

**Section 2 - PSERS FY2013/14 Budget**





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## Section 2 - FY2013/14 Budget

### Public School Employees' Retirement System Fiscal Year 2013/14 Budget

	<u>Actual</u> <u>2011/2012</u>	<u>Available</u> <u>2012/2013</u>	<u>Governor's</u> <u>Budget</u> <u>Recommendation</u> <u>2013/2014</u>
<b>Total Personnel Expenses</b>	<b>\$ 24,840,027</b>	<b>\$ 27,335,000</b>	<b>\$ 23,752,000</b>
<b><u>Operating Expenses</u></b>			
Travel	\$ 81,094	\$ 143,400	\$ 143,300
Training & Conference Registration	82,710	132,100	119,500
Telecomm - Recurring	516,313	545,000	397,000
Telecomm - Voice Hardware less than \$5,000	149,971	5,000	2,000
Electricity	44,392	60,000	44,000
Consultant Services - Non IT	529,221	848,000	785,000
Consulting Services - (vendor hosted SW)	2,098	30,000	10,000
Consulting - Maint & Support - (post implementation)	2,641	122,000	82,000
Consulting - Security (Outsourced Inf Sec Services)	10,288	12,000	12,000
Consulting - General (IT Support)	151,540	127,900	30,000
Consulting - Outsourced Infrastructure Svcs (DPH)	1,883,197	1,950,000	2,084,000
Legal Services/Fees	-52,664	36,000	58,000
Specialized Services	346,821	359,000	351,000
Other Specialized Services	75,106	112,000	210,000
Advertising	-	10,000	10,000
Medical, Mental, & Dental Services	3,972	5,000	4,000
Software Licensing - Maintenance	817,183	1,020,200	1,075,000
Hardware Server - Maintenance	448	1,000	1,000
Hardware Network - Maintenance	12,893	15,000	4,000
Hardware Desktop - Maintenance	27,687	19,000	21,000
Contracted Maintenance Non EDP	438,077	191,200	194,000
Telecom Data Services	107,651	120,000	48,000
Contracted Repairs - Non EDP	29,676	15,400	10,000
Real Estate Rental	1,919,426	1,950,000	1,783,000
Vehicle Rental	1,953	4,000	3,000
Office Equipment Rental	271,482	303,000	278,000
Other Rentals	20,058	30,000	26,000
Office Supplies	248,154	260,000	230,000
Educational Supplies (Books)	6,714	11,000	11,000
Medical Supplies	642	1,000	-
Software License non-recurring less than \$5,000	241,894	169,900	46,000
Hardware Desktop less than \$5,000	160,006	55,000	114,000
Furniture and Fixtures	106,915	46,000	23,300
Other Equipment	10,389	3,500	-
Motorized Equipment Supplies	26,146	41,000	22,000
Postage	992,584	1,200,000	1,145,600

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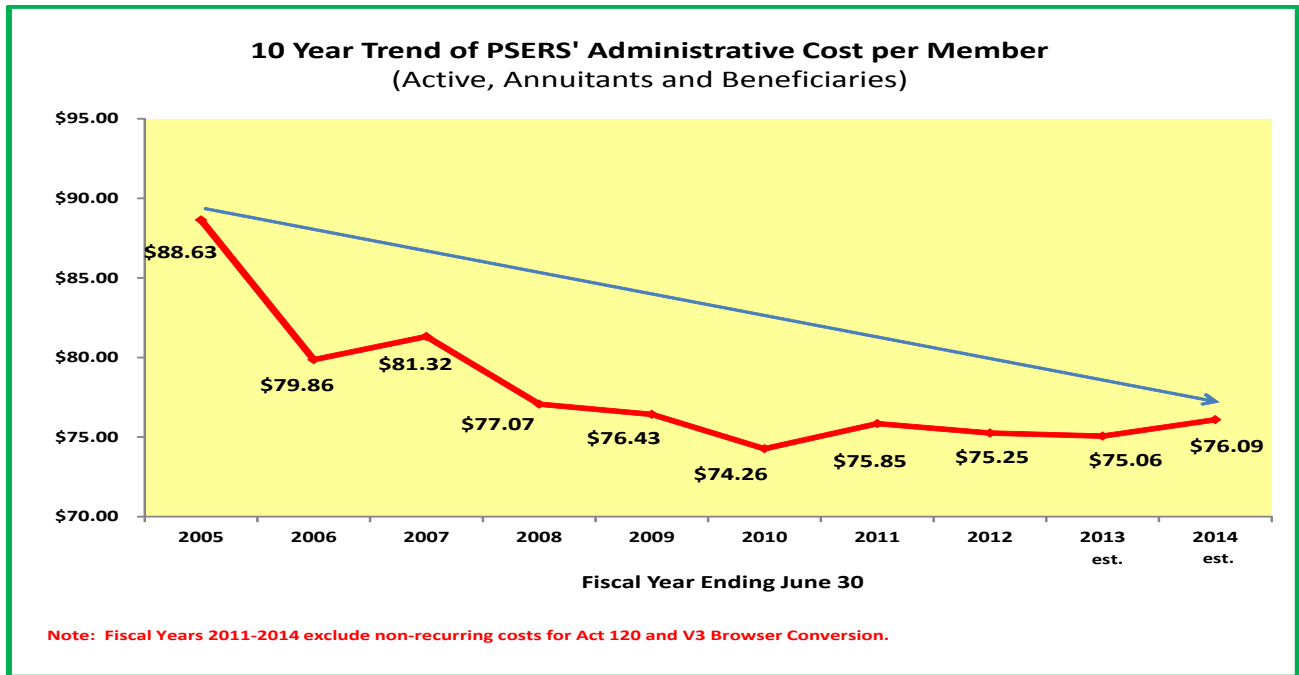
### Public School Employees' Retirement System Fiscal Year 2013/14 Budget Request (continued)

