G20J01
State Retirement Agency

Operating Budget Data

($ in Thousands)

	FY 16 Actual	FY 17 Working	FY 18 Allowance	FY 17-18 Change	% Change Prior Year
Special Fund	$18,167	$20,389	$23,416	$3,027	14.8%
Adjustments	0	0	-48	-48	
Adjusted Special Fund	**$18,167**	**$20,389**	**$23,368**	**$2,979**	**14.6%**
Reimbursable Fund	$9,746	$10,890	$11,998	$1,108	10.2%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	**$9,746**	**$10,890**	**$11,998**	**$1,108**	**10.2%**
Adjusted Grand Total	**$27,914**	**$31,279**	**$35,366**	**$4,087**	**13.1%**

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The State Retirement Agency's (SRA) fiscal 2018 allowance grows by $4.1 million (13.1%) over fiscal 2017 levels after accounting for a contingent special fund reduction of $48,359 in supplemental pension payments allocated to the agency. This is the agency's second consecutive double-digit percentage increase.

- Two large items account for most of the growth in the agency's budget: $2.6 million for information technology (IT) expenses and $1.5 million for custodial banking services.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	FY 16 Actual	FY 17 Working	FY 18 Allowance	FY 17-18 Change
Regular Positions	200.00	197.00	197.00	0.00
Contractual FTEs	10.50	8.50	8.00	-0.50
Total Personnel	**210.50**	**205.50**	**205.00**	**-0.50**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	9.85	5.00%
Positions and Percentage Vacant as of 12/31/16	17.00	8.63%

- Agency staffing remains constant at 197.0 regular positions, but the Governor's allowance includes $190,000 to reclassify 4.0 vacant positions into 4.0 new positions within the Investment Division. 3.0 of the 4.0 vacant positions have been identified in the IT division, Finance Division, and the Data Control Unit within Benefits Administration; the fourth vacancy will be identified at a later date. The 4.0 new positions in the Investment Division include 1.0 new senior portfolio manager, 1.0 senior investment analyst, and 2.0 associates.

- During fiscal 2017, 4.0 agency positions were abolished as part of the 657.0 positions abolished under Section 20 of the fiscal 2017 budget bill. Those positions were in the Business Operations Unit, Internal Audit, the Investment Division (replaced by 1.0 of the reassigned vacancies), and the Benefits Administration Division.

- The agency's 17.0 vacant positions exceed the 9.85 positions that are required to be vacant under the agency's 5.0% turnover allowance.

- A vacant 0.5 full-time equivalent contractual legal secretary is abolished.

Analysis in Brief

Major Trends

Benchmarking Study Highlights Agency's Challenges: The agency's per-participant expenditures are less than that of peer systems due to lesser investment in information technology.

Investments Perform Better Relative to Peers: Asset allocation results in near-median performance.

Call Center Struggles Elicit Change in Performance Targets: Targets for call wait times and dropped calls slated to increase in fiscal 2018.

Issues

Planning for IT Transformation Has Begun as Backlog Is Addressed: Phase 3 of the Maryland Pension Administration System is expected to cost $12 million to $15 million. **The Department of Legislative Services recommends that funding for the project be contingent on its designation as a Major Information Technology Development Project.**

Agency Seeks Flexibility for Investment Division Compensation: Salaries within the Investment Division are increasingly not competitive. **The agency should summarize the potential benefits and risks of raising compensation levels for Investment Division staff, particularly whether doing so would lead to improved performance.**

The Agency Should Report on Its Calculation of the Statutory Spending Cap: Clarifying legislation may be warranted.

Recommended Actions

		Funds
1.	Add language to make funding for Phase 3 of the Maryland Pension Administration System contingent on its designation as a Major Information Technology Development Project.	
2.	Reduce Funding for Phase 3 of the Maryland Pension Administration System by $550,000.	$ 550,000
3.	Adopt narrative to request a report on the agency spending cap.	
	Total Reductions	**$ 550,000**

Updates

Budget Provides Relief to Local Governments, Not Just School Boards: The Payments to Civil Divisions of the State budget includes a deficiency appropriation of $19.7 million to provide grants to local government entities to offset the fiscal 2017 administrative fees that they pay for the operation of SRA.

Operating Budget Analysis

Program Description

The State Retirement Agency (SRA), under the direction of the 15-member Board of Trustees for the State Retirement and Pension System (SRPS), is responsible for administering the State's retirement and pension systems. The board-appointed executive director is responsible for policy development, legislation, and legal affairs.

