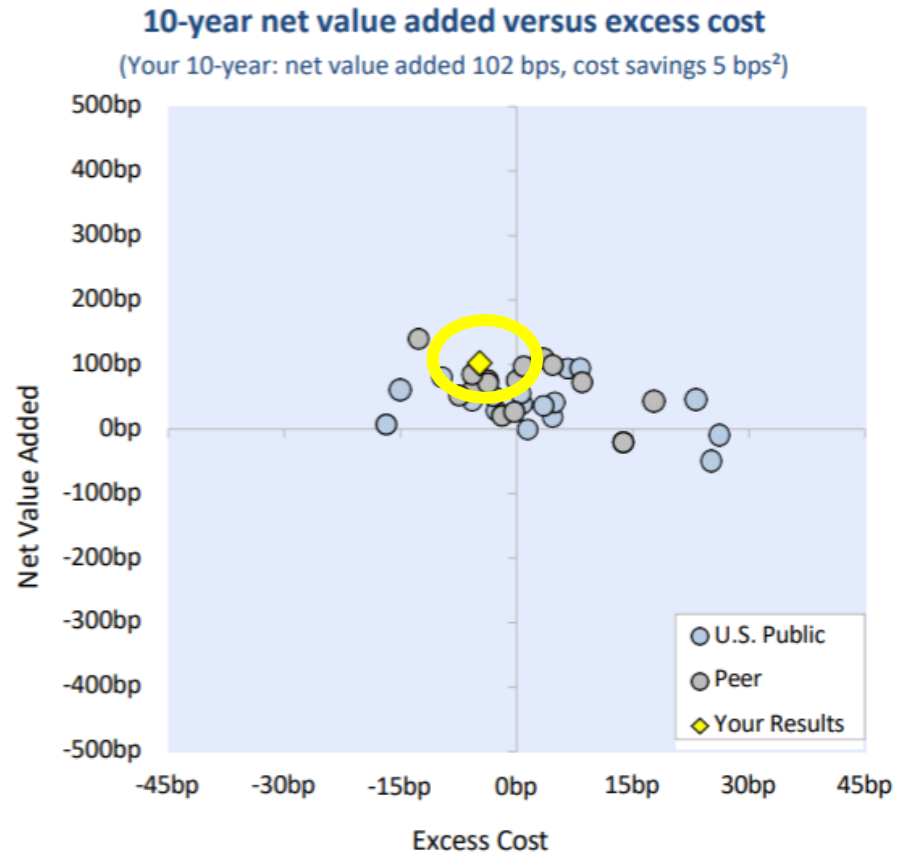
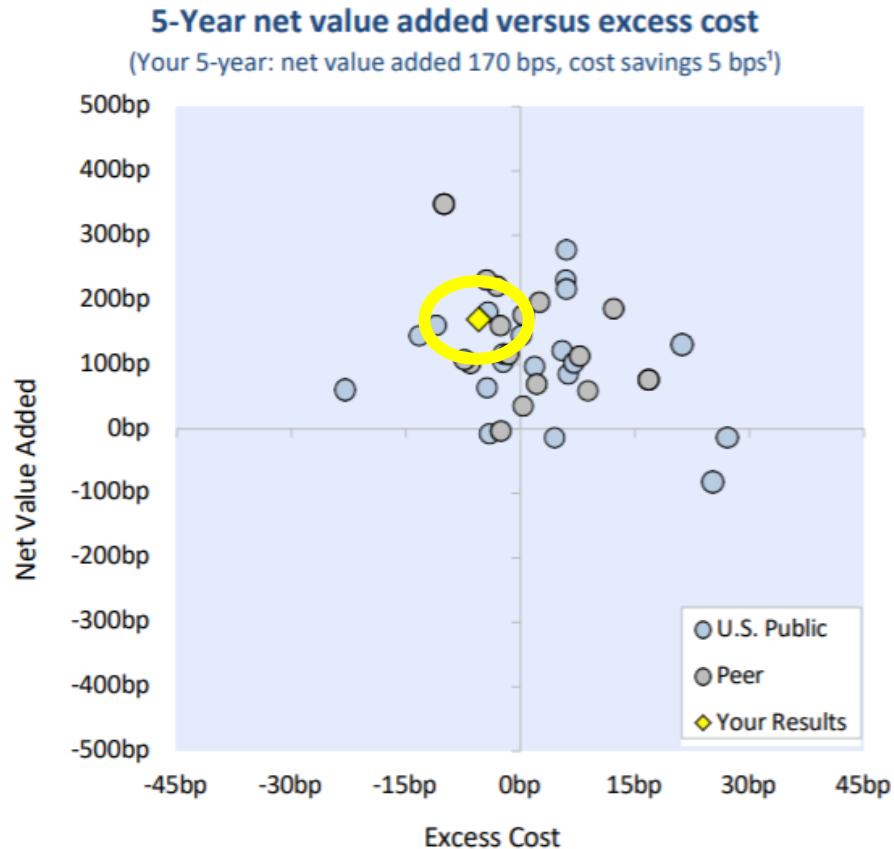
\$43 below the peer average of \$124

Peer Max = \$259
Peer Min = \$75

VRS Cost and Service



VRS Investments Cost Effectiveness



Questions?



VIRGINIA RETIREMENT SYSTEM

FY2027-2028 Budget Requests

	FY2027	FY2028	Total Positions
	\$	\$	
1 REINFORCING MEMBER, RETIREE & EMPLOYER OUTREACH <p>This proposal is for funding and four full-time positions to enhance customer-facing operations, supporting the agency's mission to deliver accurate, timely, and high-quality service across diverse programs. As VRS has expanded to include new responsibilities—such as state retiree health plan enrollment, disability, and Line of Duty Act programs—its workload has outpaced current staffing. The proposal includes a strategic reorganization within Customer Programs, adding two management roles to strengthen oversight, coordination, and continuity, as well as funding for consulting support for an upcoming long-term care procurement. It also seeks to improve internal communications with a new Content Curator role and to address growing complexity in the Purchase of Prior Service unit by adding a Senior Analyst. To meet increasing demand across digital and traditional contact channels, the agency also requests flexible funding for part-time staffing to ensure responsive and efficient customer service.</p>	\$ 1,168,117	\$ 1,266,371	7
2 ENHANCING DATA QUALITY <p>This request is for a top priority at VRS: to expand data quality initiatives, building on progress made since the Data Office was established in FY24. To enhance the agency's ability to deliver accurate, secure, and actionable data, VRS seeks funding for additional full-time employees and contractors to support data governance, quality assurance, and analytics. The proposal also includes a new Fraud Investigator position to strengthen identity verification and reduce response times for fraud-related investigations. In parallel, the agency aims to improve its information security posture by funding a comprehensive review and mapping of all data traffic and implementing anticipated firewall enhancements. These efforts will reduce manual work, support real-time fraud detection, and enable more informed decision-making across the agency.</p>	\$ 2,239,589	\$ 2,011,760	5
3 ELEVATING BUSINESS SYSTEMS & SERVICE DELIVERY <p>Funding for this proposal will be used to enhance business and service delivery through modern technology frameworks and strategic investments in long-term, cost-saving solutions. Aligned with the agency's 2021–2026 strategic plan, the initiative supports efforts to modernize core systems while also completing the implementation of an enterprise content management system and refreshing critical IT infrastructure. Key staffing additions include business analysts, project managers, compliance support and a Disaster Recovery Engineer to reduce reliance on external vendors and improve internal capabilities. Additionally, the proposal launches a pilot AI strategy to explore future automation and efficiency opportunities. Together, these efforts aim to streamline operations, strengthen customer service, reduce operational costs, and ensure the agency remains adaptable to future technology needs.</p>	\$ 7,332,076	\$ 9,352,848	8

