



Agenda Item 8a

March 18, 2013

ITEM NAME: Annual Budget Proposal (First Reading)

PROGRAM: Financial Office

ITEM TYPE: Action

RECOMMENDATION

Approve the California Public Employees' Retirement System Fiscal Year (FY) 2013-14 Administrative Budget of \$413,078,000 and 2,685 positions, Enterprise Projects Budget of \$33,288,000, and Headquarters Building Account Budget of \$40,676,000 as a first reading.

Approve the transmittal of this agenda item to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2012, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.

EXECUTIVE SUMMARY

The proposed CalPERS FY 2013-14 Budget totals \$1,718,292,000. This consists of allocations of \$413,078,000 to the Administrative Budget, \$33,288,000 to the Enterprise Projects Budget, \$40,676,000 to the Building Account, \$1,116,500,000 to Investment Expenses, and \$114,750,000 to Third Party Administrative Fees.

Budget detail regarding Investment Expense and Third Party Administrative Fees has been included in this agenda item; although, this is provided for informational purposes only.

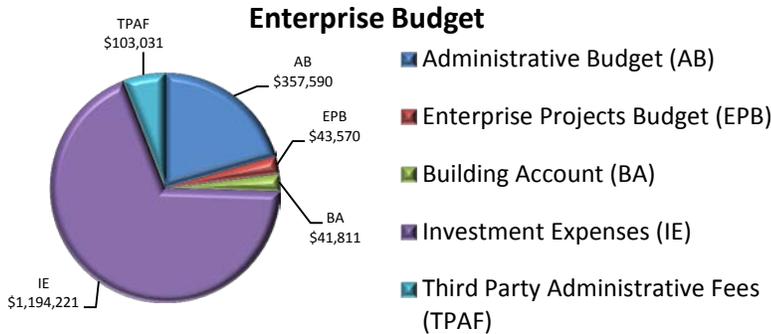
STRATEGIC PLAN

This agenda item supports Goal B of the CalPERS 2012-2017 Strategic Plan, which is to cultivate a high-performing, risk-intelligent and innovative organization. Through the annual budget process, CalPERS staff can address and mitigate certain risks throughout the enterprise. The end result of this process allows for the enhancement of business process, ultimately heightening the quality and efficiency of service to our members and employers.

BACKGROUND

The presentation of the Annual Budget Proposal has been modified to better align the material provided to the Finance & Administration Committee (Committee) with the Committee's Delegation Resolution, which gives the Committee authority to approve enterprise-wide budgets and resource allocations and oversee the budget process.

ANALYSIS



The proposed recommendations with this item will result in a total Administrative, Enterprise Projects, and Headquarters Building Account Budgets of \$487,042,000. This represents a net 9.9% increase in comparison with the FY 2012-13 Enterprise Budget.

Enterprise Budget Comparison (in thousands)

Category	FY 2012-13 Budget	Proposed FY 2013-14 Budget	Net Change (\$)	Net Change (%)
Administrative Budget	\$357,590	\$413,078	\$55,488	15.5
Enterprise Projects Budget	43,570	33,288	(10,282)	(23.6)
Building Account	41,811	40,676	(1,135)	(2.7)
<i>Subtotal</i>	<i>442,971</i>	<i>487,042</i>	<i>44,071</i>	<i>9.9</i>
Investment Expenses	1,194,221	1,116,500	(77,721)	(6.5)
Third Party Administrative Fees	103,031	114,750	11,719	11.4
<i>Subtotal</i>	<i>1,297,252</i>	<i>1,231,250</i>	<i>(66,002)</i>	<i>(5.1)</i>
<i>TOTAL</i>	<i>\$1,740,223</i>	<i>\$1,718,292</i>	<i>\$(21,931)</i>	<i>(1.3)</i>

BENEFITS/RISKS

The benefits of the Committee recommending the proposed budget, and the Board of Administration subsequently approving the recommendation, consist of having the ability to meet CalPERS resource needs, fulfilling objectives set in the CalPERS 2013-15 Business Plan, and aligning the organization with our long-term strategies.

The risks of not approving the proposed budget include potential resource shortfalls which may inhibit the ability to achieve our organizational goals.

ATTACHMENTS

Attachment 1: FY 2013-14 Annual Process Report

CHERYL EASON
 Chief Financial Officer