	Actual <u>2011/2012</u>	Available <u>2012/2013</u>	Governor's Budget Recommendation <u>2013/2014</u>
Freight	6,062	10,000	7,000
Printing	305,254	412,000	315,000
Subscriptions	78,050	107,000	96,100
Membership Dues	31,874	45,000	32,200
Conference Expense	34,851	69,400	49,000
Insurance, Surety & Fidelity Bonds	20,118	24,000	24,000
Graphic Services	-	1,000	-
Other Operational Expenses	<u>1,778,651</u>	<u>1,987,000</u>	<u>1,657,000</u>
<b>Total Operating Expenses</b>	<b>\$ 11,521,537</b>	<b>\$ 12,609,000</b>	<b>\$ 11,557,000</b>
<b>Fixed Assets</b>			
Hardware Server greater than \$25,000	\$ -	\$ -	\$ -
Hardware Network greater than \$25,000	-	-	-
Telecomm -Voice Hardware greater than \$25,000	-	-	-
Telecomm - Data Hardware greater than \$25,000	-	-	-
Automobiles	61,996	-	-
Software License non-recurring greater than \$5,000	74,070	69,000	10,000
Software License recurring greater than \$5,000	5,885,615	4,125,000	6,046,000
Office Equipment	-	6,000	-
Telecommunications Equipment	<u>37,413</u>	-	-
<b>Total Fixed Assets</b>	<b>\$ 6,059,094</b>	<b>\$ 4,200,000</b>	<b>\$ 6,056,000</b>
<b>Total Administrative Budget*</b>	<b><u>\$ 42,420,657</u></b>	<b><u>\$ 44,144,000</u></b>	<b><u>\$ 41,365,000</u></b>

\*Investment Related expenditures that were previously included in the Administrative Appropriation will be accounted for as non-budgeted appropriated expenditures and reported in the same manner as other investment expenditures beginning in FY2013/14.

## Section 2 - FY2013/14 Budget

### Public School Employees' Retirement System Fiscal Year 2013/14 Budget Request (continued)



#### Administrative Cost per Member

The chart above shows a ten-year trend of PSERS administrative cost per member. Expenses were higher in FY2004/05 due to the implementation of the new pension administration system. The downward trend in cost indicates that PSERS has achieved operational efficiencies while its membership has risen each year. The System has accomplished this without significantly increasing the size of its staff.

PSERS continues to be prudent in its use of funds and managing the annual budget. PSERS has annually underspent its approved budget, keeping more funds available to invest for PSERS' members.

Some of the cost savings initiatives include: processing significantly more retirements in a more efficient one-step process versus a two-step process used previously, implementation of a new pension administration system which has automated procedures done manually, combining bulk mailings to members where possible, limiting travel and using electronic means, when possible, to communicate with members and stakeholders. During FY2011/2012, the relocation of PSERS' Southcentral regional field office was completed. This relocation will provide substantial annual savings each year.

While PSERS staff worked tirelessly to develop and implement the requirements of Act 120, service levels for members and school employees were not negatively impacted.

The V3 Browser Conversion is a major technological enhancement that will provide new functionality, improve the ease-of-use, and streamline many of the existing core processes of the System.



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**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, which are held in a restricted revenue account at Treasury, 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 approval process as any other expenditure made by the Fund.

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

	<u>Actual Expenditures FY2011/12</u>	<u>Available FY2012/13</u>	<u>Governor's Budget Recommendation 2013/2014</u>
Budgetary Reserve	<u>0</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Total	<u>0</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>



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