

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB739

**House of Origin**    ☐ Introduced    ☒ Substitute    ☒ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Jones

**3. Committee:** Rules

**4. Title:** Virginia College Savings Plan Oversight Act.

**5. Summary:** This bill directs the Joint Legislative Audit and Review Commission (JLARC) to oversee and evaluate the Virginia College Savings Plan (VCSP) on a continuing basis. Both JLARC and VCSP are required to make certain reports to the General Assembly.

The areas of review and evaluation to be conducted by JLARC shall include, but are not limited to, the following: (i) structure and governance of VCSP; (ii) structure of the investment portfolio; (iii) investment practices, policies, and performance; (iv) actuarial policy; and (v) administration and management of VCSP. JLARC shall publish a biennial status report that shall include, at a minimum and where appropriate, findings and recommendations. Further, with the assistance of an actuary, JLARC will produce a review of VCSP's annual actuarial valuation reports once every four years.

The expenses incurred by JLARC related to its duties under this chapter shall be paid by VCSP.

**6. Budget Amendment Necessary:** No, see #8. Any budget impact may be handled administratively.

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$0	0	N/A
2013	\$126,500	0	Nongeneral Fund
2014	\$26,500	0	Nongeneral Fund
2015	\$26,500	0	Nongeneral Fund
2016	\$26,500	0	Nongeneral Fund
2017	\$126,500	0	Nongeneral Fund
2018	\$26,500	0	Nongeneral Fund

**8. Fiscal Implications:** To fulfill the requirements of this bill, JLARC anticipates that the following three items will need to be funded:

1. Twenty percent of one employee's workload will be dedicated to the activities prescribed in this bill, totaling \$20,000 in salary and fringe benefits annually.
2. Five percent of one division chief's workload will also be required, totaling an additional \$6,500 in salary and fringe benefits annually.
3. The review of VCSP's annual actuarial valuation reports will be produced every four years and will require the assistance of an actuary. The associated cost of the assistance of the actuary is estimated at \$100,000 every four years.

JLARC recognizes the above estimate will be more accurate once they execute the requirements in the bill. Therefore, JLARC recommend they charge the VCSP for the actual costs in FY 2013. JLARC will use the actual expenses to develop a budget request for FY 2014 for submission to the 2013 Session of the General Assembly.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia College Savings Plan; Joint Legislative Audit and Review Commission.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/2/12

**Document:** G:\Legislation\2012 Session\HB739E.DOC