4 INVESTING IN ORGANIZATIONAL INFRASTRUCTURE & TALENT <p>This proposal requests nongeneral fund appropriations and four new full-time positions to strengthen internal operations and advance the agency's long-term investment in its workforce. Aligned with the VRS's strategic goal of fostering organizational strength, culture, and engagement, the proposal supports talent retention, professional development, and employee satisfaction across all business units. Key staffing additions include roles in Finance, Procurement, and Facilities to address increasing workloads and modernize essential functions. The request also includes funding for procurement consulting and software, workspace redesign and construction, and upcoming compensation adjustments based on scheduled market studies. Together, these investments will help VRS maintain a high-performing, professional workforce, improve operational efficiency, and ensure the agency remains competitive in attracting and retaining top talent.</p>	\$ 4,450,147	\$ 3,520,823	4
5 OPTIMIZING ASSET MANAGEMENT <p>Referred to as One View, this project supports the continued development and operational expansion of the leverage investment strategy. Following a successful initial implementation in FY24, the strategy has enhanced portfolio efficiency and supported the agency's return and risk objectives. To scale this effort and address growing operational complexity, VRS seeks funding for investment, risk, data, and treasury management tools, along with six FTEs and contractor support. The proposed resources will replace manual processes, integrate systems, and enable more sophisticated portfolio oversight. Spanning a three- to five-year implementation period, this initiative will strengthen VRS's ability to manage leverage with transparency, precision, and long-term sustainability, ultimately benefiting plan beneficiaries through improved investment performance and risk management.</p>	\$ 10,593,554	\$ 13,691,974	6
6 ADVANCING STRATEGIC INVESTMENT PROCESSES & EFFICIENCY <p>This request is to support the continued sound financial stewardship of the \$122 billion VRS trust fund. As the fund grows in size and complexity, VRS must expand its internal capabilities in investment strategy, operations, compliance, and asset management to enhance risk oversight, improve responsiveness, and generate long-term cost savings. Key initiatives include developing a new multi-asset portfolio strategy, expanding in-house management of private market co-investments, and strengthening due diligence and regulatory functions. The proposal includes nine new positions, funding for critical systems, data feeds, and consulting support. Together, these investments are projected to save the trust fund tens of millions annually in fees while reinforcing VRS's ability to manage its assets with precision, transparency, and efficiency.</p>	\$ 2,810,831	\$ 3,691,761	9
TOTAL AGENCY REQUESTS	\$ 28,594,314	\$ 33,535,537	39



Approve changes to Investment Operations And Administration Staff Pay Plan

Requested Action

The Virginia Retirement System Board of Trustees approves an amended Investment Operations and Administration Staff Pay Plan ("Pay Plan"), effective September 25, 2025, which includes recommendations from the compensation market study for investments administration and operations positions conducted by Mercer.

Description/Background

The VRS Board of Trustees approved the current Pay Plan on April 16, 2025, and it became effective on June 10, 2025.

VRS engaged Mercer to conduct a compensation market study for investment administration and operations positions to review how VRS can remain competitive in the employment market. VRS recently received study recommendations from Mercer to adjust the salary grade for the positions of (i) Regulatory and Legal Officer, (ii) Portfolio Assistant, and (iii) Executive Assistant. Consistent with the recommendations, the salary grade for each of these positions will be increased by one grade. All other positions will remain at their current level.

In addition, the Pay Plan is amended to add a new position, Information Quality Manager, to the positions included in the Pay Plan and to assign this position its appropriate salary grade. This position was recently created as the result of internal reorganization efforts.

Clean and redlined versions of the revised Pay Plan and a copy of the Mercer study recommendations are attached.

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
VRS Board of Trustees

Date

Supersedes: 06/10/2025

Effective Date: 09/25/2025

I. Purpose

The pay plan (the “Plan”) applies to all full and part-time (non-wage) Investment Department operations and administration staff and associated positions. This includes all Investment Department employees who are not included in the Investment Professionals’ Pay Plan. Wage employees’ pay complies with the provisions of the state classification and pay plan. The Plan recognizes that Investment Department supervisors and managers are in the best position to assess, appraise and reward the performance of individuals under their supervision. The objective of the Plan is to compensate employees reasonably and equitably, to encourage constructive individual and team effort, and to recognize that these positions require specialized experience and expertise.

The Plan ensures that Investment Department operations and administration salaries are competitive with the market average of a mix of public and private sector organizations. Human Resources (HR) contracts for comparative market salary data about every two years, to ensure competitiveness of the salary structure.

II. Policy

The salary for each position has a minimum, midpoint and maximum:

- **Minimum** is the lowest salary paid for a position within the salary grade.
- **Midpoint** represents the target market salary paid to employees who are fully qualified and meet all competencies required to fulfill each of the position’s responsibilities.
- **Maximum** is the highest salary paid for a position within the salary grade.

The midpoint of each grade is set equal to the market average. Individual performance, time in the position, previous related work experience, and other factors can influence earnings that are higher or lower than the midpoint.

The expectation is that employees with salaries closer to the maximum for their position are more tenured, have been a consistently exceptional performer or have more work experience.

During the job placement process, Fair Labor Standards Act (FLSA) exemption statuses (exempt or non-exempt) are determined based on the FLSA job duties test.

See Salary Ranges and Position Titles and Salary Grades tables in the Appendix.

Performance Assessment

Investment Department operations and administration staff will receive a formal performance assessment annually, using the following five-point rating scale: “Does Not Meet Expectations,” “Needs Improvement,” “Meets Expectations,” “Exceeds Expectations,” and “Exceptional,” based on the criteria described in employees’ position descriptions.

However, the VRS expects supervisors and managers to give informal performance feedback at least quarterly and more frequently to co-workers who are inexperienced in their position or who are not meeting the performance expectations of their supervisor or manager. In the latter case, the feedback must be in writing to employees.

The Rating Scale definitions are as follows.

- **Does Not Meet Expectations** - Performance must improve substantially within a reasonable period if the individual is to remain in this position. The employee is not meeting the job requirements. The person consistently fails to meet the objective(s) described in the goal area.
- **Needs Improvement** - Performance is noticeably less than expected. The employee generally meets most job requirements, but struggles to meet them all. The need for further development and improvement is clearly recognized.
- **Meets Expectations** - Performance clearly and fully meets all the requirements of the position in terms of quality, timeliness, and quantity of work. The assessment is a good, solid performance. While minor deviations may occur, the overall level of performance meets all position requirements. The person consistently meets and may occasionally exceed the objective(s) described in the goal area. Employees that attain and maintain this rating are performing their jobs as expected, meeting deadlines, and delivering good quality results.
- **Exceeds Expectations** - Performance frequently exceeds job requirements. Accomplishments are regularly above expected levels. Performance is sustained and uniformly high with thorough and on-time results. Tasks assigned are consistently completed with good quality and on time or ahead of schedule, and the tasks are sometimes completed even if they are not directly assigned. The person will often perform tasks that fall outside their job description.
- **Exceptional** - Performance levels and accomplishments far exceed normal expectations. This category is for the employee who truly stands out and clearly and consistently demonstrates exceptional accomplishments in terms of quality and quantity of work that is easily recognized, as truly exceptional by others. This rating is very difficult to achieve in the regular execution of one’s job. An opportunity has to present itself and the person needs to identify it and take full advantage of it. It is difficult to define the precise criteria on a performance plan that will allow a person to achieve an exceptional rating, but “you will know it when you see it.”

Starting Salary

The VRS Chief Investment Officer (CIO) approves a position's grade and salary range when signing the VRS Position Approval form. Hiring supervisors and second-line supervisors recommend the starting salary for new employees, with the final approval by the CIO, in coordination with HR. When making salary offers, consider salaries presently paid to employees in the department and the candidate's education, skills and work experience. Starting salaries typically do not exceed the salary grade midpoint of the job. Additional justification is required to support offering salaries above the midpoint.

Salary Adjustments**A. Introductory Period**

The introductory period for new employees is normally six months from the date of hire but can be up to a year for selected positions. This is the adjustment period for employees to establish a working relationship with their supervisors and to acclimate to their new job duties.

When employees successfully complete the introductory period, they typically receive a pay increase of 2% if they are at least meeting expectations. The VRS may discharge employees with or without cause at any time during the introductory period.

In situations that warrant additional time to evaluate employees' performance, skill level or suitability for the job, VRS may extend the introductory period up to an additional six months. Supervisors will communicate the extension of the introductory period in writing to the employee and HR prior to the conclusion of the employee's initial introductory period. Communications should include reasons for the extension and improvements needed by the employee to meet performance expectations successfully during the extended introductory period. VRS expects these employees to improve their performance to "Meets" or they face termination, demotion, or transfer to a suitable job, if such an opportunity exists.

B. Promotions

A promotion occurs when an employee transitions to a different position assigned to a higher salary grade. A promotion can be competitive (selected through a recruitment and hiring process) or non-competitive (i.e., through the career development process).

When employees compete and are hired into a job in a higher grade, they are typically eligible for a salary increase between 5% and 15%. For non-competitive promotions, the salary will be subject to review to ensure internal equity. Promotional salaries must be at or above the minimum of the new salary grade. Promotional pay cannot place an employees' salary above the maximum of the salary grade.

C. Lateral

A lateral occurs when an employee moves into a position with a different job title and classification which is in the same salary grade. This movement constitutes a lateral move or a transfer.

