

Budget Committee Meeting

June 16, 2016

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES
AND
BUDGET COMMITTEE**

*(Vacant Committee Chair; Ms. Charleston, Mr. Moss, Ms. Ramirez, & Vacant Position,
Committee Members. Committee members subject to change at the June meeting.)*

AGENDA

**June 16, 2016 – 2:15 p.m.
TRS East Building, 5th Floor, Boardroom**

1. Consider the approval of the July 24, 2015 committee meeting minutes – Committee Chair.
2. Receive an overview of the administrative operations budget for fiscal year 2016, the Budget History Document, and a draft of the proposed administrative operations budgets and general provisions for fiscal year 2017 – Don Green.
3. Discuss the draft Legislative Appropriations Request (LAR) for Fiscal Years 2018-2019 – Don Green.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Budget Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because a quorum of the Board may attend the Committee meeting, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

Minutes of the Budget Committee

July 24, 2015

The Budget Committee of the Board of Trustees of the Teacher Retirement System of Texas (TRS) met on Friday, July 24, 2015 in the boardroom located on the fifth floor of the TRS East Building offices at 1000 Red River Street, Austin, Texas 78701. The following committee members were present:

Nanette Sissney, Chair
Todd Barth
Karen Charleston
Christopher Moss

Others present:

David Kelly, TRS Trustee	Dan Junell, TRS
Joe Colonna, TRS Trustee	Jay LeBlanc, TRS
Anita Palmer, TRS Trustee	Lynn Lau, TRS
Brian Guthrie, TRS	Scot Leith, TRS
Ken Welch, TRS	Jamie Pierce, TRS
Don Green, TRS	Jim Pinkard, TRS
Carolina de Onís, TRS	Roberto Ruiz, TRS
Amy Barrett, TRS	Heather Traeger, TRS
Janet Bray, TRS	Kristi Vorce, TRS
Barbie Pearson, TRS	Steve Huff, Reinhart Boerner Van Deuren s.c
Sylvia Bell, TRS	Philip Mullins, Texas Retired Teachers Association
Janie Duarte, TRS	Ted Melina Raab, Texas American Federation of Teachers

With a quorum of the committee present, the meeting convened at 10:08 a.m.

1. Consider the approval of the June 11, 2015 committee meeting minutes – Nanette Sissney.

On a motion by Mr. Moss, the committee unanimously approved the proposed minutes of the June 11, 2015 committee meeting.

2. Receive a presentation on Commission Sharing Arrangement (CSA) Commissions & Expenses – Sylvia Bell and Don Green.

Ms. Bell presented information on the decrease in Commission Sharing Arrangement (CSA) commissions and the detrimental effect the shortfall in such revenue has had on investment research paid for out of CSA commissions. Ms. Bell described options to alleviate the problem in relying on decreasing CSA commissions to pay for needed investment research. She said that staff's preferred option was to pay for such research directly from the investment trust account and charge investment transactions for related research. She said that appropriate controls and oversight would be exercised over research use and charges by Strategic Partnership Research because that team was involved in all other investment research initiatives. That option, she explained, would avoid raising CSA commission rates or straining the Investment Management Division's (IMD's) operating budget, which could not absorb the full shortfall. Recapping Ms. Bell's presentation, Ms. Sissney agreed that staff's preferred option would allow IMD to have continued access to research necessary to perform its duties.

**3. Discuss and consider recommending to the Board the adoption of the following –
Don Green:**

- A. The proposed fiscal year 2016 pension trust fund administrative operations budget, general provisions, and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2016 budget.**
- B. The proposed fiscal year 2016 administrative operations budgets and general provisions for the TRS health benefits funds (TRS-Care and TRS-ActiveCare) and optional long-term care insurance program.**
- C. The proposed fiscal year 2016 administrative operations budget and general provisions for the 403(b) company certification and investment product registration program.**

Mr. Green presented information on TRS' operating budgets similar to what had been presented at the May 2015 Board meeting and June 2015 Budget Committee meeting. He added that the budget figures matched those in TRS' Legislative Appropriations Request (LAR) and TRS' budget in the General Appropriations Act for the 2016-2017 biennium. He highlighted key budgetary points about the pension trust fund, soft dollars, division operations, healthcare administration, TEAM, software costs, and salaries and other personnel costs. He noted a change to the general provisions that reflected the change Ms. Bell presented under agenda item 2 for charging former CSA research expenditures to investment transactions. At the request of committee members, he explained in more depth the soft-dollar and CSA budgets, outside counsel payments, healthcare costs and premiums, FTE counts, and annualized figures for employee compensation.

At the end of the presentation and discussion, Mr. Green directed committee members to a proposed motion language and resolution for recommending adoption of the annual operating budget and general provisions for fiscal year 2016 and expending pension trust funds for administrative operations.

On a motion by Mr. Barth, seconded by Mr. Moss, the Budget Committee voted unanimously to recommend to the Board the adoption of the proposed fiscal year 2016 administrative operations budget for the pension trust fund, the health benefits funds, retired and active, and the 403(b) certification program and the adoption of the related general provisions, as presented by staff.

