Finance & Administration Committee

California Public Employees' Retirement System

Agenda Item 5a

December 17, 2013

ITEM NAME: 2013-14 Mid-Year Budget Revisions (Second Reading)

PROGRAM: Financial Office

ITEM TYPE: Action

RECOMMENDATION

Approve the California Public Employees' Retirement System Fiscal Year (FY) 2013-14 Mid-Year Total Budget of $1,728,279,000 and 2,696 positions.

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 2013, and to the Legislative Analyst's Office, Governmental Operations Agency, and the Office of the Legislative Counsel.

EXECUTIVE SUMMARY

The CalPERS proposed FY 2013-14 Mid-Year Budget totals $1,728,279,000. This consists of allocations of $425,209,000 to the Administrative Budget, $33,288,000 to the Enterprise Projects Budget, $40,676,000 to the Headquarters Building Account, $1,114,356,000 to Investment Expenses, and $114,750,000 to Third Party Administrator Fees.

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 Mid-Year 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 processes, ultimately heightening the quality and efficiency of service to our members and employers.

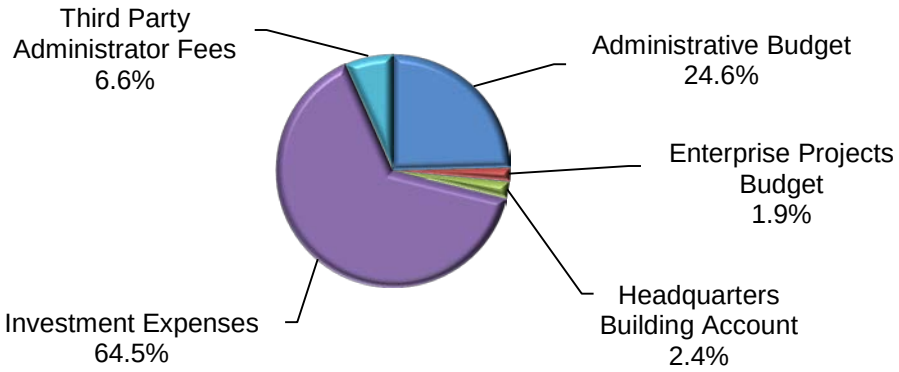
BACKGROUND

The purpose of the Mid-Year Budget is to address enterprise critical, unforeseen, and emergency resources not included in the FY 2013-14 Annual Budget process. Examples may include requests to address new legislative mandates, compliance with new laws or regulations, or new Board initiatives. All Formal Budget Requests submitted during the Mid-Year process are required to meet these criteria for consideration.

ANALYSIS

The following displays the proposed FY 2013-14 Mid-Year Total Budget of $1,728,279,000 by the five budget allocations.

FY 2013-14 Mid-Year Total Budget



The FY 2013-14 CalPERS Mid-Year Budget of $1,728,279,000 represents a 0.9% increase over the FY 2013-14 CalPERS Annual Budget of $1,713,142,000.

Total Budget Comparison
(in thousands)

Category	FY 2013-14 Annual Budget	Proposed FY 2013-14 Mid-Year Budget	Net Change ($)	Net Change (%)
Administrative Budget	$407,983	$425,209	$17,226	4.2
Enterprise Projects Budget	33,288	33,288	0	0.0
Headquarters Building Account	40,676	40,676	0	0.0
Total Administrative Budget	481,947	499,173	17,226	3.6
Investment Expenses	1,116,445	1,114,356	(2,089)	(0.2)
Third Party Administrator Fees	114,750	114,750	0	0.0
TOTAL	$1,713,142	$1,728,279	$15,137	0.9%

BENEFITS/RISKS

The approval of the proposed FY 2013-14 Mid-Year Budget will provide needed resources to support Public Agency Audit Reviews, manage the administration of the new Flex-Funded health plans and provide legal counsels expertise related to the current municipal bankruptcy litigation. The risk of not approving would inhibit the ability to achieve the initiatives set out in the Mid-Year Budget.

ATTACHMENTS

Attachment 1: Fiscal Year 2013-14 Mid-Year Budget Revisions
Attachment 2: Transmittal Letter

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