The agency has identified four fundamental goals for its operation:

- to prudently invest system assets in a well-diversified manner that optimizes long-term returns while controlling risk through excellence in the execution of the investment objectives and strategies of the system;

- to effectively communicate with all retirement plan participants to inform them about the benefits provided by the system and to educate them about planning and preparing for all aspects of their defined benefit system;

- to pay all retirement allowances provided by State pension law to the system's retirees and their beneficiaries in an accurate and timely manner; and

- to efficiently collect the required employer and employee contribution necessary to fund the system.

An administrative charge to all employers for whom the agency administers retiree benefits provides the revenue to fund the agency. In proportion to total system membership, administrative charge revenue from State agencies pays for roughly one-third (34%) of agency operations, and revenue from local employers pays for the remaining two-thirds (66%). Based on the Governor's allowance and certified membership of 192,113, participating employers will pay approximately $184 per member in fiscal 2017, a $21 increase over fiscal 2016 (12.9%); however, the final per member fee is based on the budget enacted by the General Assembly. Reimbursable fund revenues represent State agency payments for administrative costs, and special fund revenues represent administrative payments by local school boards and participating governmental units.

The agency is subject to a statutory spending cap of 0.22% of the active payroll of system members. The calculated cap for fiscal 2018 is $37.1 million.

As of June 30, 2016, the system's assets totaled $45.5 billion, a decrease of about $360 million from the end of fiscal 2015.

Performance Analysis: Managing for Results

1. Benchmarking Study Highlights Agency's Challenges

A benchmarking study by CEM Benchmarking, Inc., that compared SRA with 13 comparable agencies in other states found that, on average, the agency spends about 11% less per plan participant than comparable agencies, only in part, because the agency's workload is smaller than that of comparable systems. Various factors caused SRA's expenditures to be higher or lower relative to their peers, but a lower workload explained only about one-third (29%) of the lower expenditures. A bigger factor (offset by higher expenditures in other areas) was the agency's lower expenditure on information technology (IT), which likely contributed to a finding that the system is less efficient than its peers because fewer functions are automated. In contrast to expenditures on IT, the review found that SRA's expenditures for actuarial, legal, audit, and other professional services were 30% higher than those of its peers.

In most areas, the agency's workload is either lower than or roughly equal to its peers, but in two areas its workload far exceeds that of its peers. The first is the number of written benefit estimates it produces for members who are approaching retirement, which is 30% higher than its peers. As noted above, this is most likely due to the fact that the agency has yet to automate this function, whereas many peers have online benefit estimation functions that members can access. The second area is the number of disability applications that the agency processes, which is 83% higher than the peer average. During the 2015 interim, the Department of Legislative Services (DLS) conducted a review of disability benefits in conjunction with the agency and found that benefit levels were the highest in the country and that more than 90% of disability applications were ultimately approved. The generous benefits offered combined with the high success rate provides an incentive for members to apply for disability benefits, putting a significant strain on both agency staff and trust fund finances. DLS recommended some changes to the disability benefit structure and process to address these issues, but they were not adopted by the General Assembly.

The study's ratings of the range of services provided to members also reflect the lack of automation as well as ongoing struggles with the call center. The ratings reflect a low-level of service from the website and call center. It also noted the lack of availability of one-on-one retirement counseling in the field; all such sessions are conducted at the agency's office. In several key areas, however, including pension payments and disaster recovery, the agency scored very high.

