

Arizona State Retirement System

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	246.9	250.9	250.9
Personal Services	11,941,100	13,025,000	13,025,000
Employee Related Expenditures	4,774,900	5,118,800	5,027,300
Professional and Outside Services	3,776,500	4,092,400	4,092,400
Travel - In State	35,600	30,000	30,000
Travel - Out of State	56,100	49,000	49,000
Other Operating Expenditures	2,468,800	2,745,300	2,801,000
Equipment	435,200	651,100	389,500
OPERATING SUBTOTAL	23,488,200	25,711,600	25,414,200
SPECIAL LINE ITEMS			
ASRS Plan Design Changes	40,900 ^{1/}	0	0
Automation Upgrades	1,736,300 ^{1/}	2,270,000 ^{1/}	2,070,000 ^{2/}
Laws 2011, Ch. 26 Rate Change Administration Procedures	18,100 ^{1/}	0	0
Laws 2013, Ch. 216 Public Retirement Systems; Ineligible Employees	82,800 ^{1/3/}	0 ^{3/}	0 ^{3/}
AGENCY TOTAL	25,366,300	27,981,600	27,484,200 ^{4/}

FUND SOURCES

Other Appropriated Funds

Long-Term Disability Trust Fund Administration Account	2,287,300	2,800,000	2,800,000
State Retirement System Administration Account	23,079,000	25,181,600 ^{5/}	24,684,200
SUBTOTAL - Other Appropriated Funds	25,366,300	27,981,600	27,484,200
SUBTOTAL - Appropriated Funds	25,366,300	27,981,600	27,484,200
Other Non-Appropriated Funds	84,258,500	87,805,200	78,165,000
TOTAL - ALL SOURCES	109,624,800	115,786,800	105,649,200

AGENCY DESCRIPTION — The Arizona State Retirement System (ASRS) provides retirement, survivors, health and disability benefits to employees of most public employers in Arizona, including public schools, most local and county governments, and the State of Arizona. Funding for the agency is appropriated except for investment management and consulting fees, rent, actuarial consulting fees, legal counsel costs, retiree payroll and health insurance program administration.

Operating Budget

The budget includes \$25,414,200 and 250.9 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
State Retirement System Administration Account	\$22,614,200
Long-Term Disability (LTD) Trust Fund Administration Account	2,800,000

These amounts fund the following adjustments:

- ^{1/} This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.
- ^{2/} This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations. (General Appropriation Act footnote)
- ^{3/} Laws 2013, Chapter 216 appropriated \$502,400 and 1 FTE Position from the State Retirement System Administration Account in FY 2014 for modifications regarding ineligible employees. The budget maintains 1 FTE Position and \$72,400 in the Operating Budget to continue these modifications.
- ^{4/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- ^{5/} Of this amount, \$870,800 is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations until June 30, 2017. (General Appropriation Act footnote)

Remove One-Time Funding

The budget includes a decrease of \$(216,600) from the State Retirement System Administration Account in FY 2017 to remove one-time funding for ASRS membership data protection. This decrease is related to a reduction of one-time purchases of equipment for new FTE Positions and enhanced information technology security in FY 2016.

Statewide Adjustments

The budget includes a decrease of \$(80,800) from the State Retirement System Administration Account in FY 2017 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Automation Upgrades

The budget includes \$2,070,000 from the State Retirement System Administration Account in FY 2017 for Automation Upgrades. This amount funds the following adjustments:

Remove One-Time Funding

The budget includes a decrease of \$(200,000) from the State Retirement System Administration Account in FY 2017 for the fourth year of a 4-year project to consolidate and upgrade an ASRS business application system with a

more current Java-based Web application. The 4-year budget of the project is a total of \$10,214,500, as follows:

- Year 1: \$1,390,000
- Year 2: \$4,484,500
- Year 3: \$2,270,000
- Year 4: \$2,070,000

The project received approval through the Project Investment Justification (PIJ) process from the Arizona Strategic Enterprise Technology (ASET) Office, and from the Information Technology Authorization Committee (ITAC) in 2012. As part of this review, ASRS is required to give an annual update on the project to ITAC.

The project was originally planned to last 5 years, for a total cost of \$10,214,500. Due to an improved methodology used to implement the technology modernizations, the project is now expected to last 4 years. As a result, the FY 2015 budget shifted the funding that would have occurred in the fifth year of the project into the second year of the project. The FY 2016 budget readjusted funding to match estimated project costs in Year 3. The FY 2017 budget matches estimated project costs in Year 4.

See the [Consolidated Retirement Report](#) section for more information on ASRS legislation, membership, and actuarial data.