For a competitive (posted and selected) lateral move/transfer, a salary increase may be considered only if duties of the new position are substantially different. If an increase is approved the increase amount shall not exceed 5%, provided the increase does not exceed the maximum salary range. Any exception to this guideline requires additional justification, an internal equity review and approval of the CIO in coordination with HR.

D. Downward Assignments (Voluntary or Performance Related)

Downward assignments occur when an employee transitions to a position within a salary grade lower than the current grade.

- **Voluntary** – An employee-initiated request to transition to a position within a lower salary grade.
- **Involuntary** – A management-initiated request to transition an employee to a position within a lower salary grade, typically due to performance, corrective action or restructuring.

A downward assignment would typically result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO in coordination with HR.

In unique situations, such as job abolishment or agency reorganization, an employee's salary may exceed the maximum of the lower grade and the salary remain unchanged. Salaries remain frozen until market adjustments allow additional increases. These employees remain eligible to receive applicable performance or gainsharing bonus awards if performance criteria are met.

E. Job Reclassifications

Job reclassifications occur when the employee's duties and responsibilities change substantially, which may result in a different pay grade. Reclassification is based on job content and not the performance of the incumbent. Job studies are performed by HR, with input by management.

- **Reclassification Upward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a higher salary grade. Employees typically receive salary increases between 2% and 15%. Reclassification increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.

- **Reclassification Laterally:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within the same salary grade. No salary increase is awarded. Any exception to this guideline will require additional justification, an internal equity review, and approval of the CIO, in coordination with HR.
- **Reclassification Downward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a lower salary grade.

This will result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO, in coordination with HR.

F. Regrade

Regrades occur when the classification is determined to warrant a different pay grade. This is typically determined by a market analysis or internal classification review, performed by HR in coordination with the CIO. Employees typically receive salary increases between 2% and 15%. Regrade increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.

G. Acting Pay

Acting pay is provided when an employee is temporarily assigned to assume the responsibilities of a position in a higher salary grade.

- **Less Than Two Years Duration:** The employee will receive at least a 5% salary adjustment while serving in an acting position. If the 5% increase does not place the employee at the minimum salary of the acting position, the salary must be increased to the minimum of the acting range. The acting amount shall not exceed the maximum of the acting range. When the employee returns to the former position, his or her salary will be reduced by the dollar amount received while performing the "acting" job responsibilities.
- **Beyond Two Years Duration:** When employees are deemed to be "acting" by performing the full duties of a position for more than two years, the supervisor may choose to promote the individual without going through a competitive process. If the employee is promoted, the employee is eligible for a promotional increase. Otherwise, the position will be open for recruitment. The permanent filling of the position may involve no change in current salary or could include a pay increase, depending upon the circumstances and available budget. If an employee is acting in a position that is the same salary grade, acting pay would not be provided unless there is sufficient justification to support that the duties of the acting position are substantially different.

H. In-grade Adjustments

In-grade salary adjustments occur when employees receive an increase in base pay to ensure competitiveness, retention, and to recognize increased skills, abilities, knowledge, or responsibilities outside of the position classification process. These adjustments should only be provided once per fiscal year. Listed below are the categories and descriptions of in-grade salary adjustments.

- **Market adjustment:** Warranted in cases where external market forces exist due to high demand for a particular skill or position which may result in significantly higher turnover. Market adjustments may also occur if it is determined that an individual's salary is significantly lower than market study findings. Salary adjustments can apply to an individual or classification of employees to ensure competitiveness and retention of staff. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Internal alignment adjustment:** Warranted when employees' salaries are unusually low or out of comparability with other employees in the work unit. Factors considered include experience, education, knowledge, skills and abilities. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Individual accomplishment adjustment:** May be awarded to recognize the attainment of a higher level of expertise through professional certification requiring continuing education credits (CEUs). In-grade adjustments are awarded at the time of the original certification. If the certification does not require CEUs, an in-grade adjustment will not be provided; however, a bonus may be considered. Additionally, an in-grade adjustment for completion of a degree that relates to a current or career path position may be provided. Other similar situations may be considered as justification for an individual accomplishment adjustment. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Skill acquisition and application adjustment:** May be awarded to recognize the acquisition and application of relevant, pre-defined, job-based skills, resulting in increased value to the organization. Typically, an Individual Development Plan identifies the needed skills and the skill acquisition plan. Formal assessments, through testing or demonstration of the skills acquired and applied to the job, may result in an in-grade adjustment. An in-grade adjustment of 1% to 4% of salary is typically provided.

The employee's supervisor must request the in-grade adjustment in writing and include documentation supporting the need for a pay adjustment. The CIO approves in-grade adjustments, in coordination with HR.

When an employee's salary is at or above the salary maximum for his/her job grade, a bonus payment may be awarded. The CIO approves the bonus, in coordination with HR.

I. Competitive Pay Increases

A competitive pay increase is an option available to supervisors to retain top performers, who have received an external job offer, when the loss is determined to be detrimental to the organization. Employees must furnish a copy of the respective job offer.

The supervisor requests, in writing, a competitive pay increase and includes documentation supporting the need for an adjustment and justification for the increase. The CIO approves the increase, in coordination with HR.

Competitive pay increases apply to base salary and may not exceed the salary maximum for the salary range. In extraordinary circumstances, when an employee's base salary is at maximum, a bonus is an option. In these situations, the CIO approves the action, in coordination with HR.

J. Increases Governed by the Appropriation Act

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

Bonuses

A. Sign-on

Sign-on bonuses may be provided to qualified external candidates when the position is determined to be hard-to-fill, or when there is a demonstrated need to provide supplemental pay to compete with the market.

The amount of the sign-on bonus will vary depending on the position and the supply of candidates. The amount of the bonus typically ranges from 1% to 20% of the midpoint of the salary range.

Fifty percent of the sign-on bonus will be paid in the first paycheck with the remainder of the bonus being paid following the successful completion of the introductory period.

Refer to the Employee Sign-on Bonus Program Policy.

B. Referral

Referral bonuses may be provided to full and part-time employees who refer a candidate hired into a full-time position. The amount of the referral bonus is \$1,000. Fifty percent is paid in the paycheck following the referred employee's first full pay cycle with the remainder of the bonus being paid following the successful completion of the referred employee's introductory period.

Refer to the Employee Referral Program Policy.

C. Performance

Performance bonuses, where applicable, are provided to the Investment operations and administration staff following the annual review process.

Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

Employees who receive an overall “meets,” “does not meet” or “needs improvement” rating will not receive a performance bonus.

The performance cycle and thus, bonus payments, align with the fiscal year, July 1 through June 30. While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

Consistent with preceding paragraph, payment of performance bonuses under this plan is not guaranteed.

D. Gainsharing

The Investment Department’s operations and administration staff employees may receive a lump-sum bonus equal to 2.5% of salary if their performance “meets expectations”, “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.

Additionally, Investment Department’s operations and administration staff employees are eligible to be recognized and rewarded under the provisions of the VRS Recognition and Awards Program.

While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

Consistent with the preceding paragraph, payment of gainsharing bonuses under this plan is not guaranteed.

E. Bonuses Governed by the Appropriation Act

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

Other VRS Pay Plans

In addition to the Investment Operations and Administration Staff Pay Plan, VRS maintains several other pay plans to meet specific employment and compensation needs. These plans are as follows:

- **Administrative Pay Plan** - This pay plan is separate from the investment operations and administration staff pay plan and includes its own salary and classification structure.
- **Investment Professionals' Pay Plan** - This pay plan is separate from the administrative plan and includes its own salary and classification structure as well as incentive pay guidelines.
- **Executive Pay Plan** – This pay plan provides the annual salary and bonus amounts provided to the Agency Director, Chief Investment Officer and Audit Director by the VRS Board of Trustees.

Salary Ranges

Grade	Minimum	Midpoint	Maximum
1	\$48,793	\$60,990	\$73,189
2	\$54,893	\$68,614	\$82,336
3	\$61,752	\$77,191	\$92,629
4	\$69,596	\$86,994	\$104,393
5	\$78,432	\$98,040	\$117,649
6	\$88,375	\$110,469	\$132,562
7	\$99,421	\$124,276	\$149,133
8	\$111,574	\$139,467	\$167,360
9	\$125,935	\$157,416	\$188,901
10	\$141,397	\$176,751	\$212,101
11	\$159,075	\$198,844	\$238,611
12	\$178,959	\$223,697	\$268,439
Minimum is 80% of midpoint. Maximum is 120% of midpoint.			
Bandwidth is 50%.			
Difference between grades is 10-15%.			

