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<b>ADMINISTRATIVE BUDGET</b>		<b>TOTAL</b>
Actuarial Office	\$ 7,102,000	
Benefit Programs Policy and Planning	23,617,000	
Customer Services and Support	101,515,000	
Executive Office	5,943,000	
Financial Office	25,461,000	
General Counsel	19,229,000	
Investment Office	59,692,000	
Office of External Affairs	12,679,000	
Operations and Technology	138,762,000	
Other <sup>1</sup>	<u>19,078,000</u>	
		<b>\$ 413,078,000</b>
<b>ENTERPRISE PROJECTS BUDGET</b>		<b>33,288,000</b>
<b>CalPERS HEADQUARTERS BUILDING ACCOUNT</b>		<b>40,676,000</b>
<b>PROJECTED INVESTMENT EXPENSES <sup>2</sup></b>		<b>1,116,500,000</b>
<b>PROJECTED THIRD PARTY ADMINISTRATOR EXPENSES <sup>2,3</sup></b>		<b>114,750,000</b>
<b>TOTAL BUDGET</b>		<b><u>\$ 1,718,292,000</u></b>

<sup>1</sup> Central Administrative Services (Pro-Rata )

<sup>2</sup> Informational Item Only

<sup>3</sup> Includes Long-Term Care Fees, Self-Funded Health Program Fees, and Supplemental Income Management and Custodial Fees.

**FY 2012-13 Base Budget** **\$357,590**

Budget Adjustments Net of ZBB Efficiencies 21,908

**Subtotal** **\$379,498**

**Recommendation**

**FY 2013-14 FBRs**

**Dollars**

**Positions**

Public Agency Audit Review Total 871 8.0

ITSB Consultants to State Staff 3,740 47.0

Board Election 1,983 0.0

Pension Reform 187 3.0

Blanket Extension Funding 12,880 0.0

Blanket Conversion Funding 493 6.0

New Blanket Position Funding - 0.0

New Programs 3,677 22.0

IT Projects - 0.0

Workload Growth 5,115 13.0

Other 2,252 1.0

Consultant Conversion 2,382 14.0

**Total FBR Requests and Recommendations** **\$33,580** **114.0**

**Subtotal** **\$413,078**

	FY 2011-12 Actual Expenses	FY 2012-13 Budget	FY 2012-13 Mid-Year Budget	FY 2013-14 Proposed Budget	Percent Change from Annual
<b>BUSINESS PLAN OPERATIONS:</b>					
<b>PERSONAL SERVICES</b>					
Salaries & Wages	\$ 151,463,297	\$ 166,485,237	\$ 169,289,168	\$ 190,041,930	14.1%
Temporary Help	12,651,585	5,254,508	5,734,488	20,870,192	297.2%
Overtime	1,340,497	1,499,248	1,499,248	1,953,626	30.3%
Salary Savings	-	-	-	-12,794,021	N/A
Benefits	59,417,466	64,411,634	70,965,654	93,675,295	45.4%
<b>Total Personal Services</b>	<b>\$ 224,872,845</b>	<b>\$ 237,650,626</b>	<b>\$ 247,488,557</b>	<b>\$ 293,747,023</b>	<b>23.6%</b>
<b>OPERATING EXPENSES &amp; EQUIPMENT</b>					
General Expense	\$ 5,384,617	\$ 11,215,799	\$ 11,299,916	\$ 7,699,344	-31.4%
Software	790,530	2,605,981	3,347,981	1,717,394	-34.1%
Printing	1,457,079	4,978,810	5,139,810	1,778,700	-64.3%
Postage	3,503,032	3,471,527	3,508,127	3,438,554	-0.9%
Communications	2,551,766	3,927,240	3,968,240	2,751,382	-29.9%
Data Processing Services	18,659,381	14,127,674	14,127,674	17,263,048	22.2%
Travel In-State	828,248	1,802,062	1,811,962	834,121	-53.7%
Travel Out-of-State	858,788	1,143,800	1,143,800	818,330	-28.5%
Training	753,659	2,590,741	2,631,741	1,459,483	-43.7%
Medical Exam/Disability Travel	1,251,016	2,207,496	2,207,496	1,370,000	-37.9%
Facilities Operations	3,566,577	3,888,466	3,888,466	3,911,466	0.6%
Central Administrative Services	16,324,421	18,026,634	18,026,634	19,078,141	5.8%
Attorney General Services	165,178	310,093	310,093	189,000	-39.1%
Hornet Student Assistants	3,172,368	2,100,792	2,100,792	6,000	-99.7%
Consultant & Professional Services					
Interdepartmental	6,143,288	7,251,870	7,251,870	7,012,586	-3.3%
External	20,314,162	28,067,182	28,201,182	27,319,693	-2.7%
Outside Counsel	4,812,701	2,900,000	2,900,000	4,000,000	37.9%
Investment Consultants	-	352,170	352,170	-	-100.0%
Audit Services	734,986	717,656	717,656	704,656	-1.8%
Federal Lobbyist	766,280	790,094	790,094	800,000	1.3%
Admin Hearings	462,476	682,820	682,820	500,000	-26.8%
Consolidated Data Centers	330,000	1,141,992	1,141,992	777,000	-32.0%
Equipment (includes EDP)	5,635,450	5,638,474	10,852,926	15,902,080	182.0%
<b>Total Operating Expenses &amp; Equipment</b>	<b>\$ 98,466,001</b>	<b>\$ 119,939,374</b>	<b>\$ 126,403,443</b>	<b>\$ 119,330,978</b>	<b>8.4%</b>
<b>GRAND TOTALS</b>	<b>\$ 323,338,846</b>	<b>\$ 357,590,000</b>	<b>\$ 373,892,000</b>	<b>\$ 413,078,000</b>	<b>15.5%</b>

