

SECTION 2 - PSERS FY2016/17 BUDGET

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Section 2 - FY2016/17 Budget

Public School Employees' Retirement System Fiscal Year 2016/17 Administrative Budget

| | <u>Budget 2014/2015</u> | <u>Budget 2015/2016</u> | <u>Governor's Budget Recommendation 2016/2017</u> |
|--|-----------------------------|-----------------------------|---|
| Total Personnel Services | \$ 24,339,000 | \$ 25,483,000 | \$ 26,220,000 |
| Operating Expenses | | | |
| Travel | \$ 145,300 | \$ 146,750 | \$ 145,900 |
| Training & Conference Registration | 122,000 | 154,400 | 160,300 |
| Telecomm - Recurring | 388,000 | 383,500 | 363,200 |
| Telecomm - Non-Recurring | 11,000 | 11,300 | 12,500 |
| Telecomm - Voice Hardware less than \$5,000 | 3,000 | 3,000 | 4,000 |
| Electricity | 44,000 | 35,000 | 35,000 |
| Consultant Services - Non EDP | 800,600 | 1,091,150 | 1,513,800 |
| Consulting - Managed Services | 56,502 | 1,111,600 * | 1,840,000 * |
| Outsourced IT Consulting for apps & development | - | - | 37,200 |
| Consulting - Maint & Support - (post implementation) | 49,000 | 45,000 | 14,700 |
| Consulting - General IT Support | 218,000 | 357,000 | 357,500 |
| Consulting - Outsourced Infrastructure Svcs (DPH) | 2,130,000 | 1,111,600 * | 10,000 * |
| Legal Services/Fees | 48,000 | - | 1,000 |
| Specialized Services | 394,200 | 405,100 | 399,500 |
| Other Specialized Services | 128,200 | 199,300 | 183,800 |
| Advertising | 10,000 | 10,000 | 10,000 |
| Medical, Mental, & Dental Services | 4,500 | 4,100 | 5,000 |
| Software Licensing - Maintenance | 1,075,200 | 1,124,200 | 1,354,800 * |
| Hardware Server - Maintenance | 1,000 | 12,000 | 12,600 |
| Hardware Network - Maintenance | 22,000 | 21,500 | 20,000 |
| Hardware Storage - Maintenance | 36,717 | 88,000 | 5,000 |
| Hardware Periph - Maintenance | 10,000 | 8,000 | 8,000 |
| Hardware Desktop - Maintenance | 3,000 | 3,000 | 3,000 |
| Contracted Maintenance Non EDP | 155,300 | 143,840 | 141,500 |
| Telecomm Data Services | 85,000 | 82,000 | 95,100 |
| Contracted Repairs - Non EDP | 15,500 | 61,000 | 15,000 |
| Real Estate Rental | 1,885,400 | 1,998,200 | 2,006,000 |
| Vehicle Rental | 1,700 | 1,600 | 1,600 |
| Office Equipment Rental | 318,500 | 278,200 | 193,800 |
| Other Rentals | 35,300 | 44,360 | 3,900 |
| Office Supplies | 211,800 | 220,000 | 214,500 |
| Educational Supplies (Books) | 11,200 | 11,000 | 10,000 |
| Medical Supplies | 5,300 | 1,000 | 400 |

* See explanation at bottom of following page

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Public School Employees' Retirement System Fiscal Year 2016/17 Administrative Budget (continued)