Administrative Policies

Policy Title: Investment Operations and Administration Staff Pay Plan

Appendix



Position Titles and Salary Grades

Group	Title	Grade
Executive	Chief Administrative Officer	12
Executive	Deputy Chief Administrative Officer	11
Regulatory and Legal	Regulatory and Legal Officer	11
Regulatory and Legal	Regulatory and Legal Lead Senior Analyst	9
Regulatory and Legal	Regulatory and Legal Analyst III	8
Regulatory and Legal	Regulatory and Legal Analyst II	6
Regulatory and Legal	Regulatory and Legal Analyst I	4
Regulatory and Legal	Office Administrator	6
Compliance	Compliance Officer	10
Compliance	Compliance Lead Senior Analyst	9
Compliance	Compliance Analyst III	8
Compliance	Compliance Analyst II	6
Compliance	Compliance Analyst I	5
Operations	Information Quality Manager	10
Operations	Operations Manager	10
Operations	Operations Lead Senior Analyst	9
Operations	Operations Analyst III	8
Operations	Operations Analyst II	6
Operations	Operations Analyst I	4
Systems	Decision Systems Manager	10
Systems	Decision Systems Principal	10
Systems	Decision Systems Analyst III	9
Systems	Decision Systems Analyst II	8
Systems	Decision Systems Analyst I	7
Systems	Decision Data Analyst II	6
Systems	Decision Data Analyst I	4
Admin	Portfolio Assistant	4
Admin	Executive Assistant	4
Admin	Administrative Assistant	1

Supersedes: 06/10/~~2024~~2025

Effective Date: ~~0609/1025~~/2025

I. Purpose

The pay plan (the “Plan”) applies to all full and part-time (non-wage) Investment Department operations and administration staff and associated positions. This includes all Investment Department employees who are not included in the Investment Professionals’ Pay Plan. Wage employees’ pay complies with the provisions of the state classification and pay plan. The Plan recognizes that Investment Department supervisors and managers are in the best position to assess, appraise and reward the performance of individuals under their supervision. The objective of the Plan is to compensate employees reasonably and equitably, to encourage constructive individual and team effort, and to recognize that these positions require specialized experience and expertise.

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D. Downward Assignments (Voluntary or Performance Related)

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- **Voluntary** – An employee-initiated request to transition to a position within a lower salary grade.
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E. Job Reclassifications

Job reclassifications occur when the employee's duties and responsibilities change substantially, which may result in a different pay grade. Reclassification is based on job content and not the performance of the incumbent. Job studies are performed by HR, with input by management.

- **Reclassification Upward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a higher salary grade. Employees typically receive salary increases between 2% and 15%. Reclassification increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.

- **Reclassification Laterally:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within the same salary grade. No salary increase is awarded. Any exception to this guideline will require additional justification, an internal equity review, and approval of the CIO, in coordination with HR.
- **Reclassification Downward:** Occurs when it is determined that an individual's job duties and responsibilities have changed significantly enough to transition the position into a different classification within a lower salary grade.

This will result in the salary being placed at any pay rate within the lower classification, not to exceed the maximum or fall below the minimum of the new salary range. Any exception to this guideline will require additional justification, an internal equity review and approval of the CIO, in coordination with HR.

F. Regrade

Regrades occur when the classification is determined to warrant a different pay grade. This is typically determined by a market analysis or internal classification review, performed by HR in coordination with the CIO. Employees typically receive salary increases between 2% and 15%. Regrade increases are approved by the CIO, in coordination with HR. Salaries must be at or above the minimum of the new pay grade.

G. Acting Pay

Acting pay is provided when an employee is temporarily assigned to assume the responsibilities of a position in a higher salary grade.

- **Less Than Two Years Duration:** The employee will receive at least a 5% salary adjustment while serving in an acting position. If the 5% increase does not place the employee at the minimum salary of the acting position, the salary must be increased to the minimum of the acting range. The acting amount shall not exceed the maximum of the acting range. When the employee returns to the former position, his or her salary will be reduced by the dollar amount received while performing the "acting" job responsibilities.
- **Beyond Two Years Duration:** When employees are deemed to be "acting" by performing the full duties of a position for more than two years, the supervisor may choose to promote the individual without going through a competitive process. If the employee is promoted, the employee is eligible for a promotional increase. Otherwise, the position will be open for recruitment. The permanent filling of the position may involve no change in current salary or could include a pay increase, depending upon the circumstances and available budget. If an employee is acting in a position that is the same salary grade, acting pay would not be provided unless there is sufficient justification to support that the duties of the acting position are substantially different.

H. In-grade Adjustments

In-grade salary adjustments occur when employees receive an increase in base pay to ensure competitiveness, retention, and to recognize increased skills, abilities, knowledge, or responsibilities outside of the position classification process. These adjustments should only be provided once per fiscal year. Listed below are the categories and descriptions of in-grade salary adjustments.

- **Market adjustment:** Warranted in cases where external market forces exist due to high demand for a particular skill or position which may result in significantly higher turnover. Market adjustments may also occur if it is determined that an individual's salary is significantly lower than market study findings. Salary adjustments can apply to an individual or classification of employees to ensure competitiveness and retention of staff. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Internal alignment adjustment:** Warranted when employees' salaries are unusually low or out of comparability with other employees in the work unit. Factors considered include experience, education, knowledge, skills and abilities. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Individual accomplishment adjustment:** May be awarded to recognize the attainment of a higher level of expertise through professional certification requiring continuing education credits (CEUs). In-grade adjustments are awarded at the time of the original certification. If the certification does not require CEUs, an in-grade adjustment will not be provided; however, a bonus may be considered. Additionally, an in-grade adjustment for completion of a degree that relates to a current or career path position may be provided. Other similar situations may be considered as justification for an individual accomplishment adjustment. An in-grade adjustment of 1% to 10% of salary is typically provided.
- **Skill acquisition and application adjustment:** May be awarded to recognize the acquisition and application of relevant, pre-defined, job-based skills, resulting in increased value to the organization. Typically, an Individual Development Plan identifies the needed skills and the skill acquisition plan. Formal assessments, through testing or demonstration of the skills acquired and applied to the job, may result in an in-grade adjustment. An in-grade adjustment of 1% to 4% of salary is typically provided.

The employee's supervisor must request the in-grade adjustment in writing and include documentation supporting the need for a pay adjustment. The CIO approves in-grade adjustments, in coordination with HR.

When an employee's salary is at or above the salary maximum for his/her job grade, a bonus payment may be awarded. The CIO approves the bonus, in coordination with HR.

I. Competitive Pay Increases

A competitive pay increase is an option available to supervisors to retain top performers, who have received an external job offer, when the loss is determined to be detrimental to the organization. Employees must furnish a copy of the respective job offer.

The supervisor requests, in writing, a competitive pay increase and includes documentation supporting the need for an adjustment and justification for the increase. The CIO approves the increase, in coordination with HR.

Competitive pay increases apply to base salary and may not exceed the salary maximum for the salary range. In extraordinary circumstances, when an employee's base salary is at maximum, a bonus is an option. In these situations, the CIO approves the action, in coordination with HR.

J. Increases Governed by the Appropriation Act

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

Bonuses

A. Sign-on

Sign-on bonuses may be provided to qualified external candidates when the position is determined to be hard-to-fill, or when there is a demonstrated need to provide supplemental pay to compete with the market.

The amount of the sign-on bonus will vary depending on the position and the supply of candidates. The amount of the bonus typically ranges from 1% to 20% of the midpoint of the salary range.

Fifty percent of the sign-on bonus will be paid in the first paycheck with the remainder of the bonus being paid following the successful completion of the introductory period.

Refer to the Employee Sign-on Bonus Program Policy.

B. Referral

Referral bonuses may be provided to full and part-time employees who refer a candidate hired into a full-time position. The amount of the referral bonus is \$1,000. Fifty percent is paid in the paycheck following the referred employee's first full pay cycle with the remainder of the bonus being paid following the successful completion of the referred employee's introductory period.

Refer to the Employee Referral Program Policy.

C. Performance

Performance bonuses, where applicable, are provided to the Investment operations and administration staff following the annual review process.

Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

Employees who receive an overall “meets,” “does not meet” or “needs improvement” rating will not receive a performance bonus.

The performance cycle and thus, bonus payments, align with the fiscal year, July 1 through June 30. While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

Consistent with preceding paragraph, payment of performance bonuses under this plan is not guaranteed.

D. Gainsharing

The Investment Department’s operations and administration staff employees may receive a lump-sum bonus equal to 2.5% of salary if their performance “meets expectations”, “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.

Additionally, Investment Department’s operations and administration staff employees are eligible to be recognized and rewarded under the provisions of the VRS Recognition and Awards Program.