Branch	FY 2012-13 Authority <sup>1</sup>	Change in Positions	FY 2013-14 Authority	Percent Change <sup>2</sup>
Actuarial Office	48.0	7.0	55.0	14.6%
Benefit Program Policy and Planning	124.0	7.0	131.0	5.6%
Customer Service and Support	881.5	7.0	888.5	0.8%
Office of External Affairs	60.0	3.0	63.0	5.0%
Executive Office	18.0	1.0	19.0	5.6%
Financial Office	197.0	9.0	206.0	4.6%
General Counsel	116.0	7.0	123.0	6.0%
Investment Office	319.0	22.0	341.0	6.9%
Operations and Technology	807.5	51.0	858.5	6.3%
<b>Total</b>	<b>2,571.0</b>	<b>114.0</b>	<b>2,685.0</b>	<b>4.4%</b>

<sup>1</sup> Authorized positions including the 86 positions from the FY 2012-13 Mid-Year

<sup>2</sup> Total position increase from the FY 2012-13 Annual is 8.1%

<b>Fund</b>	<b>FY 2011-12 Actual Expenses</b>	<b>FY 2012-13 Budget</b>	<b>FY 2013-14 Proposed Budget</b>	<b>Percent to Total</b>
<b>Administrative Budget</b>				
Public Employees' Retirement Fund (PERF)	\$ 271,212,451	\$ 316,060,000	\$ 348,293,000	84.3%
Public Employees' Contingency Reserve Fund (CRF)	25,883,308	26,251,000	26,808,000	6.5%
Public Employees' Health Care Fund (HCF)	16,542,217	19,859,000	22,654,000	5.5%
Deferred Compensation Fund (DCF)	1,530,623	1,766,000	1,800,000	0.4%
Long-Term Care Fund (LTCF)	1,606,849	2,028,000	5,618,000	1.4%
Judges' Retirement Fund (JRF)	1,079,852	1,348,000	1,443,000	0.3%
Judges' Retirement Fund II (JRF II)	677,984	861,000	952,000	0.2%
Legislators' Retirement Fund (LRF)	318,200	397,000	432,000	0.1%
Replacement Benefit Custodial Fund (RBF)	7,998	9,000	9,000	0.0%
Reimbursements	2,716,011	2,937,000	2,742,000	0.7%
Annuitants' Health Care Coverage Fund (AHCCF)	1,763,353	2,376,000	2,327,000	0.6%
<b>Total CalPERS</b>	<b>\$ 323,338,846</b>	<b>\$ 373,892,000</b>	<b>\$ 413,078,000</b>	<b>100.0%</b>

ENTERPRISE PROJECT REQUESTS (\$ in Thousands)			Recommendation		
Branch / Exec	Div.	Title	One-time \$	Ongoing \$	Positions
ITSB	PSR (1576)	PSR - Year 10 Accenture - \$9.2M, plus state staff, hardware/software, backfill funding, other consultants, and legal expense	22,569	-	0.0
	ITSB (Proj)	Security Roadmap Phase 2	5,979	-	0.0
	ITSB (Proj)	Business Intelligence	2,460	-	0.0
	ITSB (Proj)	ERP Expansion	1,532	-	0.0
	ITSB (Proj)	Enterprise Content Mgmt.	748	-	0.0
<b>Enterprise Project FBR Total</b>			<b>\$33,288</b>	<b>-</b>	<b>0.0</b>