On a motion by Mr. Moss, seconded by Mr. Barth, the Budget Committee voted unanimously to recommend to the Board the adoption of the proposed resolution authorizing staff to transfer pension trust funds to the TRS expense account for the pension administrative operation expenses under the approved fiscal year 2016 operating budget, as presented by staff.

The meeting adjourned at 10:55 a.m.

MINUTES APPROVED BY THE **BUDGET COMMITTEE** OF THE BOARD OF TRUSTEES OF
THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 16th DAY OF JUNE, 2016.
ATTESTED BY:

Dan Junell
Secretary to the TRS Board of Trustees

Date

Teacher Retirement System of Texas



Budget Committee FY 2017 Operating Budget

Don Green, Chief Administrative Officer/Chief Financial Officer

Board of Trustees Meeting
June 16, 2016





Administrative Operations Budget FY 2017



Overview

- This request represents the FY 2017 portion of the FY16-17 biennial legislative appropriations request for TRS which was approved by the board in July 2014 and received final approval by the Texas Legislature in May 2015.
- Highlights of the approved request include a continuation of funding needed to implement TEAM, capital items designed to maintain our investment in TRS facilities, and certain inflationary-related increases necessary to attract and maintain a competitive workforce, as well as enhance investment services and benefit services for our members.
- The total amount requested for the FY 2017 operating budget from the Pension Trust Fund represents less than one-tenth of a percent of the value of the fund as of April 30, 2016.



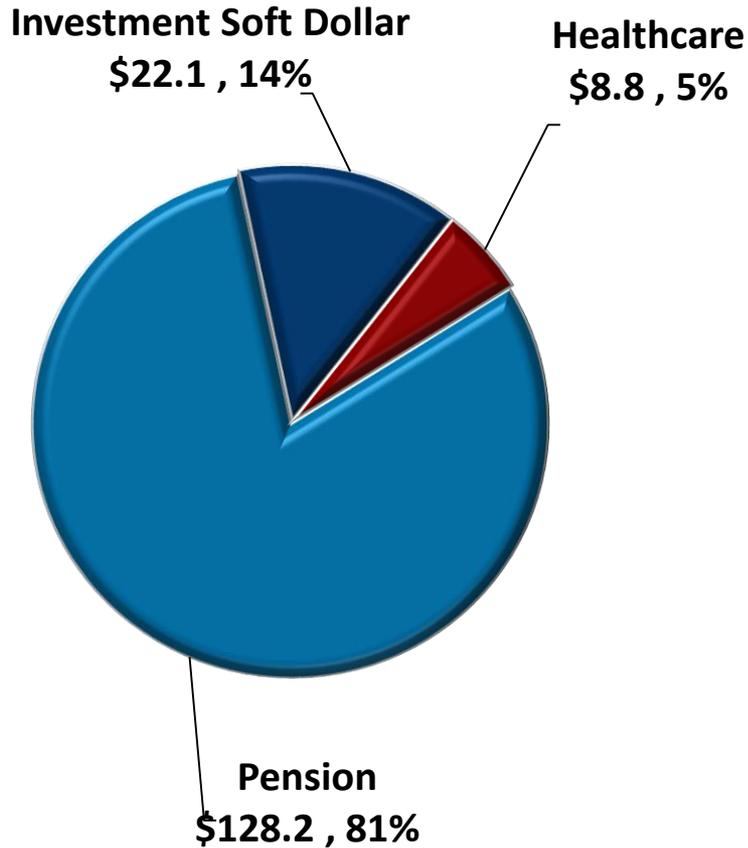
Consideration of Request

- In addition to the specific dollar amounts authorized, the legislature through a rider also authorizes TRS to cover any necessary costs related to employee benefits and incentive compensation. Those estimates are included in this budget.
- The legislature also authorized the TRS Board to budget any costs necessary to implement any of the provisions of GASB pronouncements with the prior approval of the Legislative Budget Board and the Governor's Office. An amount not to exceed \$500 thousand is requested for the implementation of new GASB statements related to valuation and other benefits.
- No vote is necessary at the June board meeting. Approval of the FY 2017 operating budget will be requested at the July board meeting including the attached general provisions.