While the VRS Board of Trustees remains mindful of the value that staff adds to the organization and supportive of the pay plan, the VRS Board of Trustees also specifically reserves the right to cancel, reduce, or delay the amount of any bonuses payable under this plan when, in the sole discretion of the VRS Board of Trustees, extreme budgetary pressures, economic, market or other conditions are such that the VRS Board of Trustees deems such action necessary under the circumstances.

Consistent with the preceding paragraph, payment of gainsharing bonuses under this plan is not guaranteed.

E. Bonuses Governed by the Appropriation Act

VRS will implement pay actions consistent with the provisions of the Appropriation Act.

Other VRS Pay Plans

In addition to the Investment Operations and Administration Staff Pay Plan, VRS maintains several other pay plans to meet specific employment and compensation needs. These plans are as follows:

- **Administrative Pay Plan** - This pay plan is separate from the investment operations and administration staff pay plan and includes its own salary and classification structure.
- **Investment Professionals' Pay Plan** - This pay plan is separate from the administrative plan and includes its own salary and classification structure as well as incentive pay guidelines.
- **Executive Pay Plan** – This pay plan provides the annual salary and bonus amounts provided to the Agency Director, Chief Investment Officer and Audit Director by the VRS Board of Trustees.

Salary Ranges

Grade	Minimum	Midpoint	Maximum
1	\$48,793	\$60,990	\$73,189
2	\$54,893	\$68,614	\$82,336
3	\$61,752	\$77,191	\$92,629
4	\$69,596	\$86,994	\$104,393
5	\$78,432	\$98,040	\$117,649
6	\$88,375	\$110,469	\$132,562
7	\$99,421	\$124,276	\$149,133
8	\$111,574	\$139,467	\$167,360
9	\$125,935	\$157,416	\$188,901
10	\$141,397	\$176,751	\$212,101
11	\$159,075	\$198,844	\$238,611
12	\$178,959	\$223,697	\$268,439
Minimum is 80% of midpoint. Maximum is 120% of midpoint.			
Bandwidth is 50%.			
Difference between grades is 10-15%.			

Administrative Policies

Policy Title: Investment Operations and Administration Staff Pay Plan

Appendix



Position Titles and Salary Grades

Group	Title	Grade
Executive	Chief Administrative Officer	12
Executive	Deputy Chief Administrative Officer	11
Regulatory and Legal	Regulatory and Legal Officer	10 11
Regulatory and Legal	Regulatory and Legal Lead Senior Analyst	9
Regulatory and Legal	Regulatory and Legal Analyst III	8
Regulatory and Legal	Regulatory and Legal Analyst II	6
Regulatory and Legal	Regulatory and Legal Analyst I	4
Regulatory and Legal	Office Administrator	6
Compliance	Compliance Officer	10
Compliance	Compliance Lead Senior Analyst	9
Compliance	Compliance Analyst III	8
Compliance	Compliance Analyst II	6
Compliance	Compliance Analyst I	5
<u>Operations</u>	<u>Information Quality Manager</u>	<u>10</u>
Operations	Operations Manager	10
Operations	Operations Lead Senior Analyst	9
Operations	Operations Analyst III	8
Operations	Operations Analyst II	6
Operations	Operations Analyst I	4
Systems	Decision Systems Manager	10
Systems	Decision Systems Principal	10
Systems	Decision Systems Analyst III	9
Systems	Decision Systems Analyst II	8
Systems	Decision Systems Analyst I	7
Systems	Decision Data Analyst II	6
Systems	Decision Data Analyst I	4
Admin	Portfolio Assistant	34
Admin	Executive Assistant	34
Admin	Administrative Assistant	1

Investment Operations Benchmark Summary

Market Pricing Methodology and Compensation Comparisons

April 25, 2025

Josh Wilson, Partner
Susan Lemke, Senior Principal
Grant Holloman, Senior Associate
CC Gruber, Senior Analyst

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1 Introduction & Executive Summary

4 Market Compensation Comparisons

- Base Salary
- Target Short-Term Incentive (STI) % of Base Salary
- Target Total Cash Compensation

2 Market Pricing Methodology

3 Market Survey Matches

Agenda

Introduction & Executive Summary

- Virginia Retirement System (“VRS”), engaged Mercer (“Mercer” or “we”) to review the market competitiveness of the organization’s Investment Operations positions.
- Mercer’s compensation review includes a full competitive assessment of each of the following compensation elements by role: base salary, target short-term incentives (“STI”), and target total cash compensation (“TTC”)
- Although some of VRS’ positions are aligned within the market competitive range (+/- 15%), not all positions are aligned to market. It is important to review each position, as individual variances may apply.
- Additionally, while reviewing the market competitiveness of VRS’ Investment Operations positions, Mercer also identified positions that could potentially move into a higher salary grade within the organization’s current structure. We did not propose for any positions to have their salary grade reduced, even if the market data was aligned to a lower salary grade. The positions identified for a proposed salary grade increase were based on the base salary survey market data composites. These positions are detailed below:
 - CIO Executive Assistant & Portfolio Assistants – Currently Grade 3s but are more aligned with Grade 4 based on the survey market data
 - Compliance Manager & Investments Regulatory and Legal Officer – Currently Grade 10s but are more aligned with Grade 11 based on the survey market data
- The following pages detail Mercer’s market pricing methodology, as well as the resulting competitiveness details

Market Pricing Methodology

Market Pricing Methodology

Item	Benchmark Match Titles
Effective Date	<ul style="list-style-type: none">July 1, 2025
Target Market Positioning	<ul style="list-style-type: none">Base Salary: 50th percentileTarget Total Cash Compensation: 50th percentile
Industry / Specialty	<ul style="list-style-type: none">Mercer Benchmark Database (MBD): General IndustryPublic Pension Fund Investment Professionals Survey (PPS)Endowments and Foundation Investment Groups Survey (IGS): Information Technology, Legal, and Gen Ops, Fin/Acct, & Other
Geography	<ul style="list-style-type: none">National data
Data Elements	<p>The following pay elements are included in the market pricing results, at the 25th, 50th, and 75th percentiles (where available):</p> <ul style="list-style-type: none">Base SalaryTarget Short-Term Incentive (STI) as a % of baseTarget Total Cash Compensation (TTC): Base + Target STI
Survey Sources	<ul style="list-style-type: none">2024 Mercer Benchmark Database (MBD) (data effective April 1, 2024)2024 Public Pension Fund Investment Professionals Survey (PPS) (data effective January 1, 2024)Endowments and Foundation Investment Groups Survey (IGS) (data effective January 1, 2024)
Aging	<p>The following annual increase percentages are expected for 2024/2025 and exclude companies whose increase was 0% in any year: 2024 United States: 3.5%; 2025 United States: 3.5%</p> <p><i>Mercer's 2024/25 Global Compensation Planning Report (March 2025 update)</i></p>

Market Survey Matches

Market Survey Matches (1 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Decision Data Analyst I	33%	MBD	All Data	--	Database Report Development - Entry Professional (P1)
	33%	MBD	All Data	--	Data Analytics - Entry Professional (P1)
	33%	IGS	Information Technology	-10%	Investment Operations Analyst - 8A
Decision Systems Analyst II	33%	MBD	All Data	--	Data Science - Experienced Professional (P2)
	33%	MBD	All Data	--	Data Analytics - Experienced Professional (P2)
	33%	IGS	Information Technology	--	Investment Operations Analyst - 8A
Decision Systems Analyst III	33%	MBD	All Data	--	Data Science – Senior Professional (P3)
	33%	MBD	All Data	--	Data Analytics – Senior Professional (P3)
	33%	IGS	Information Technology	+10%	Investment Operations Analyst - 8A
Decision Systems Principal	33%	MBD	All Data	--	Data Science – Specialist Professional (P4)
	33%	MBD	All Data	--	Data Analytics – Specialist Professional (P4)
	33%	IGS	Information Technology	+20%	Investment Operations Analyst - 8A
Decision Systems Manager	33%	MBD	All Data	--	Data Science – Manager (M3)
	33%	MBD	All Data	--	Data Analytics – Manager (M3)
	33%	IGS	Information Technology	--	Investment Operations Director / Manager - 8

Market Survey Matches (2 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Investments Compliance Analyst I	33%	MBD	All Data	--	General Compliance - Entry Professional (P1)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Entry Professional (P1)
	33%	IGS	Legal	-10%	Investment Operations Analyst - 8A
Investments Compliance Analyst II	33%	MBD	All Data	--	General Compliance – Experienced Professional (P2)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Experienced Professional (P2)
	33%	IGS	Legal	--	Investment Operations Analyst - 8A
Investments Compliance Analyst III	33%	MBD	All Data	--	General Compliance – Senior Professional (P3)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Senior Professional (P3)
	33%	IGS	Legal	+10%	Investment Operations Analyst - 8A
Compliance Manager	33%	MBD	All Data	--	General Compliance – Manager (M3)
	33%	MBD	All Data	--	Internal Audit: Internal Financial Controls – Manager (M3)
	33%	IGS	Legal	--	Investment Operations Director / Manager - 8

