

2025-26 Mid-Year Budget

Finance and Administration Committee

November 18, 2025

Mid-Year Proposed Adjustments

(\$ in thousands)	2025-26 Annual Budget	2025-26 Proposed Mid-Year Budget	Change	
			\$	%
Administrative Operating Costs	\$637,365	\$648,463	\$11,098	1.7%
Investment Operating Costs	186,417	186,417	-	0.0%
Headquarters Building Costs	41,378	47,088	5,709	13.8%
Total: Operating Costs	\$865,160	\$881,967	\$16,807	1.9%
Investment External Management Fees	1,569,425	1,786,961	217,536	13.9%
Third Party Administrator Fees	305,389	308,630	3,241	1.1%
Total: Fees	\$1,874,814	\$2,095,591	\$220,777	11.8%
CalPERS Total Budget	\$2,739,974	\$2,977,558	\$237,584	8.7%
Total Positions	2,843.0	2,843.0	-	0.0%

Total Operating Costs

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Operating Cost Adjustments

\$11.1 million increase to Administrative Operating Costs:

- \$8.5 million net increase for employee compensation
(retirement benefit rate, health plan premiums, General Salary Increase, PLP, and OPEB)
- \$2.6 million to update investment and executive salaries and incentives to board-approved levels and to fund key position reclassifications

\$5.7 million increase to Headquarters Building Costs for LED lighting project

- Additional scope for Lincoln Plaza North labor and materials to retrofit lighting

Total Fees

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Fee Adjustments

\$217.5 million increase in External Management Fees:

- \$91.2 million increase in Base Fees in multiple asset classes
- \$126.3 million increase in Performance Fees in Global Equity and Real Assets

\$3.2 million net increase in Third Party Administrator Fees:

- \$4 million increase in Pharmacy Benefit Manager Fees due to higher administrative service fees effective January 2026
- (\$0.7) million decrease in Health Program Fees due to updated enrollment estimates

2024-25 Year-End Expenditure Report

2024-25 Total Expenditures

(\$ in thousands)	2024-25 Authorized Budget	2024-25 Expenditures and Encumbrances	Percent Expended	Balance
Administrative Operating Costs	\$609,826	\$551,594	90.5%	\$58,231
Investment Operating Costs	155,877	119,834	76.9%	36,043
Headquarters Building Costs	31,465	29,301	93.1%	2,164
Total: Operating Costs	\$797,167	\$700,729	87.9%	\$96,438
Investment External Mgmt Fees	\$1,454,031	\$1,303,031	89.6%	151,000
Third Party Administrator Fees	275,416	272,386	98.9%	3,031
Total: Fees	\$1,729,448	\$1,575,417	91.1%	\$154,031
CalPERS Total Budget to Expenditures	\$2,526,615	\$2,276,146	90.1%	\$250,469

Questions?