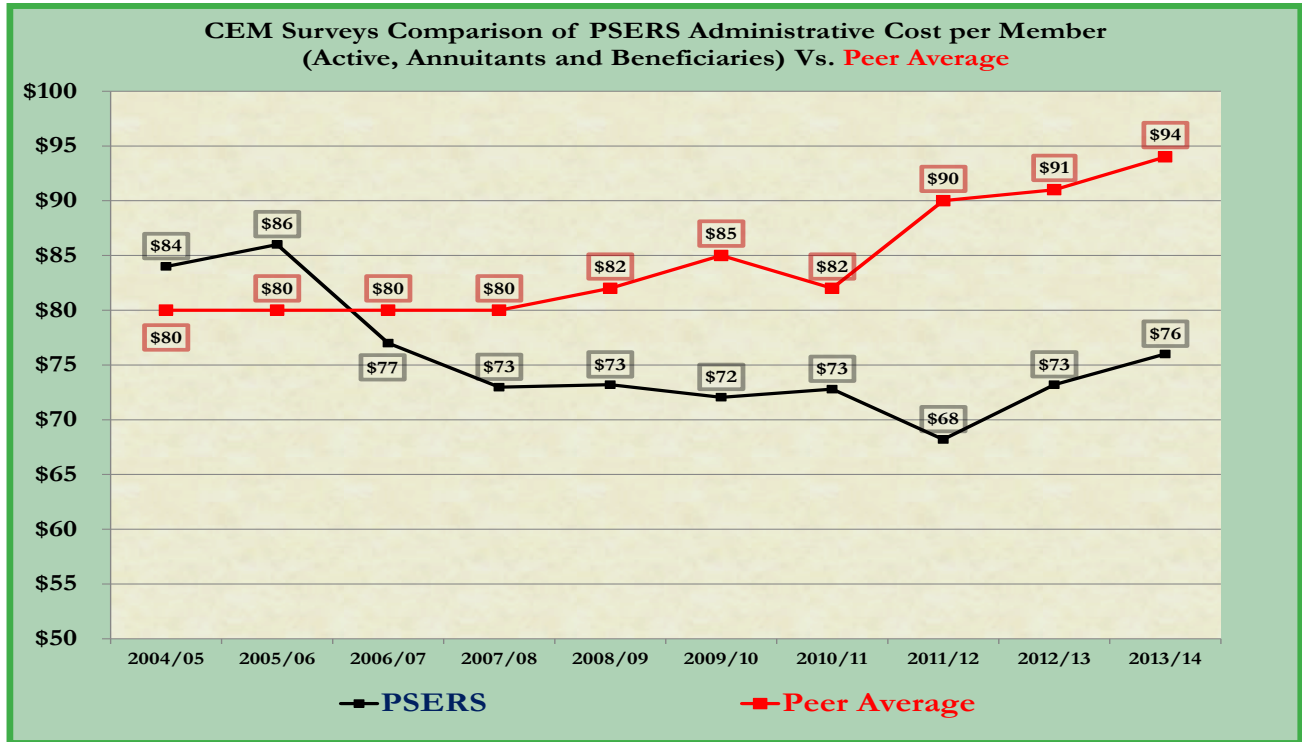
| | <u>Budget 2014/2015</u> | <u>Budget 2015/2016</u> | <u>Governor's Budget Recommendation 2016/2017</u> |
|---|-----------------------------|-----------------------------|---|
| Software License non-recurring less than \$5,000 | 9,000 | 47,300 | 55,100 |
| Hardware Desktop less than \$5,000 | 93,900 | 56,000 | 231,900 |
| Furniture and Fixtures | 41,500 | 49,500 | 146,700 |
| Other Equipment | - | 2,000 | 2,000 |
| Motorized Equipment Supplies | 23,000 | 21,000 | 21,000 |
| Postage | 1,051,700 | 1,159,800 | 1,113,600 |
| Freight | 7,000 | 5,000 | 5,000 |
| Printing | 246,700 | 237,700 | 213,000 |
| Subscriptions | 137,200 | 110,200 | 145,800 |
| Membership Dues | 35,200 | 33,800 | 34,300 |
| Conference Expense | 51,000 | 49,000 | 49,000 |
| Insurance, Surety, & Fidelity Bonds | 23,000 | 23,000 | 23,000 |
| Other Operational Expenses | <u>1,707,800</u> | <u>1,927,000</u> | <u>1,971,000</u> |
| Total Operating Expenses | \$ 11,772,000 | \$ 12,888,000 | \$ 13,190,000 |
| Fixed Assets | | | |
| Automobiles | \$ 20,000 | \$ 20,000 | \$ 40,000 |
| Network Hardware | - | - | 80,000 |
| Purchase EDP - Computers | - | - | 7,500 |
| Software License non-recurring greater than \$5,000 | 58,000 | 95,400 | 50,000 |
| Software License recurring greater than \$5,000 | 5,500,000 | 5,500,000 | 5,500,000 |
| Office Equipment | - | <u>24,600</u> | <u>27,500</u> |
| Total Fixed Assets | \$ 5,578,000 | \$ 5,640,000 | \$ 5,705,000 |
| Total Administrative Budget | <u>\$ 41,689,000</u> | <u>\$ 44,011,000</u> | <u>\$ 45,115,000</u> |

| *Data Power House, PA Compute Services (PACS), and Software Maintenance Cost Comparison | Enacted Budget <u>2015/2016</u> | Budget <u>2016/2017</u> |
|--|--|------------------------------------|
| <u>Commitment Item</u> | Amount | Amount |
| Consulting Services - EDP -PACS* | \$ 1,111,600 | \$ 1,840,000 |
| Consulting - Outsourced Infrastructure - DPH * | 1,111,600 | 10,000 |
| Software Licensing - Maintenance - DLT-Oracle * | - | <u>261,000</u> (1) |
| Total Year to Year Comparison | \$ 2,223,200 | \$ 2,111,000 |

(1) Portion of the software maintenance required for PACS.

Section 2 - FY2016/17 Budget

Public School Employees' Retirement System Fiscal Year 2016/17 Administrative Budget (continued)



Administrative Budget

PSERS Administrative Budget Request for FY2016/17 is \$45,115,000. The administrative budget is not funded from the Commonwealth's General Fund, rather from the earnings of the Fund itself. PSERS has annually underspent its approved budget, keeping more funds available to invest for PSERS' members.

In FY 2015, PSERS replaced high speed color printers and copiers with more efficient models. PSERS consolidated mailings to members, producing savings in both paper and postage costs. Working with its actuary, PSERS continues to save fees by completing various actuarial analyses in-house.

Administrative Cost per Member

PSERS participates in an independent, international benchmarking survey evaluating its costs and service performance in comparison to other similar public pension funds. Based on the most recent survey, PSERS had a 20% lower pension administration cost per member than the average cost for its peer group. By running a lean and efficient operation, PSERS saves the Commonwealth and school employers approximately \$8.4 million annually compared to its peer funds.



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**PSERS Directed Commissions
Recapture Program
(unaudited)**

Directed Commissions Recapture is a program whereby a portion of commissions incurred by PSERS through investment trading activity is returned to PSERS. These funds can be used for the administration of the Fund or can be reinvested back into the asset allocation through a transfer to the PSERS Retirement Account. Expenditures paid from the Directed Commissions Recapture Program Budget have the same PSERS' internal approval process as any other expenditure made by the Fund.

**Directed Commissions Recapture Program -
Directed Commissions Appropriation #6012700000**

| | <u>Actual Expenditures FY2014/15</u> | <u>Available FY2015/16</u> | <u>PSERS' Budget 2016/2017</u> |
|-------------------|--|--------------------------------|------------------------------------|
| Budgetary Reserve | - | <u>\$2,000,000</u> | <u>\$2,000,000</u> |
| Total | - | <u>\$2,000,000</u> | <u>\$2,000,000</u> |



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