Market Survey Matches (3 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Investments Regulatory and Legal Analyst I	50%	MBD	All Data	--	General Legal Contract Management - Entry Professional (P1)
	50%	IGS	Legal	-10%	Investment Operations Analyst - 8A
Regulatory Legal Analyst I	50%	MBD	All Data	--	General Legal Contract Management - Entry Professional (P1)
	50%	IGS	Legal	-10%	Investment Operations Analyst - 8A
Investments Regulatory and Legal Analyst II	50%	MBD	All Data	--	General Legal Contract Management – Experienced Professional (P2)
	50%	IGS	Legal	--	Investment Operations Analyst - 8A
Investments Regulatory and Legal Analyst III	50%	MBD	All Data	--	General Legal Contract Management – Senior Professional (P3)
	50%	IGS	Legal	+10%	Investment Operations Analyst - 8A
Investments Regulatory and Legal Officer	100%	MBD	All Data	--	General Legal Contract Management - Director (M5)

Market Survey Matches (4 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Investment Operations Analyst	25%	MBD	All Data	--	Cash Management - Entry Professional (P1)
	25%	MBD	All Data	--	Investments - Entry Professional (P1)
	25%	PPS	All Data	-10%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	-10%	Investment Operations Analyst - 8A
Investment Operations Analyst II	25%	MBD	All Data	--	Cash Management – Experienced Professional (P2)
	25%	MBD	All Data	--	Investments - Experienced Professional (P2)
	25%	PPS	All Data	--	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	--	Investment Operations Analyst - 8A
Senior Investment Operations Analyst III	25%	MBD	All Data	--	Cash Management – Senior Professional (P3)
	25%	MBD	All Data	--	Investments - Senior Professional (P3)
	25%	PPS	All Data	+10%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	+10%	Investment Operations Analyst - 8A
Senior Operations Analyst III	25%	MBD	All Data	--	Cash Management - Senior Professional (P3)
	25%	MBD	All Data	--	Investments - Senior Professional (P3)
	25%	PPS	All Data	+10%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	+10%	Investment Operations Analyst - 8A

Market Survey Matches (5 of 5)

Job Title	Match Weight	Survey Source	Industry / Specialty	Discount / Premium	Survey Benchmark Match Title
Operations Lead Senior Analyst	25%	MBD	All Data	--	Cash Management – Team Leader (Professionals) (M2)
	25%	MBD	All Data	--	Investments – Specialist Professional (P4)
	25%	PPS	All Data	+20%	Investment Operations Analyst – 10
	25%	IGS	Gen Ops, Fin/Acct, & Other	+20%	Investment Operations Analyst - 8A
Operations Manager	25%	MBD	All Data	--	Cash Management – Manager (M3)
	25%	MBD	All Data	--	Investments – Manager (M3)
	25%	PPS	All Data	--	Investment Operations Manager – 9
	25%	IGS	Gen Ops, Fin/Acct, & Other	--	Investment Operations Director / Manager - 8
Chief Administrative Officer	50%	MBD	All Data	--	Head of Administration - Executive Tier 3 (ET3)
	50%	PPS	All Data	--	Investment Operations Director – 8
Senior Project Manager – IDS	100%	MBD	All Data	--	Technical Project Management - Senior Professional (P3)
CIO Executive Assistant	100%	MBD	All Data	--	Secretary/Administrative Assistant - Specialist Para-Professional (S4)
Portfolio Assistant	100%	MBD	All Data	--	Secretary/Administrative Assistant - Specialist Para-Professional (S4)

Market Compensation Comparisons

Market Compensation Comparison

Base Salary (1 of 2)

- Base salaries for the majority of role are positioned close to or above the market 50th percentile.
- The Decision Data Analyst I, Decision Systems Manager, and Regulatory Legal Analyst I jobs are positioned the lowest in the market at -9%, -12%, and -15% below the market 50th percentile, respectively.

VRS		Market Data			VRS Data Variance to Market		
Job Title	Avg Base Salary	25 th %ile	50 th %ile	75 th %ile	Variance to 25 th %ile	Variance to 50 th %ile	Variance to 75 th %ile
Decision Data Analyst I	\$75,550	\$70,934	\$82,725	\$97,082	7%	-9%	-22%
Decision Systems Analyst II	\$134,066	\$92,047	\$107,037	\$124,948	46%	25%	7%
Decision Systems Analyst III	\$157,481	\$110,874	\$129,770	\$151,516	42%	21%	4%
Decision Systems Principal	\$179,203	\$133,218	\$155,161	\$180,474	35%	15%	-1%
Decision Systems Manager	\$164,051	\$154,475	\$187,284	\$220,728	6%	-12%	-26%
Investments Compliance Analyst I ⁽¹⁾	--	--	\$82,273	--	--	--	--
Investments Compliance Analyst II ⁽¹⁾	\$97,352	--	\$96,953	--	--	0%	--
Investments Senior Compliance Analyst III ⁽¹⁾	\$139,467	--	\$113,921	--	--	22%	--
Compliance Manager	\$202,800	\$169,619	\$197,102	\$220,475	20%	3%	-8%
Investments Regulatory and Legal Analyst I ⁽¹⁾	\$87,444	--	\$92,300	--	--	-5%	--
Regulatory Legal Analyst I ⁽¹⁾	\$78,466	--	\$92,300	--	--	-15%	--
Investments Regulatory and Legal Analyst II ⁽¹⁾	--	--	\$105,204	--	--	--	--
Investments Regulatory and Legal Analyst III ⁽¹⁾	\$124,301	--	\$121,307	--	--	2%	--
Investments Regulatory and Legal Officer	\$205,574	\$179,220	\$208,750	\$233,016	15%	-2%	-12%

Notes:

(1) Market 25th and 75th percentile data was not available for at least one of the matches.

Market Compensation Comparison

Base Salary (2 of 2)

- The data shows the Chief Administration Officer's compensation is falling 16% below the market 50th percentile; however, when reviewing the PPS data and removing the MBD match data weighting (\$261,792), we see an increase in competitiveness with VRS current compensation for the Chief Administration Officer only falling 3% below the market 50th percentile.

		Market Data			VRS Data Variance to Market		
Job Title	Avg Base Salary	25 th %ile	50 th %ile	75 th %ile	Variance to 25 th %ile	Variance to 50 th %ile	Variance to 75 th %ile
Investment Operations Analyst	\$74,160	\$69,610	\$79,949	\$97,174	7%	-7%	-24%
Investment Operations Analyst II	--	\$82,454	\$96,192	\$114,702	--	--	--
Senior Investment Operations Analyst III	\$118,701	\$99,571	\$114,364	\$135,642	19%	4%	-12%
Senior Operations Analyst III	\$111,574	\$99,571	\$114,364	\$135,642	12%	-2%	-18%
Operations Lead Senior Analyst	\$144,777	\$108,281	\$130,960	\$158,212	34%	11%	-8%
Operations Manager	\$198,895	\$148,790	\$171,267	\$204,903	34%	16%	-3%
Chief Administrative Officer	\$253,621	\$236,116	\$300,349	\$409,571	7%	-16%	-38%
Senior Project Manager - IDS	--	\$115,851	\$119,758	\$123,292	--	--	--
CIO Executive Assistant	\$79,678	\$71,470	\$84,257	\$95,524	11%	-5%	-17%
Portfolio Assistant	\$76,742	\$71,470	\$84,257	\$95,524	7%	-9%	-20%

Market Compensation Comparison

Short-Term Incentive (STI) (% of Base Salary) (1 of 2)

- In aggregate, VRS' short-term incentives/bonuses are below market when compared to survey market data composites. There are a few cases where the average STI by position is aligned with the market 50th percentile but the majority of positions range from the 25th percentile to several percentage points ("p.p") below the 25th percentile.