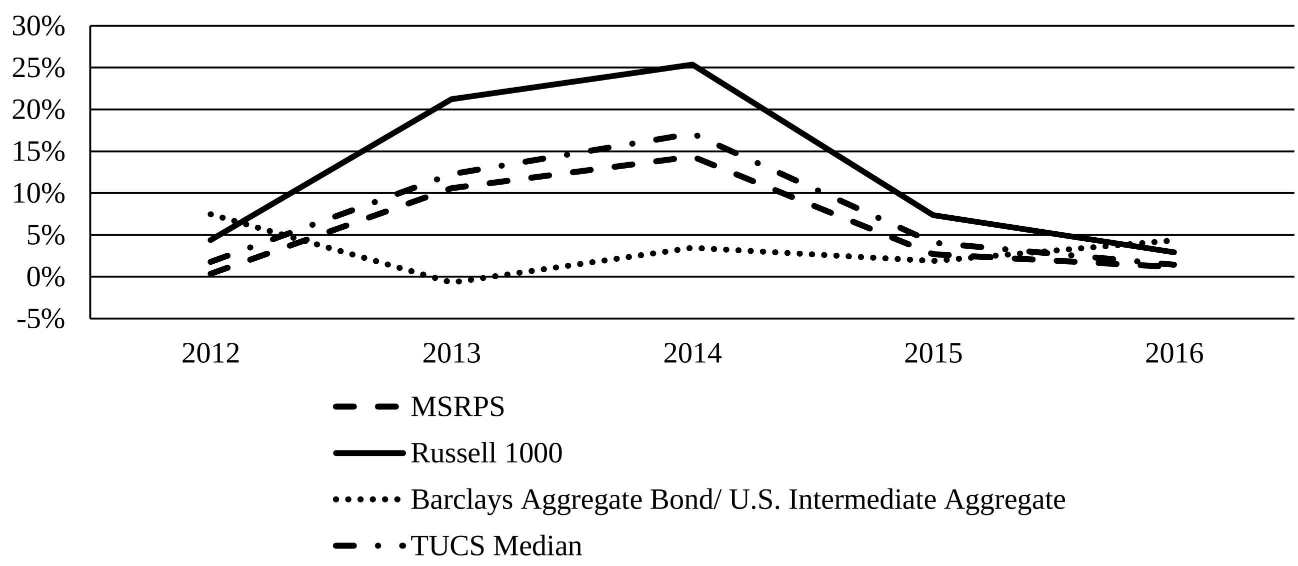
The agency is beginning to address the lack of automated services on its website. The fiscal 2018 allowance includes the first installment of funding for Phase 3 of the Maryland Pension Administration System (MPAS-3), which will ultimately give members access to their accounts online, enabling them to generate benefit estimates, and access other key information. This is further addressed later.

2. Investments Perform Better Relative to Peers

In fiscal 2016, SRA's investments earned 1.16%, well below the system's actuarial target of 7.55% for the second year in a row. Performance was driven largely by weak equity markets, which returned on average less than 5.0% domestically and were substantially negative internationally. As noted in prior DLS analyses, the system's asset allocation is designed to do well when equities are weak by virtue of its underweight in equities and overweight in alternative investments. As a result, its one-year performance relative to peer systems, as measured by the Trust Universe Comparison Service (TUCS), rose from the eighty-first percentile in fiscal 2015 to the fifty-seventh percentile in fiscal 2016. **Exhibit 1** shows the system's performance relative to the following measures:

- the Russell 1000 index (domestic equities);
- the Barclays Aggregate Bond index (domestic fixed income); and
- the TUCS median (peer pension plans).

Exhibit 1
Pension Fund and Benchmark Returns
Fiscal 2012-2016



MSRPS: Maryland State Retirement and Pension System
TUCS: Trust Universe Comparison System

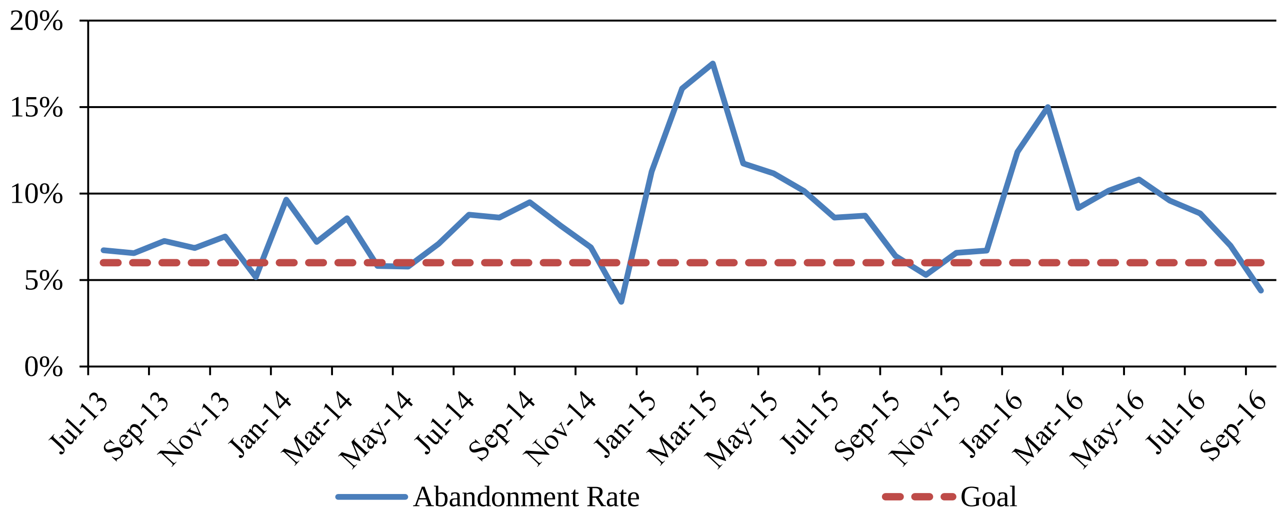
Source: State Retirement Agency; State Street Bank; Wilshire Associates, Inc.