	<b>Headquarters &amp; Facilities Support Budget</b>	<b>1800 7th St</b>	<b>1800 3rd St</b>	<b>FY 2013-14 Total</b>
<b>Income:</b>				
Rent (Non-PERF Programs)	\$ 1,641,000	\$ -	\$ 516,405	\$ 2,157,405
Owner Contributions	32,771,000	67,000	4,217,595	37,055,595
Other Income	1,308,000	-	155,000	1,463,000
<b>Total Income</b>	<b>\$ 35,720,000</b>	<b>\$ 67,000</b>	<b>\$ 4,889,000</b>	<b>\$ 40,676,000</b>
<b>Expenses:</b>				
Operating	\$ 22,068,000	\$ 67,000	\$ 4,889,000	\$ 27,024,000
Non-Operating:				
Owner Improvements	3,211,000	-	-	3,211,000
Building Improvements	3,491,000	-	-	3,491,000
Facilities Support Budget				
Telecommunications	2,708,000	-	-	2,708,000
Furniture Assets	3,356,000	-	-	3,356,000
Building Insurance	876,000	-	-	876,000
Fire Marshal	10,000	-	-	10,000
<b>Total Non-Operating</b>	<b>\$ 13,652,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,652,000</b>
<b>Total Expenses</b>	<b>\$ 35,720,000</b>	<b>\$ 67,000</b>	<b>\$ 4,889,000</b>	<b>\$ 40,676,000</b>

Operating Expenses include ongoing monthly expenses for such things as utilities, waste removal, property taxes, engineer salaries, janitorial services, security services, cafeteria, landscaping, etc.

Non-Operating Owner Improvements include CalPERS operational enhancements and support for the movement of divisions, units, and/or staff within CalPERS.

Non-Operating Building Improvements are improvements made to the building structure or common areas.

Facilities Support Budget includes new workstations, ongoing maintenance and support of voice mail, video conferencing, and telecommunication system upgrades. This section also includes building insurance expenses.

	FY 2011-12 Actuals <sup>2</sup>	FY 2012-13 Projection	FY 2013-14 Projection
External Mgmt Fees - Base Fees	\$ 808,225	\$ 849,984	\$ 838,511
External Mgmt Fees - Performance Fees	165,412	243,054	191,458
<b>Total External Management Fees</b>	<b>\$ 973,637</b>	<b>\$ 1,093,038</b>	<b>\$ 1,029,969</b>
Personal Expense <sup>3</sup>	\$ 39,365	\$ 53,087	\$ 57,048
Consultants	37,744	47,427	28,070
Operating Expense <sup>4</sup>	25,738	22,294	18,511
Technology Expense <sup>5</sup>	31,528	28,426	39,895
Administrative Expense <sup>3</sup>	4,642	2,558	2,644
<b>Total Investment Management Costs</b>	<b>\$ 1,112,654</b>	<b>\$ 1,246,830</b>	<b>\$ 1,176,137</b>

<sup>1</sup>Projection does not include expenditures from portfolio related transactions (e.g. transaction fees, security lending fees, commissions & fees, dividend tax expense)

<sup>2</sup>FY 2011-12 Actual Expenses are based on the Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended 6/30/2012.

<sup>3</sup>Expenses are included in the Administrative Budget

<sup>4</sup>Operating expense includes audit, legal, appraisal and company expenses

<sup>5</sup>Technology expense includes custody, fund administration, trading and portfolio management services and other portfolio management services

	<u>FY 2011-12 Actuals</u>	<u>FY 2012-13 Projection</u>	<u>FY 2013-14 Projection</u>
Long-Term Care Program	\$ 21,717,858	\$ 20,650,000	\$ 20,650,000
Self-Funded Health Program	76,653,794	79,241,187	90,559,339
Supplemental Income Plan	3,180,935	3,140,351	3,540,776
<b>TOTAL</b>	<b>\$ 101,552,587</b>	<b>\$ 103,031,538</b>	<b>\$ 114,750,115</b>

<b>Category</b>	<b>Actuals FY 2011-12</b>	<b>Budget FY 2012-13</b>	<b>Projected FY 2013-14</b>
Administrative Expenses	\$ 323,338,846	\$ 373,892,000	\$ 413,078,000
Less: Health Funds	42,425,525	46,110,000	49,462,000
	280,913,321	327,782,000	363,616,000
Basis Points	12.04	13.18	14.62
Enterprise Projects	48,762,744	84,596,000	33,288,000
Basis Points	2.09	3.40	1.34
Building Account	35,004,141	41,811,000	40,676,000
Basis Points	1.50	1.68	1.64
<b>Total</b>	<b>\$ 364,680,206</b>	<b>\$ 454,189,000</b>	<b>\$ 437,580,000</b>
<b>Basis Points</b>	<b>15.62</b>	<b>18.26</b>	<b>17.59</b>
<b>Net Asset Value End of Fiscal Year</b>	<b>\$ 233,401,000,000</b>	<b>\$ 248,775,000,000<sup>2</sup></b>	<b>\$ 248,775,000,000<sup>2</sup></b>

<sup>1</sup>These calculations compare various expenses administered by CalPERS to net asset value, stated in basis points. 100 basis points equate to 1.0%.

<sup>2</sup>Net asset value as of 12/31/2012 (February 2013 Investment Committee Meeting).