VRS		Market Data			VRS Data Variance to Market		
Job Title	Avg STI (% of Base Salary)	25 th %ile	50 th %ile	75 th %ile	Variance to 25 th %ile	Variance to 50 th %ile	Variance to 75 th %ile
Decision Data Analyst I	3%	5%	7%	8%	-2p.p	-4p.p	-5p.p
Decision Systems Analyst II	3%	6%	8%	10%	-3p.p	-5p.p	-7p.p
Decision Systems Analyst III	5%	9%	9%	14%	-4p.p	-5p.p	-9p.p
Decision Systems Principal	6%	9%	12%	17%	-3p.p	-6p.p	-10p.p
Decision Systems Manager	4%	16%	23%	35%	-12p.p	-19p.p	-31p.p
Investments Compliance Analyst I ⁽¹⁾	--	--	7%	--	--	--	--
Investments Compliance Analyst II ⁽¹⁾	2%	--	7%	--	--	-5p.p	--
Investments Senior Compliance Analyst III ⁽¹⁾	6%	--	9%	--	--	-3p.p	--
Compliance Manager	7%	17%	22%	34%	-10p.p	-15p.p	-27p.p
Investments Regulatory and Legal Analyst I ⁽¹⁾	7%	--	6%	--	--	1p.p	--
Regulatory Legal Analyst I ⁽¹⁾	6%	--	6%	--	--	1p.p	--
Investments Regulatory and Legal Analyst II ⁽¹⁾	--	--	6%	--	--	--	--
Investments Regulatory and Legal Analyst III ⁽¹⁾	6%	--	7%	--	--	-1p.p	--
Investments Regulatory and Legal Officer	6%	20%	20%	25%	-13p.p	-14p.p	-19p.p

Notes:

(1) Market 25th and 75th percentile data was not available for at least one of the matches.

Market Compensation Comparison

Short-Term Incentive (STI) (% of Base Salary) (2 of 2)

- In aggregate, VRS' short-term incentives/bonuses are below market when compared to survey market data composites. There are a few cases where the average STI by position is aligned with the market 50th percentile but the majority of positions range from the 25th percentile to several percentage points below the 25th percentile.

		Market Data			VRS Data Variance to Market		
Job Title	Avg STI (% of Base Salary)	25 th %ile	50 th %ile	75 th %ile	Variance to 25 th %ile	Variance to 50 th %ile	Variance to 75 th %ile
Investment Operations Analyst	0%	8%	10%	15%	-8p.p	-10p.p	-15p.p
Investment Operations Analyst II	--	7%	11%	13%	--	--	--
Senior Investment Operations Analyst III	4%	8%	12%	15%	-5p.p	-8p.p	-11p.p
Senior Operations Analyst III	0%	8%	12%	15%	-8p.p	-12p.p	-15p.p
Operations Lead Senior Analyst	6%	9%	13%	18%	-2p.p	-7p.p	-11p.p
Operations Manager	3%	14%	21%	36%	-10p.p	-18p.p	-32p.p
Chief Administrative Officer	7%	36%	44%	69%	-30p.p	-38p.p	-62p.p
Senior Project Manager - IDS	--	4%	9%	12%	--	--	--
CIO Executive Assistant	5%	4%	5%	7%	1p.p	0p.p	-2p.p
Portfolio Assistant	2%	4%	5%	7%	-2p.p	-3p.p	-5p.p

Market Compensation Comparison

Target Total Cash Compensation (TTC) (1 of 2)

- While the majority of positions were aligned to market from a base salary perspective, below market short-term incentives/bonuses leads to a decreased market competitiveness from a total target cash compensation perspective.
- The impact of the below market short-term incentives is most evident in senior positions such as the Compliance Manager and the Investments Regulatory and Legal Officer.

VRS		Market Data			VRS Data Variance to Market		
Job Title	Avg TTC	25 th %ile	50 th %ile	75 th %ile	Variance to 25 th %ile	Variance to 50 th %ile	Variance to 75 th %ile
Decision Data Analyst I	\$77,683	\$74,480 ⁽²⁾	\$86,511	\$105,092 ⁽²⁾	4%	-10%	-26%
Decision Systems Analyst II	\$138,931	\$97,477 ⁽²⁾	\$112,732	\$137,443 ⁽²⁾	43%	23%	1%
Decision Systems Analyst III	\$164,567	\$120,853 ⁽²⁾	\$138,399	\$172,349 ⁽²⁾	36%	19%	-5%
Decision Systems Principal	\$190,851	\$151,243	\$168,340	\$204,827	26%	13%	-7%
Decision Systems Manager	\$170,323	\$181,562	\$237,287	\$305,028	-6%	-28%	-44%
Investments Compliance Analyst I ⁽¹⁾	--	--	\$86,815 ⁽²⁾	--	--	--	--
Investments Compliance Analyst II ⁽¹⁾	\$99,785	--	\$104,083 ⁽²⁾	--	--	-4%	--
Investments Senior Compliance Analyst III ⁽¹⁾	\$147,138	--	\$124,160 ⁽²⁾	--	--	19%	--
Compliance Manager	\$215,982	\$192,290	\$249,924	\$310,539	12%	-14%	-30%
Investments Regulatory and Legal Analyst I ⁽¹⁾	\$93,128	--	\$97,821 ⁽²⁾	--	--	-5%	--
Regulatory Legal Analyst I ⁽¹⁾	\$83,566	--	\$97,821 ⁽²⁾	--	--	-15%	--
Investments Regulatory and Legal Analyst II ⁽¹⁾	--	--	\$111,549 ⁽²⁾	--	--	--	--
Investments Regulatory and Legal Analyst III ⁽¹⁾	\$132,381	--	\$130,383 ⁽²⁾	--	--	2%	--
Investments Regulatory and Legal Officer	\$218,937	\$207,373	\$250,695	\$292,627	6%	-13%	-25%

Notes:

(1) Market 25th and 75th percentile data was not available for at least one of the matches.

(2) Data calculated using Consolidated Base & STI% due to limited data availability for some matches.

Market Compensation Comparison

Target Total Cash Compensation (TTC) (2 of 2)

- While the majority of positions were aligned to market from a base salary perspective, below market short-term incentives/bonuses leads to a decreased market competitiveness from a total target cash compensation perspective.
- The impact of the below market short-term incentives is most evident in senior positions such as the Operations Manager and the Chief Administrative Officer.

		Market Data			VRS Data Variance to Market		
Job Title	Avg TTC	25 th %ile	50 th %ile	75 th %ile	Variance to 25 th %ile	Variance to 50 th %ile	Variance to 75 th %ile
Investment Operations Analyst	\$74,160	\$74,443	\$86,901	\$105,275	0%	-15%	-30%
Investment Operations Analyst II	--	\$89,958	\$104,137	\$125,994	--	--	--
Senior Investment Operations Analyst III	\$122,924	\$106,351	\$124,191	\$149,690	16%	-1%	-18%
Senior Operations Analyst III	\$111,574	\$106,351	\$124,191	\$149,690	5%	-10%	-25%
Operations Lead Senior Analyst	\$154,188	\$119,896	\$142,545	\$175,285	29%	8%	-12%
Operations Manager	\$205,630	\$166,890	\$202,778	\$255,352	23%	1%	-19%
Chief Administrative Officer	\$270,107	\$296,269	\$398,449	\$597,008	-9%	-32%	-55%
Senior Project Manager - IDS	--	\$119,090	\$124,232	\$131,513	--	--	--
CIO Executive Assistant	\$83,264	\$70,666	\$85,265	\$97,500	18%	-2%	-15%
Portfolio Assistant	\$78,543	\$70,666	\$85,265	\$97,500	11%	-8%	-19%

Audit Director's Performance Review.

Requested Action

The VRS Board of Trustees approves a ____% performance bonus for the Audit Director.

Description/Background

The Audit and Compliance Committee reviewed and evaluated the performance of the Audit Director. Based on this review and evaluation, the Committee recommends that the Board approve a ____% performance bonus for the Audit Director payable _____, 2025.

Rationale for Requested Action

The Audit and Compliance Committee recommends that the Board approve a ____% performance bonus for the Audit Director, payable _____, 2025, based on the Committee's review and evaluation of the Audit Director's performance during FY 2025. The Audit and Compliance Committee Charter in paragraph 18 of the duties and responsibilities section states "Review and make recommendations to the Board regarding the performance of the Audit Director." Section IV.H.8 of the Board Governance Policy provides that the Board may review, monitor and oversee the performance of the Audit Director. Also, the Executive Pay Plan contemplates granting a performance bonus to the Audit Director.

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.

A. Scott Andrews, Chair
VRS Board of Trustees

Date



**Affirm “FOIA Electronic Meeting
Attendance Policy.”**

Requested Action

The Board affirms its “FOIA Electronic Meeting Attendance Policy.”

Description/Background

Pursuant to Va. Code § 2.2-3708.3(D) as amended in 2024, the Board must approve its remote meeting policy by recorded vote at a public meeting at least once annually.

