

Arizona State Retirement System

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
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	5,118,800
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	2,790,300
Equipment	435,200	651,100	389,500
OPERATING SUBTOTAL	23,488,200	25,711,600	25,495,000
SPECIAL LINE ITEMS			
ASRS Plan Design Changes	40,900	0	0
Automation Upgrades	1,736,300	2,270,000	2,070,000
Laws 2011, Ch. 26 Rate Change Administration Procedures	18,100	0	0
Laws 2013, Ch. 216 Public Retirement Systems; Ineligible Employees	82,800	0	0
AGENCY TOTAL	25,366,300	27,981,600	27,565,000

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	24,765,000
SUBTOTAL - Other Appropriated Funds	25,366,300	27,981,600	27,565,000
SUBTOTAL - Appropriated Funds	25,366,300	27,981,600	27,565,000
Other Non-Appropriated Funds	84,258,500	87,805,200	78,165,000
TOTAL - ALL SOURCES	109,624,800	115,786,800	105,730,000

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 Baseline includes \$25,495,000 and 250.9 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
State Retirement System Administration Account	\$22,695,000
Long-Term Disability (LTD) Trust Fund Administration Account	2,800,000

FY 2017 adjustments would be as follows:

Remove One-Time Funding OF (216,600)

The Baseline 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.

Automation Upgrades

The Baseline includes \$2,070,000 from the State Retirement System Administration Account in FY 2017 for Automation Upgrades. FY 2017 adjustments would be as follows:

Remove One-Time Funding OF (200,000)

The Baseline 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 Baseline funding matches estimated project costs in Year 4.

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Monies in the Automation Upgrades Line Item are a continuing appropriation and are exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.

Other Issues

(Please see the Consolidated Retirement Report for more information.)

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

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Administrative Account - Investment Expenses (RSA1407/A.R.S. § 38-721)		Non-Appropriated
Source of Revenue: Transfer from the State Retirement Fund.		
Purpose of Fund: Investment management fees and related consulting fees, actuarial consulting fees, rent, and retiree payroll. Funding is subject to Retirement Board approval. Excludes \$156,377,000 and \$163,716,400 of net fees applied to investments in FY 2015 and FY 2016, respectively.		
Funds Expended	84,258,500	87,805,200
Year-End Fund Balance	0	0
Long-Term Disability Trust Fund Administration Account (RSA1408/A.R.S. § 38-797.02)		Partially-Appropriated
Source of Revenue: Long-Term Disability (LTD) Trust Fund.		
Purpose of Fund: To pay for the cost of administering the LTD program.		
Appropriated Funds Expended	2,287,300	2,800,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
State Retirement System Administration Account (RSA1401/A.R.S. § 38-721)		Appropriated
Source of Revenue: Transfer from the State Retirement Fund.		
Purpose of Fund: To pay the Arizona State Retirement System's administrative expenses.		
Funds Expended	23,079,000	25,181,600
Year-End Fund Balance	0	0