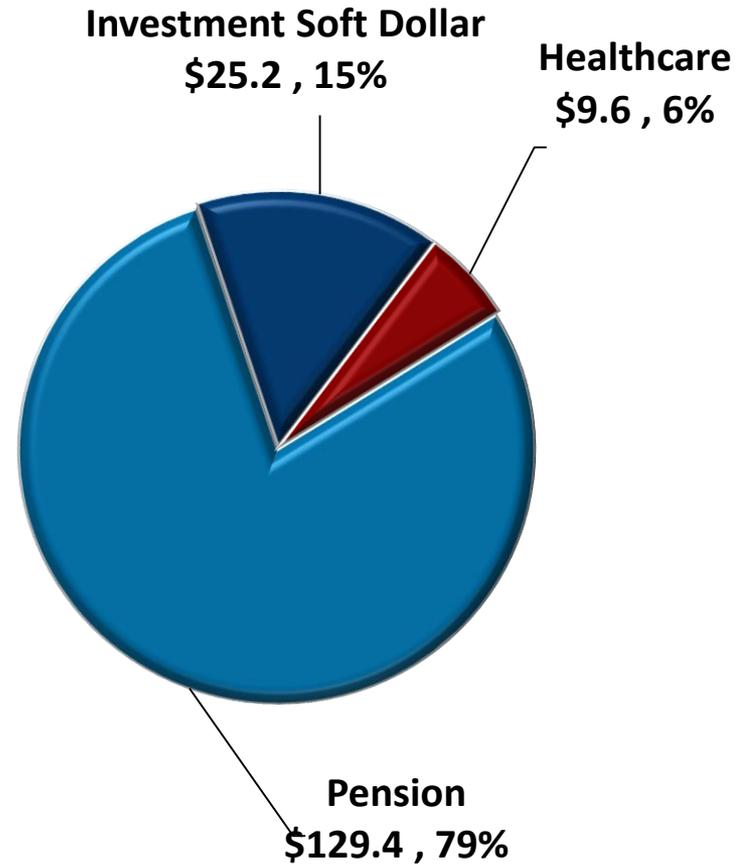


Comparison by Fund

FY 2016
\$159,169,733



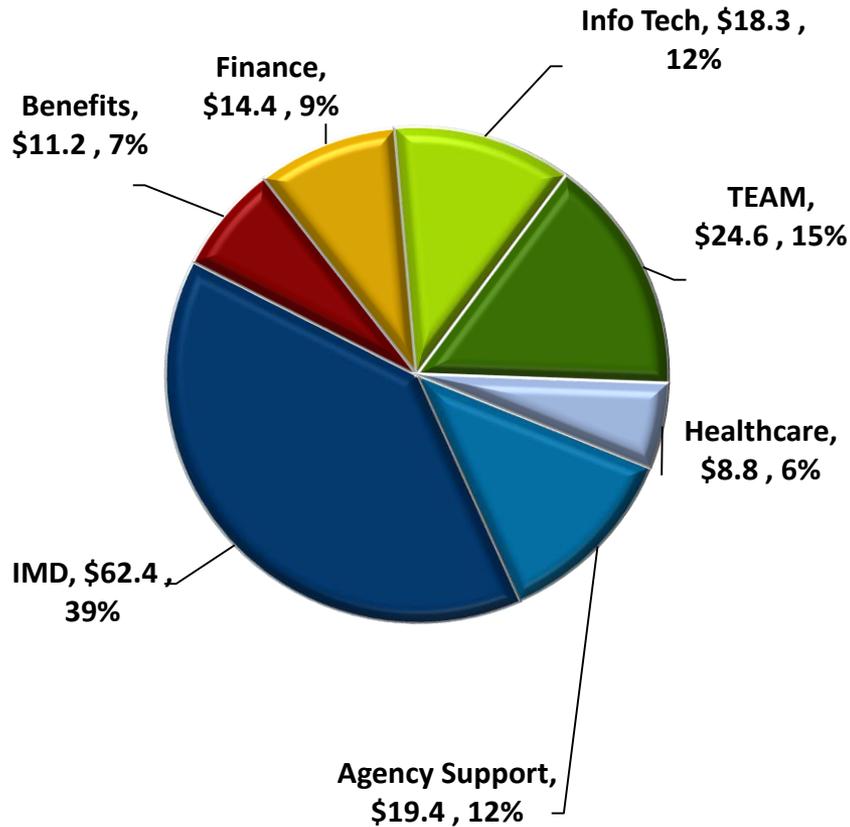
FY 2017
\$164,243,034



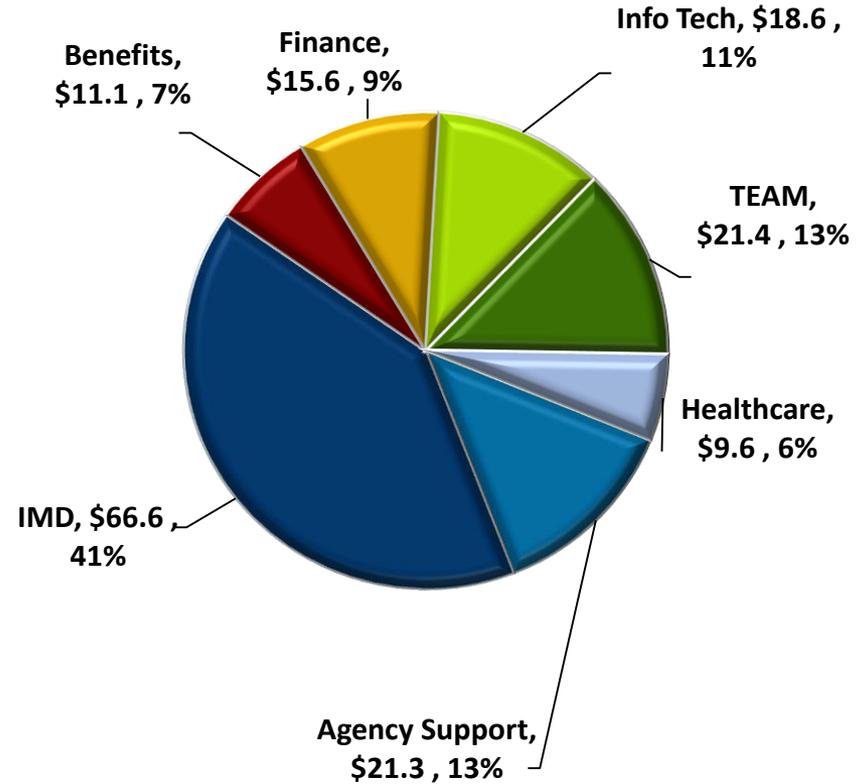


Comparison by Division

FY 2016
\$159,169,733



FY 2017
\$164,243,034

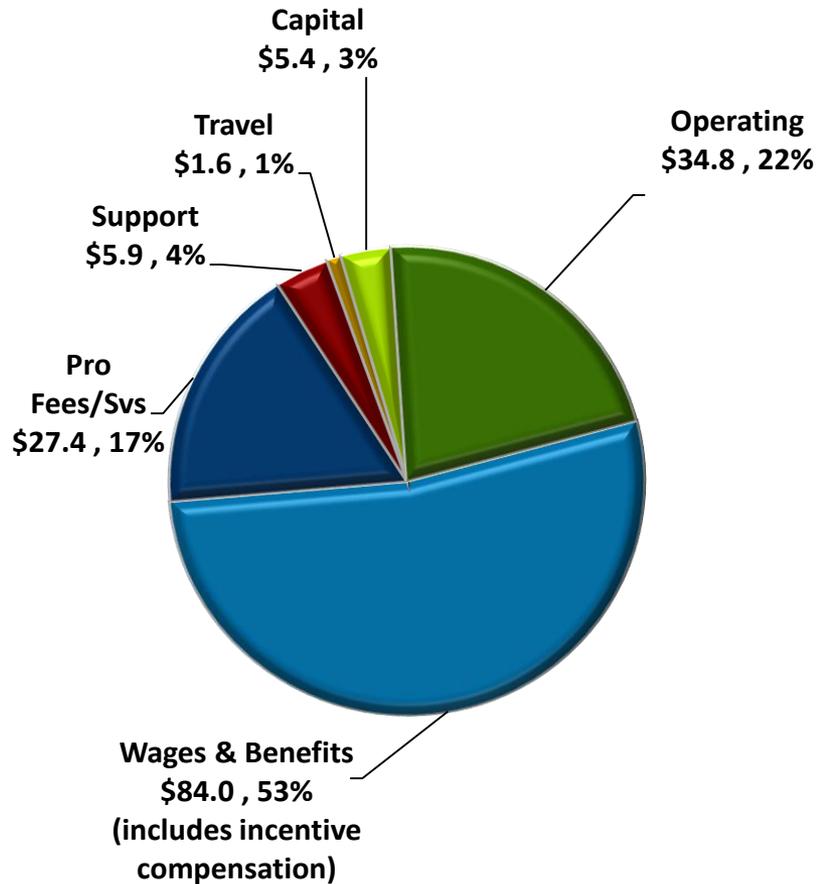




Comparison by Expense Category

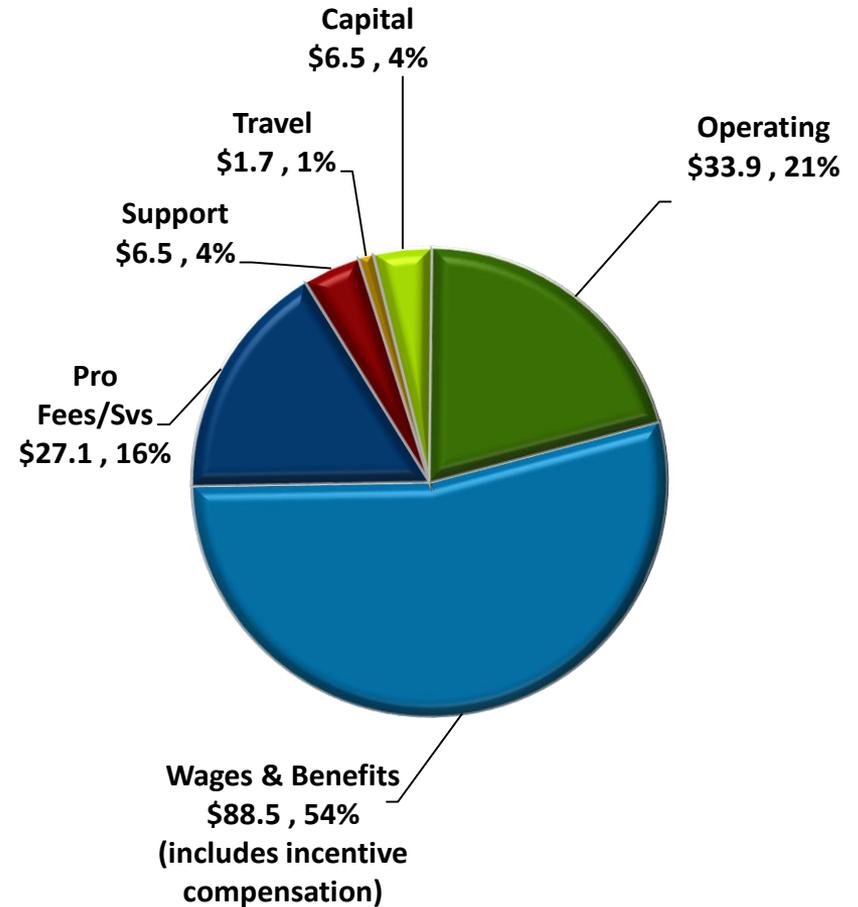
FY 2016

\$159,169,733



FY 2017

\$164,243,034





Administrative Operations FY 2017 Compared to FY 2016

Expense / Fund	FY 2016 Budget	FY 2017 Request	Variance \$	Variance %
Wages & Benefits	83,959,881	88,492,035	4,532,154	5.4%
Professional Fees & Services	27,450,106	27,066,801	(383,305)	(1.4%)
Operating Costs	42,349,746	42,144,519	(205,227)	(0.5%)
Capital Projects	5,410,000	6,539,679	1,129,679	20.9%
Total	159,169,733	164,243,034	5,073,301	3.2%
Pension Trust Fund	103,597,313	107,995,593	4,398,280	4.2%
TEAM	24,636,163	21,445,217	(3,190,946)	(13.0%)
Investment Soft Dollars	22,137,462	25,175,436	3,037,974	13.7%
TRS Care	5,325,902	5,836,696	510,794	9.6%
Active Care	3,387,496	3,705,119	317,623	9.4%
403 (b)	85,397	84,973	(424)	(0.5%)
Total	159,169,733	164,243,034	5,073,301	3.2%

Administrative Operations

FY 2017

Pension Trust Fund - Excluding TEAM:

- The Fiscal Year 2017 requested budget is 4.2% over the Fiscal Year 2016 budget.
- Regarding Salaries and Other Personnel Costs, the increase over Fiscal Year 2016 includes:
 - As approved by the Board in July 2014, the agency merit pool includes a 3% for Red River (\$838,000) and 5% for IMD (\$967,000).