The agency has identified staffing levels and compensation rates within the Investment Division as significant risk factors affecting future performance. The Governor's allowance begins to address staffing concerns by increasing the number of positions within the Investment Division, as discussed below. In addition, the agency asked the Joint Committee on Pensions (JCP) to sponsor legislation to give the agency greater discretion in setting compensation for investment staff; the committee put the request on hold pending the receipt of additional information. **The agency is asked to discuss its specific concerns related to compensation for investment staff and its plans for addressing its compensation levels.**

3. Call Center Struggles Elicit Change in Performance Targets

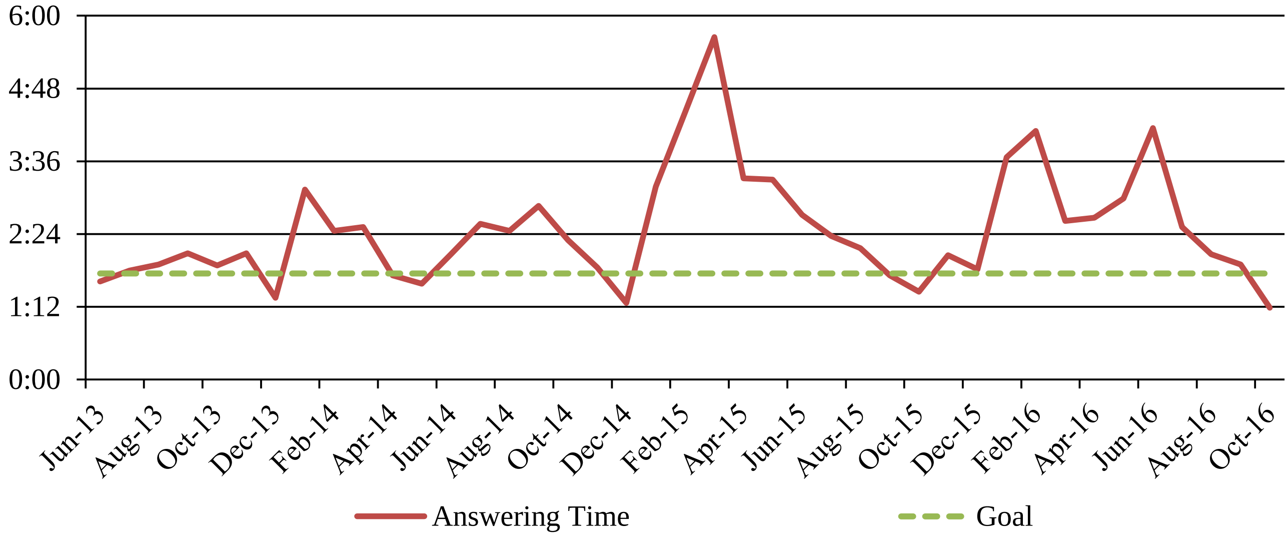
Callers to the agency's call center continue to wait a long time to talk to a counselor and abandon calls at rates that far exceed the agency's goals. **Exhibits 2** and **3** show that call wait times and dropped calls followed familiar patterns from previous years, with wait times and abandoned calls peaking in January and remaining high through August. This period encompasses tax season, when many retirees have questions about the taxation of their benefits, and the peak retirement period in the summer. DLS examined call volumes throughout the year and found them to be slightly higher but still in line with recent history. Therefore, the agency's capacity to handle the volume and complexity of the calls that it receives with current staffing levels will remain an issue. As of January 2017, all benefit counselor positions are filled.