The Board adopted a remote meeting policy at its May 4, 2015, meeting to comply with the Virginia Freedom of Information Act (FOIA) and, at its June 8, 2017, November 14, 2018, September 21, 2021, September 22, 2022, and June 20, 2024, meetings, approved revisions related to statutory changes. At its 2025 session, the General Assembly made no changes to the methods by which public bodies may meet virtually.

A copy of the current policy is attached to this RBA.

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(8) authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1 of the *Code of Virginia*.

Code of Virginia § 2.2-3708.3 requires a public body to adopt a written policy in order to be able to allow individuals to meet remotely or the public body to hold an all-virtual meeting as provided under FOIA.

The above action is approved and will be effective September 25, 2025.

A. Scott Andrews, Chair
VRS Board of Trustees

Date

Introduction

Section 2.2-3708.3 of the *Code of Virginia* (the Virginia Freedom of Information Act, or FOIA) requires VRS to develop a remote participation policy prior to allowing remote electronic participation under subsection B or subsection C. The policy must be applied uniformly to all members and all requests. Effective July 1, 2024, § 2.2-3708.3(D) of the *Code of Virginia* requires that this policy must be adopted at least annually by recorded vote.

Policy

It is the policy of Virginia Retirement System Board of Trustees that individual Board members or members of a Committee of the Board may participate in meetings of the Board or Committee by electronic means as permitted by § 2.2-3708.3 of the *Code of Virginia*. The Board of Trustees as well as standing, advisory, and ad hoc committees of the Board, may also elect to hold an all-virtual public meeting without a quorum physically assembled, as permitted by § 2.2-3708.3(C) of the *Code of Virginia*. This policy shall apply to the entire membership and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

Effective September 1, 2022, the following definitions in the *Code of Virginia* apply:

- "All-virtual public meeting" means a public meeting (i) conducted by a public body, other than those excepted pursuant to subsection C of § 2.2-3708.3, using electronic communication means, (ii) during which all members of the public body who participate do so remotely rather than being assembled in one physical location, and (iii) to which public access is provided through electronic communication means.
- "Remote participation" means participation by an individual member of a public body by electronic communication means in a public meeting where a quorum of the public body is otherwise physically assembled.

In accordance with state law, this policy does not prohibit or restrict any individual member of the public body who is participating in an all-virtual public meeting or who is using remote participation from voting on matters before the public body.

Remote Participation by Individual Members

Individual members may participate remotely for the following reasons under § 2.2-3708.3 B¹:

1. A temporary or permanent disability or medical condition that prevents the member's physical attendance, under § 2.2-3708.3(B)(1) of the *Code of Virginia*. For purposes of determining

¹ Note: As of September 1, 2022, former § 2.2-3708.2(D) of the *Code of Virginia*, allowing an individual to participate remotely for any reason with public notice at least three working days in advance of the meeting, has been removed. Accordingly, the *Code of Virginia* also no longer requires a public body to provide FOIA public comment forms for electronic meetings or an annual electronic meeting report to the FOIA Council.

whether a quorum is physically assembled, an individual member of a public body who is a person with a disability as defined in § 51.5-40.1 of the *Code of Virginia* and uses remote participation counts toward the quorum as if the individual was physically present.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a temporary or permanent disability or medical condition that prevents his or her physical presence.

2. A family member's medical condition that requires the member to provide care that prevents the member's physical attendance, or the member is a caregiver who must provide care for a person with a disability at the time the public meeting is being held thereby preventing the member's physical attendance, under § 2.2-3708.3(B)(2) of the *Code of Virginia*. For purposes of determining whether a quorum is physically assembled, an individual member of a public body who is a caregiver for a person with a disability and uses remote participation counts toward the quorum as if the individual was physically present.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a family member's medical condition that requires the member to provide care that prevents his or her physical presence.

3. The member's principal residence is more than 60 miles from the meeting location identified in the required notice for such meeting, under § 2.2-3708.3(B)(3) of the *Code of Virginia*.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to the member's residence being more than 60 miles from the meeting location.

4. A personal matter, under § 2.2-3708.3(B)(4) of the *Code of Virginia*.
 - a. In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a personal matter. The member must identify with specificity the nature of the personal matter.
 - b. When such individual participation is due to a personal matter, such participation is limited by law to two meetings of the public body or 25% of the meetings held rounded up to the next whole number, whichever is greater, per member each calendar year. Participation limits are counted separately for the VRS Board of Trustees and each Committee of the Board.

Whenever an individual member wishes to participate from a remote location (other than the all-virtual option or state of emergency exemption), the law requires a quorum of the Board or Committee to be physically assembled at the primary or central meeting location, and there must be arrangements for the voice of the remote participant to be heard by all persons at the primary or central meeting location. The minutes shall record the specific nature of the personal matter, the fact of the disability or other condition, the fact of the family member's medical condition, or the fact of the distance from the member's principal residence, and the remote location from which the absent member participated.

The specific requirements and limitations on electronic participation described in this policy apply only to the members of the public body holding a public meeting. Procedural requirements for remote participation that apply to members of the public body do not apply to the general public or other meeting attendees, including employees (unless such employee is a named member of the public body), guest

FOIA Electronic Meeting Attendance Policy Adopted May 4, 2015
Revised June 8, 2017; November 14, 2018; September 21, 2021;
September 22, 2022; July 1, 2024

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presenters, attendees from other public or private organizations, or members of other, non-VRS public bodies.

Automatic Approval of Remote Participation:

VRS' FOIA Officer is responsible for tracking and approving individual remote participation for all VRS-related public bodies. Individual participation from a remote location shall be approved unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act. If a member's participation from a remote location is challenged, then the Board or Committee shall vote on whether to allow such participation. If a member's participation from a remote location is disapproved because such participation would violate this policy, such disapproval shall be recorded in the minutes with specificity. The member may then monitor the meeting, but may not participate in actions of the Board or Committee.

All-Virtual Public Meetings of the Entire Public Body

There are two exceptions to the requirement that a quorum be physically assembled at the primary or central meeting location, described in § 2.2-3708.2 and § 2.2-3708.3(C) of the *Code of Virginia*.

Under § 2.2-3708.2 of the *Code of Virginia*, a public body may meet remotely without a quorum assembled when the Governor has declared a state of emergency in accordance with *Code of Virginia* § 44-146.17 or the locality in which the public body is located has declared a local state of emergency pursuant to § 44-146.21, provided that (i) the catastrophic nature of the declared emergency makes it impracticable or unsafe to assemble a quorum in a single location and (ii) the purpose of the meeting is to provide for the continuity of operations of the public body or the discharge of its purposes, duties, and responsibilities. The public body must follow the requirements established in §2.2-3708.2 of the *Code of Virginia* regarding access, notice and minutes.

Under § 2.2-3708.3(C) of the *Code of Virginia*, certain public bodies, including VRS, may hold an all-virtual public meeting with no members of the public body participating in person. The public body may not convene an all-virtual meeting more than two times per calendar year or 50% of the meetings held per calendar year, rounded up to the next whole number, whichever is greater, or consecutively with another all-virtual public meeting. When the public body chooses to meet remotely:

- the public must have access to the meeting and be able to hear and, when possible, see the members participating;
- if visual communication is voluntarily disconnected or fails, or if audio communication fails, the member shall be considered absent for purposes of a quorum;
- a phone number or other live contact information must be provided to the public to alert the public body if the audio or video transmission of the meeting fails. The public body must take a recess until access is restored if the audio or video transmission fails for the public;
- all materials must be made available to the public electronically at the same time that materials are provided to the public body;
- no more than two members of the public body may be together in one remote location unless that location is open to the public to physically access it;
- transmission of the meeting must resume after a closed session is held, before the public body certifies the closed meeting under § 2.2-3712 of the *Code of Virginia*; and
- minutes must be taken as required under § 2.2-3707 of the *Code of Virginia* and include that the

meeting was held by electronic communication as well as the type of electronic communication used. If a member's participation was disapproved under this subsection of the *Code of Virginia*, that shall also be included in the minutes with specificity.

Approval of Requests for All-Virtual Public Meetings

The Board Secretary or designee is responsible for processing requests for all-virtual meetings for all VRS-related public bodies. Requests for all-virtual meetings shall be considered by the Board Secretary or designee and the Chair of the Board of Trustees or relevant Committee Chair and approved in appropriate circumstances unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act.

If a request is disapproved because participation would violate this policy, the Board or Committee must reschedule a regular meeting with appropriate notice.

Individual member use of remote meeting participation for a specific public body under § 2.2-3708.3(B) of the *Code of Virginia* does not affect requirements for all-virtual remote meetings of the public body under § 2.2-3708.3(C) of the *Code of Virginia*.