 - \$1.3 million for benefit net increases related to increases in health care costs, retirement and social security contributions. The employer contribution retirement rate continues at 6.8%.
 - Incentive compensation is estimated at the actual plan year 2015 remaining balance (\$4.3 million) plus an estimated maximum amount for the first half of the plan year 2016 under current provisions (\$7.1 million).
- Other operating expenses decreased \$1.4 million largely due to the shift of subscriptions and reference materials to soft dollars and multi-year license/maintenance purchases made in FY 2016.

Administrative Operations

FY 2017



Pension Trust Fund - TEAM:

- Funding for 69 TEAM positions which includes 6 in Agency Support (for change management, legal and oversight) , 13 in the Program Management Office, 22 in the Benefits Division (mostly backfills of existing staff), 7 in the Finance Division (for backfills of existing staff), 20 in the IT Division (including developers and technical support), and 1 in Healthcare.
- The TEAM capital project totals \$40.3 million in the FY 2016-17 biennium. The requested amount for FY2017 is \$21.4 million which includes:
 - \$10.9 million for Pension Line of Business (LOB)
 - \$3.0 million for Program Management
 - \$6.1 million for Program Wide Costs including software, support and contractors
 - \$1.4 million for Support Projects including data management, organizational change management and website redesign

Non-TEAM Capital Projects