Exhibit 2
State Retirement and Pension System
Member Services Call Abandonment Rate
July 2013-September 2016



Source: State Retirement Agency

Exhibit 3
State Retirement Agency
Member Services Call Answering Time (in Minutes)
June 2013-October 2016



Source: State Retirement Agency

In response to its struggle to meet its current targets, the agency is raising its targets for call wait times and abandonment rates, effective in fiscal 2018, but recent performance suggests that it will struggle to meet the new goals, too. The target for abandoned calls will increase from 6.0% to 7.5%, and the target for call wait times will increase from 105 seconds to 135 seconds. Had the new targets been in place in fiscal 2016, however, the call center's performance (in terms of not exceeding its targets) would have been only slightly better. It would have failed to meet the call abandonment goal in 8 of the 12 months, a modest improvement from 11 of 12 months. It would have failed to meet the call wait time goal in 7 of 12 months, a modest improvement from 10 of 12 months. **The agency is asked to discuss how it expects to meet the new performance targets that take effect in fiscal 2018.**

Fiscal 2017 Actions

Section 20 Position Abolitions

Section 20 of the fiscal 2017 budget bill required the Governor to abolish 657 positions across State government. SRA lost 4.0 positions under the Section 20 cuts, with combined salaries of $192,900. The 4.0 positions were:

- administrative specialist III (Benefits Administration);
- IT functional analyst supervisor (Business Operations);
- internal auditor II (Internal Audits); and
- administrator VII (Investment Division).

Proposed Budget

As shown in **Exhibit 4**, two items account for the bulk of the 13.1% increase in the agency's allowance: $2.6 million for IT-related expenditures and $1.5 million for custodial banking services. The IT allocation is divided into two major functions: $1.3 million to hire additional IT programmers and contractors to address a substantial backlog in programming tasks and $1.3 million for initial planning and development related to MPAS-3. The custodial banking allocation represents the annualized cost of a new custodial banking contract; the fiscal 2017 allowance included $1.57 million to cover the cost of a new contract for the six months from January 2017, when the new contract was expected to be in place, through the end of the fiscal year. Although the new contract is not expected to be in place until at least March 2017 due to delays in the procurement process, the cost of the six-month extension with the incumbent contractor was nearly double the cost of the original contract. Moreover, the agency anticipates a period of overlap between the incumbent and yet-to-be-selected contractor, so that the full $1.57 million for fiscal 2017 will likely be expended. If the incumbent contractor is chosen for the new contract, however, there may be a substantial unspent balance at the end of fiscal 2017.

Exhibit 4
Proposed Budget
State Retirement Agency
($ in Thousands)

How Much It Grows:	**Special Fund**	**Reimbursable Fund**	**Total**
Fiscal 2016 Actual	$18,167	$9,746	$27,914
Fiscal 2017 Working Appropriation	20,389	10,890	31,279
Fiscal 2018 Allowance	23,368	11,998	35,366
Fiscal 2017-2018 Amount Change	$2,979	$1,108	$4,087
Fiscal 2017-2018 Percent Change	14.6%	10.2%	13.1%

Where It Goes:

Personnel Expenses	
Increments and other compensation	$223
Turnover adjustments	26
Retirement	-68
Abolished/transferred positions	-215
Employee and retiree health insurance	-407
Other	-7
Other Changes	
Information technology programmers and consultants	$2,596
Custodial banking services	1,500
Computer hardware	216
Postage	151
Software Acquisition and Licenses	86
Out-of-state travel	53
Rent	43
Actuarial services	-75
Election services	-97
Other	62
Total	**$4,087**

Note: Numbers may not sum to total due to rounding.

With respect to personnel, the agency realizes savings of $214,900 from the abolition of the 4 positions under Section 20 of the fiscal 2017 budget bill. It also realizes savings of $406,800 due to reduced costs for employee and retiree health care. The allowance includes $190,000 to reclassify 4 vacant positions and transfer them to the Investment Division. One position replaces a senior analyst position that was abolished under Section 20, with the other 3 consisting of 1 senior portfolio manager and 2 new associate positions, which represent a new entry-level tier.

Other notable increases among operating expenses include (1) $216,000 for computer hardware; and (2) $151,000 for postage, reflecting the need to conduct separate mailings of the system newsletter, which can no longer be included with monthly payment notices sent by the Comptroller.

Cost Containment

The Budget Reconciliation and Financing Act (BRFA) of 2015 (Chapter 489) required that, for fiscal 2017 through 2020, an amount equal to one-half of the unappropriated general fund surplus in excess of $10.0 million from the second prior fiscal year be paid to the SRPS trust fund, up to a maximum of $50.0 million annually. The unappropriated general fund balance at the close of fiscal 2016 was $196.5 million, so the Governor's allowance includes the full $50.0 million general fund payment to the SRPS trust fund required by Chapter 489. The Governor elected to include the contribution in employer pension contribution rates paid by State agencies; since a portion of the workforce is paid by special, federal, and current unrestricted funds, the budget includes payments to the SRPS trust fund of $3.6 million in special funds, $2.1 million in federal funds, and $2.4 million in current unrestricted funds in addition to the $50.0 million in general funds required by statute.

However, the BRFA of 2017, as introduced, repeals the required payment for fiscal 2018 only, and the budget bill includes a commensurate reduction contingent on enactment of that provision. If enacted, the provision will reduce State funding to SRPS, which will be reflected as an actuarial loss in future years, thereby increasing future employer contributions to SRPS. An actuarial analysis of the future costs has not been conducted.

Across-the-board Reductions

The fiscal 2018 budget bill includes a $54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency's share of these reductions is $48,359 in special funds. This action is tied to a provision in the BRFA of 2017.

Issues

1. Planning for IT Transformation Has Begun as Backlog Is Addressed

Several years ago, the agency determined that hiring IT programmers as State employees could be more cost efficient than its reliance on IT contractors. For the fiscal 2016 budget, the agency reduced funding for 2.0 IT contractors and used the resulting savings to fund 4.0 regular IT positions. Following multiple recruitments, however, the agency was unable to fill all but 1.0 of those 4.0 new positions because compensation levels were not competitive. In the meantime, demands on its IT programming staff increased even as the number of people available to meet that demand decreased. Among the programming tasks that have been deferred or delayed are (1) the completion of Phase 2 of the Maryland Pension Administration System data cleaning; (2) the automation of benefit adjustments prompted by domestic relations orders; and (3) replacing the business rules engine. Many of these changes are prerequisites for the next phase of the Maryland Pension Administration System (MPAS), which involves, among other features, adding online functionality for various member service tasks, including benefit estimates, and greater automation of agency functions.

The agency is using existing resources to expand the number of IT contractors working on the backlog from a previous high of 7 to a current complement of 12, the most allowed under two separate contracts that it currently holds. The Governor's allowance includes $1.3 million to sustain that work through fiscal 2018 in preparation for MPAS-3.

The State Retirement Agency has advised that it does not consider MPAS-3 to be a Major Information Technology Development Project (MITDP), as outlined in statute. Statute requires each State agency to submit an annual project plan to the Secretary of Information Technology that outlines the status of efforts to make information and services available to the public over the Internet. In submitting IT project requests, an agency must designate projects that are MITDPs, which then become subject to the oversight of the Secretary, regardless of fund source. MITDPs are defined as those that meet one or more of the following criteria:

- the estimated total cost of development equals or exceeds $1.0 million;
- the project supports a critical business function associated with the public health, education, safety, or financial well-being of Maryland citizens; or
- the Secretary determines that the project requires special attention and consideration due to specified factors.

MPAS-3, at a minimum, satisfies each of the first two criteria, with the agency estimating total project costs of $12 million to $15 million and the project being designed to reengineer how the agency administers billions of dollars in pension benefits paid to Maryland residents. The agency believes that the project is best characterized as a maintenance project rather than a system development project because it is activating untapped capabilities within the MPAS system rather than developing a new system. As such, it does not believe that the project meets the criteria for an MITDP. It has not developed or submitted to the Secretary of Information Technology an Information Technology Project Request form, which would spell out the purpose, design, schedule, and funding for the project.

DLS disagrees with the agency's position and recommends that funding provided for MPAS-3 be contingent on its designation as an MITDP. DLS further recommends that the Governor's allowance for MPAS-3 be reduced by $550,000, from $1.3 million to $750,000, which would cover the cost of retaining 1 business engineering consultant and 1 project manager to assist the agency in conceptualizing how the project can streamline and enhance agency functions. Additional funding for systems development support and associated hardware and software is premature until the agency has a better sense of how its business operations will be transformed and the system requirements necessary to support that transformation.