Project	FY 2017 Appropriated	FY 2016 Carry-forward	Total Funding
Telecommunications Upgrade	450,000	0	450,000
Investment Systems Upgrade	0	221,499	221,499
Mainframe and Peripherals	420,000	420,000	840,000
PC Workstation Refresh	370,000	158,180	528,180
Building Renovations	500,000	500,000	1,000,000
Sump Pump System Upgrade	0	1,200,000	1,200,000
Pension Legislation	200,000	0	200,000
Garage Fire Suppression Upgrade	0	1,500,000	1,500,000
Data Center Generator	0	600,000	600,000
TOTALS	1,940,000	4,599,679	6,539,679

Administrative Operations

FY 2017

Investment Soft Dollar:

- All sources of soft dollar revenues are estimated at \$25.2 million. These include commission recapture, commission sharing and the SSB/TRS Partnership Arrangement. Planned expenditures include information resources, investment consultants and software.
- SSB/TRS Partnership Account to remain at \$6 million with expenses for contract staff, advisors, and staff support.



Administrative Operations FY 2017

TRS-Care and TRS-ActiveCare:

- Increase of approximately 9% in each fund largely due to the addition of 7 FTEs costing \$500 thousand to provide additional member support service, accommodate additional member level accounting work, and to both streamline and more efficiently monitor healthcare procurement.
- Increase of approximately \$339,000 for actuarial support services and additional auditing services.

403 (b) Certification Program:

- Request includes salary and related benefits funding for 1 FTE to support plan providers.