2. Agency Seeks Flexibility for Investment Division Compensation

SRA has long sought authority to establish compensation levels for investment professionals in its Investment Division and is pursuing that authority with renewed vigor. The agency advises that it struggles to attract and, more importantly, retain qualified staff because its compensation levels are not competitive with either the private sector or even other public plans. Chapter 368 of 2007 gives the Board of Trustees authority to establish the compensation of the chief investment officer (CIO). Chapter 561 and 562 of 2012 give the Board of Trustees independent authority to determine the qualifications and compensation for the deputy CIO and managing director positions within the Investment Division, subject to specified limitations. In particular, the salary for the deputy CIO may not exceed the maximum salary under the ES 11 scale of the Maryland Executive Pay Plan (EPP). The salary for a managing director may not exceed the maximum salary under the ES 9 scale of the EPP. Any salary increase for either position may not be greater than 10% of the lowest salary for the position in the prior fiscal year.

The agency advises that even with these changes, it still struggles to retain investment staff. A managing director left over the summer and cited compensation as a major factor in his departure. Meanwhile, compensation for investment analysts remains subject to the State salary schedule and typically is not competitive with comparable positions in the private or public sectors. The CIO seeks to expand the Investment Division's capability to conduct internal management of some assets but currently lacks that capacity. With the authority provided by the Governor's allowance, the Investment Division is gaining 4 new positions, but the agency advises that this still falls short of what it needs to move forward.

During the 2016 interim, the board asked JCP to sponsor legislation that would have given the board the authority to (1) set compensation levels for investment staff; (2) create and eliminate positions within the Investment Division; and (3) approve investment-related expenditures to preserve and enhance the value of the system's assets. JCP put the request on hold pending receipt of additional information. **The agency is asked to discuss the potential risks and benefits of granting the board**

expanded authority with respect to Investment Division staff and expenditures. In particular, the agency should address whether it anticipates that expanded budgetary authority would lead to improved investment returns relative to benchmarks and peers.

3. The Agency Should Report on Its Calculation of the Statutory Spending Cap

Statute requires that administrative expenses of the Board of Trustees and SRA not exceed "0.22% of the payroll of members." The agency advises that it has traditionally included the cost of benefits paid to retirees in the calculation of member payroll even though statute clearly states that retirees are not members. It also includes the payroll of inactive members even though many of those individuals are likely no longer members, since membership in most instances terminates four years after separation from employment. The inclusion of retiree benefits and inactive compensation in the calculation of the spending cap has been a long-standing practice, so any change to the method of calculation would be extremely disruptive to agency operations. For instance, the Governor's allowance for fiscal 2018 provides $35.4 million for agency and board expenses below the calculated cap of $37.1 million. If the cap were calculated using only active member payroll, it would be $24.5 million, requiring significant cuts to the agency's budget.

Therefore, DLS recommends that SRA submit a report to JCP by November 1, 2017, (1) detailing how it calculates the spending cap; (2) explaining the justification for including retiree benefits and inactive payroll in the calculation; and (3) recommending any clarifying changes to statute that it deems necessary.

Recommended Actions

1. Add the following language to the special fund appropriation:

   <u>, provided that $750,000 for Phase 3 of the Maryland Pension Administration System may not be expended until it is designated as a Major Information Technology Development Project by the Department of Information Technology. Notification shall be submitted to the budget committees.</u>

   Explanation: Phase 3 of the Maryland Pension Administration System is anticipated to be a $12 million to $15 million project to automate agency business operations and provide online functionality to system members. Given the project's scope and cost, the Department of Legislative Services believes that it should be subject to the support and oversight provided to Major Information Technology Development Projects.

		Amount Reduction	
2.	Delete additional funding for Phase 3 of the Maryland Pension Administration System because a clear plan design has not yet been developed. Sufficient funding remains for a business process consultant and project management services.	$ 550,000	SF

3. Adopt the following narrative:

   Report on Statutory Spending Cap: The committees are concerned that State Retirement Agency (SRA) expenditures may exceed statutory limits because the agency's long-standing calculations of the spending cap may not be consistent with statutory requirements. The agency should report to the Joint Committee on Pensions on (1) its methodology for calculating its statutory spending cap; (2) the justification for including retiree benefits and inactive compensation in that calculation; and (3) recommendations for clarifying statutory language. A report shall be submitted by November 1, 2017.