General Provisions

TEACHER RETIREMENT SYSTEM OF TEXAS

GENERAL PROVISIONS

The Teacher Retirement System (TRS) uses as guidelines the provisions of Article IX (General Provisions) of the General Appropriations Act adopted by the 84th Texas Legislature (GAA) in administering the system to the extent that the Executive Director or a designee acting in the absence of the Executive Director determines that individual provisions of Article IX are in the best interests of TRS and are not in conflict with applicable TRS laws, fiduciary duties, or policies. The following provisions are subject to this paragraph.

PENSION TRUST FUND ADMINISTRATIVE OPERATIONS – In adopting the related Budget Resolution, the TRS Board of Trustees (board) has made a fiduciary finding authorizing expenditures from the Pension Trust Fund to pay for TRS' administrative operating expenses for the fiscal year because such operating expenses are required to perform the fiduciary duties of the board. Further, the legislature has not appropriated money from the State's general revenue fund for TRS to use in paying operating expenses for the fiscal year.

USE OF SOFT DOLLAR CREDITS, COMMISSION RECAPTURE BALANCES, AND COMMISSION SHARING ARRANGEMENTS (CSAs) – The board finds that the expenditure of funds provided by soft dollar credits, commission recapture balances, and CSA balances to obtain research, goods, and services supporting the investment function are necessary for the efficient and effective administration of pension trust fund assets and performance of the board's fiduciary duties. Uses of soft dollar credits, commission recapture balances, and CSA balances shall be administered in accordance with the board's Soft Dollar Policy and applicable law.

CONTRACTOR PROVIDED RESOURCES – As part of the contracting process for goods and services (including investment management services), TRS has access to additional resources for operations, including services, credits deducted from payables, temporarily-assigned, non-TRS workers, or allowances, as part of the total contract consideration provided by the vendors or investment managers. Such resources may only be used or expended to the same extent, and for the same purposes, and are subject to the same duty of

care and general requirements and policies, as other pension trust fund assets.

HEALTH BENEFITS FUNDS – Operations of the Texas Public School Retired Employees Group Benefits Program are funded from the Retired Employees Group Health Insurance Fund (the TRS-Care Fund). Operations of the Texas School Employees Uniform Group Health Coverage Program are funded from the Texas School Employees Uniform Group Coverage Trust Fund (the TRS ActiveCare Fund).

SECTION 403(b) CERTIFICATION PROGRAM – Operations of the 403(b) Certification Program are funded from the 403(b) Administrative Trust Fund.

PERSONNEL SERVICES:

- **Hiring and Personnel Actions** – The Executive Director, or Deputy Director in the absence of the Executive Director, is authorized to hire personnel, to transfer personnel within the agency, and to approve base salaries, salary changes, and other personnel actions including but not limited to promotions, demotions, merits, and recruitment and retention bonuses. TRS will generally base its salary schedules, position classifications, and salary administration practices on the provisions of Article IX, Chapter 659 of the Government Code, and other relevant legislation to the extent the Executive Director determines a particular provision is in the best interest of the system and not in conflict with applicable law, fiduciary duty or TRS policy. The board will set the salary rate for the Executive Director. The Executive Director is authorized to set the base salaries for all other exempt positions within the not-to-exceed amounts listed in the GAA or any amended limits adopted by the board from time to time.
- **Performance Incentive Compensation** – The Executive Director, or Deputy Director in the absence of the Executive Director, is authorized to implement the performance incentive compensation plan(s) as approved from time to time by the board including authorizing payment of the performance incentive



General Provisions

TEACHER RETIREMENT SYSTEM OF TEXAS

GENERAL PROVISIONS

(continued)

compensation to the extent funds have been included in the approved budget for that purpose or are otherwise made available through the Budget Execution Authority in these General Provisions.

- **Longevity Pay and Benefit Replacement Pay** – The board authorizes the payment of Longevity Pay and Benefit Replacement Pay in addition to base pay. The payment of Longevity Pay and Benefit Replacement Pay to eligible TRS employees shall be administered in a manner consistent with the provisions of Chapter 659 of the Government Code and other relevant legislation.

OTHER PERSONNEL COSTS – As required for the efficient operations of the TRS, Other Personnel Costs, including Employer Retirement Contributions, Employer FICA Contributions, Employer Health Insurance Contributions, and Benefit Replacement Pay, are provided as estimated amounts as authorized in the GAA and may be revised by the Executive Director, or Deputy Director in the absence of the Executive Director, if needed to pay operating expenses for the fiscal year.

PROFESSIONAL SERVICES – The Executive Director, or Deputy Director in the absence of the Executive Director, is authorized to contract for professional services and approve and disburse professional fees to persons or firms who render such professional services to TRS. The board finds that the budget for Professional Services authorized in this document is necessary to the performance of its fiduciary duties.

COUNSELING SERVICES – In accordance with Texas Government Code, Chapter 825, Subchapter G, the board authorizes the Executive Director or his designees, to the extent feasible, to make individual retirement benefits counseling sessions available to members in conjunction with informational or educational programs presentations that TRS provides for groups throughout the state, in order to promote efficiency and minimize the cost of such services. TRS will determine

the geographic regions most in need of retirement benefits counseling and will provide retirement benefits counseling services in these regions throughout Texas.

BUDGET EXECUTION AUTHORITY – As required for the efficient operation of TRS programs, the Executive Director, or Deputy Director in the absence of the Executive Director, is authorized to transfer budgeted funds up to \$100,000 or 12 1/2% of an expense category, whichever is greater, between different expense accounts and major expense categories, so long as the total approved budget for operating expenses and capital outlay is not exceeded. This provision applies separately to the Pension Trust Fund, the TRS-Care Fund, the TRS-ActiveCare Fund, and the 403(b) Administrative Trust Fund.

CONTINGENCY FOR CATASTROPHIC OCCURRENCES – In the event of a catastrophic occurrence which destroys or incapacitates TRS' physical plant and/or primary operating resources, the Executive Director, Deputy Director, or Chief Financial Officer may exceed the total approved budget to the extent necessary to achieve recovery of operational capabilities. The Executive Director, Deputy Director, or Chief Financial Officer will notify the Budget Committee of the board, as soon as possible, of the extent of the situation and the budgetary impact.



FY 2018-19 Legislative Appropriations Request

State matching will remain at expected 6.8% contribution with assumed payroll growth of 3.5% in public education and 2.5% in higher education

Strategy	FY2016-17	FY2018-19	Var \$	Var %
Public Education	3,133,557,074	3,492,866,334	359,309,260	11.5%
Higher Education	353,651,001	353,651,001	0	0%
TRS Care	562,175,749	646,356,603	84,180,854	15.0%
TOTAL	4,049,383,824	4,492,873,938	443,490,114	10.9%



FY 18-19 Appropriations Issues

- Solvency funding for TRS Care expected to be \$1.5 - \$2.0 billion through the end of FY2019
- Administrative Operations
 - Evaluate need for additional FTEs requested for investment management, IT support, benefit services, and healthcare operations
 - Development of the resources needed for a post TEAM transition plan
 - Assessment of capital needs for new technology initiatives and efficient space management
 - Funding for foreign office operations



Appendix

Operating Budget Detail

FY 2017

Summary of FY 2017 Budget

	PENSION TRUST FUND		Investment Soft Dollar	HEALTH BENEFITS FUNDS		403(b) Certification Program	TOTAL
	Administrative Operations	TEAM		TRS-Care (Retired Plan)	TRS-ActiveCare (Active Plan)		
REVENUES AND OTHER SOURCES							
Legislative Appropriations - Administrative Operations	\$ 77,162,229						\$ 77,162,229
Appropriation Balance Available from FY2016*	4,599,679	\$ 20,107,736					24,707,415
Fringe Benefits Paid by the Pension Fund**	14,873,685	1,337,481					16,211,166
Performance Incentive Compensation Rider	11,360,000						11,360,000
Investment Soft Dollar			\$ 25,175,436				25,175,436
Reserved for Administrative Expenses				\$ 5,836,696	\$ 3,705,119	\$ 84,973	9,626,788
TOTAL REVENUES AND OTHER SOURCES	\$ 107,995,593	\$ 21,445,217	\$ 25,175,436	\$ 5,836,696	\$ 3,705,119	\$ 84,973	\$ 164,243,034
OPERATING AND CAPITAL EXPENSES							
Wages and Benefits	\$ 65,153,457	\$ 6,383,299	\$ -	\$ 3,592,419	\$ 1,917,887	\$ 84,973	\$ 77,132,035
Professional Fees and Services	4,238,930	13,631,371	5,663,000	1,817,750	1,715,750	-	27,066,801
Support Costs	6,049,497	20,000	334,720	62,200	37,142	-	6,503,559
Travel	1,666,700	40,000	-	27,500	10,000	-	1,744,200
Research	-	-	-	-	-	-	-
Capital Projects	6,539,679	-	-	-	-	-	6,539,679
Operating Costs	12,987,330	1,370,547	19,177,716	336,827	24,340	-	33,896,760
TOTAL OPERATING AND CAPITAL EXPENSES	\$ 96,635,593	\$ 21,445,217	\$ 25,175,436	\$ 5,836,696	\$ 3,705,119	\$ 84,973	\$ 152,883,034
Performance Incentive Compensation	\$ 11,360,000						\$ 11,360,000
TOTAL OPERATING AND CAPITAL EXPENSES INCLUDING PERFORMANCE INCENTIVE COMPENSATION	\$ 107,995,593	\$ 21,445,217	\$ 25,175,436	\$ 5,836,696	\$ 3,705,119	\$ 84,973	\$ 164,243,034
Percentage Increase/(Decrease) from FY 2016 Budget	4.25%	-12.95%	13.72%	9.59%	9.38%	-0.50%	3.19%

* Includes capital projects of \$4.17 million. Total TEAM appropriation for the biennium is \$40.3 million.

** Includes estimated Employer Retirement Contributions, Employer FICA Contributions, Employer Health Insurance Contributions, and Benefit Replacement Pay.