Information Request	**Author**	**Due Date**
Report on agency spending cap to the Joint Committee on Pensions	SRA	November 1, 2017

Total Special Fund Reductions **$ 550,000**

Updates

1. Budget Provides Relief to Local Governments, Not Just School Boards

The fiscal 2017 budget bill included $19.0 million that was reserved exclusively to provide grants to local school boards to offset a portion of the increase in their share of employer pension costs. The grant program was part of a larger set of funding initiatives that were restricted as part of the appropriation to the Rainy Day Fund; budget bill language required that either all or none of the funds be expended. The Governor elected not to release any of the funds.

However, the fiscal 2018 budget bill includes a fiscal 2017 deficiency appropriation of $19.7 million, in the Payments to Civil Divisions of the State budget, to provide grants to county and municipal governments to fully offset the per member fees that they pay to cover SRA's administrative costs. As the fees are paid by any employer whose employees participate in SRPS, the deficiency grants will be divided among local school boards, community colleges, and county and municipal governments that are participating governmental units within SRPS. **Exhibit 5** shows the distribution of funds by category. DLS notes that there are approximately 120 participating governmental units in SRPS in addition to the school boards and community colleges that also pay administrative fees to support the agency.

Exhibit 5
Allocation of Local Pension Grants
Fiscal 2017
($ in Millions)

	2017 Budget Bill	Governor's 2017 Deficiency
School Boards	$19.0	$16.9
Community Colleges		0.9
County and Municipal		1.9
Total	**$19.0**	**$19.7**

Source: Department of Budget and Management; Department of Legislative Services

Appendix 1
Current and Prior Year Budgets
State Retirement Agency
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2016					
Legislative Appropriation	$0	$18,075	$0	$9,839	$27,915
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	198	0	0	198
Reversions and Cancellations	0	-106	0	-93	-199
Actual Expenditures	**$0**	**$18,167**	**$0**	**$9,746**	**$27,914**
Fiscal 2017					
Legislative Appropriation	$0	$20,196	$0	$10,786	$30,982
Cost Containment	0	0	0	0	0
Budget Amendments	0	193	0	104	297
Working Appropriation	**$0**	**$20,389**	**$0**	**$10,890**	**$31,279**

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The restoration of a 2% employee salary adjustment authorized by the fiscal 2016 budget bill increased expenditures of special funds by $198,000.

Fiscal 2017

Budget amendments provided salary increments totaling $192,898 in special funds and $103,868 in reimbursable funds for State Retirement Agency employees.

Appendix 2
Object/Fund Difference Report
State Retirement Agency

Object/Fund	FY 16 Actual	FY 17 Working Appropriation	FY 18 Allowance	FY 17 - FY 18 Amount Change	Percent Change
Positions					
01 Regular	200.00	197.00	197.00	0.00	0%
02 Contractual	10.50	8.50	8.00	-0.50	-5.9%
Total Positions	**210.50**	**205.50**	**205.00**	**-0.50**	**-0.2%**
Objects					
01 Salaries and Wages	$ 18,528,759	$ 20,428,884	$ 20,030,124	-$ 398,760	-2.0%
02 Technical and Spec. Fees	716,449	758,362	759,814	1,452	0.2%
03 Communication	633,468	634,779	796,538	161,759	25.5%
04 Travel	150,046	174,245	228,479	54,234	31.1%
07 Motor Vehicles	133,023	136,540	135,779	-761	-0.6%
08 Contractual Services	5,102,095	6,631,267	10,662,515	4,031,248	60.8%
09 Supplies and Materials	128,926	152,565	141,344	-11,221	-7.4%
10 Equipment – Replacement	171,924	50,200	281,601	231,401	461.0%
11 Equipment – Additional	157,135	60,300	67,275	6,975	11.6%
12 Grants, Subsidies, and Contributions	382,426	382,426	382,426	0	0%
13 Fixed Charges	1,809,624	1,869,246	1,928,503	59,257	3.2%
Total Objects	**$ 27,913,875**	**$ 31,278,814**	**$ 35,414,398**	**$ 4,135,584**	**13.2%**
Funds					
03 Special Fund	$ 18,167,413	$ 20,388,526	$ 23,416,000	$ 3,027,474	14.8%
09 Reimbursable Fund	9,746,462	10,890,288	11,998,398	1,108,110	10.2%
Total Funds	**$ 27,913,875**	**$ 31,278,814**	**$ 35,414,398**	**$ 4,135,584**	**13.2%**

Note: Does not include targeted reversions, deficiencies, and contingent reductions.