FY 2017 Budget by Department

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
Board	\$ 84,273	\$ 186,000	\$ 186,000	\$ -	0%
Executive	1,000,805	1,035,883	1,105,954	70,071	7%
Internal Audit	1,440,727	1,966,609	2,382,314	415,705	21%
Legal	4,280,632	4,865,255	5,161,349	296,094	6%
Govt Relations	328,944	334,230	354,444	20,214	6%
Communications	1,123,403	1,348,873	1,458,540	109,667	8%
Human Resources	1,433,663	1,692,864	2,197,043	504,179	30%
Program Mgt Office	17,904	40,000	40,000	-	0%
Strategic Initiatives	458,402	623,262	712,880	89,618	14%
Risk Management	1,009,118	1,253,832	1,284,258	30,426	2%
Administrative Costs*	2,209,131	5,803,621	6,030,346	226,725	4%
Agency Support	\$ 13,387,002	\$ 19,150,429	\$ 20,913,128	\$ 1,762,699	9%
Investment Management	\$ 31,062,063	\$ 38,883,873	\$ 39,925,509	\$ 1,041,636	3%
London Office	-	1,360,311	2,207,895	847,584	62%
Soft Dollars	26,508,713	21,967,462	24,408,296	2,440,834	11%
Benefit Services	\$ 269,057	\$ 418,682	\$ 391,407	\$ (27,275)	-7%
Benefit Processing	4,582,636	5,318,189	5,309,676	(8,513)	0%
Benefit Counseling	3,865,464	4,099,246	4,058,347	(40,899)	-1%
Benefit Payments	734,652	641,396	661,482	20,086	3%
Benefit Reporting	489,768	621,793	636,812	15,019	2%
Benefit Services	\$ 9,941,577	\$ 11,099,306	\$ 11,057,724	\$ (41,582)	0%
Financial	\$ 231,226	\$ 273,291	\$ 285,784	\$ 12,493	5%
General Accounting	2,219,942	2,338,532	2,514,413	175,881	8%
Records Management	1,265,250	767,768	889,212	121,444	16%
Investment Accounting	494,432	490,871	561,300	70,429	14%
Staff Services	1,810,712	2,105,240	2,294,024	188,784	9%
Facilities Services	6,524,605	4,923,205	5,493,734	570,529	12%
Printing, Mail & Supply	2,821,616	3,554,701	3,579,305	24,604	1%
Financial	\$ 15,367,783	\$ 14,453,608	\$ 15,617,772	\$ 1,164,164	8%

*Administrative costs include retiree health insurance, unemployment compensation, lump sum payments, space planning consultants, supplies, furniture and contingency amounts for health care, printing and mailing.



FY 2017 Budget by Department

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
Information Tech	\$ 1,368,096	\$ 1,822,022	\$ 2,391,882	\$ 569,860	31%
Network Support	4,696,724	6,587,677	11,411,763	4,824,086	73%
Systems - Green Team	1,598,753	1,704,681	1,661,213	(43,468)	-3%
Technical Support	4,507,281	6,018,609	868,380	(5,150,229)	-86%
Systems - Gold Team	1,486,145	1,630,074	1,682,802	52,728	3%
System Architecture	528,942	650,523	615,665	(34,858)	-5%
Information Tech	\$ 14,185,941	\$ 18,413,586	\$ 18,631,705	\$ 218,119	1%
TEAM Program	\$ 14,376,672	\$ 24,636,163	\$ 21,445,217	\$(3,190,946)	-13%
Interns	\$ 176,308	\$ 406,200	\$ 409,000	\$ 2,800	1%
TRS Care	4,023,862	5,325,902	5,836,696	510,794	10%
TRS ActiveCare	2,262,805	3,387,496	3,705,119	317,623	9%
403(b) Certification	91,351	85,397	84,973	(424)	0%
Totals	\$ 131,384,077	\$ 159,169,733	\$ 164,243,034	\$ 5,073,301	3%





FY 2017 Pension Trust Fund

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
SALARIES AND OTHER PERSONNEL COSTS					
Salaries and Wages	\$ 43,745,474	\$ 47,412,754	\$ 49,212,712	\$ 1,799,958	4%
Longevity Pay	599,380	673,640	667,060	(6,580)	-1%
Employer Retirement Contributions	2,935,387	3,138,435	3,371,343	232,908	7%
Employer FICA Contributions	3,119,072	3,270,149	3,531,792	261,643	8%
Employer Health Insurance Contributions	5,665,325	6,968,964	7,806,650	837,686	12%
Benefit Replacement Pay	87,058	109,275	93,400	(15,875)	-15%
Other Employee Benefits	314,276	470,500	470,500	-	0%
Performance Incentive Compensation	6,274,101	11,200,000	11,360,000	160,000	1%
TOTAL SALARIES AND OTHER PERSONNEL COSTS	\$ 62,740,073	\$ 73,243,717	\$ 76,513,457	\$ 3,269,740	4%
PROFESSIONAL FEES AND SERVICES	\$ 1,160,699	\$ 2,805,869	\$ 4,238,930	\$ 1,433,061	51%
OTHER OPERATING EXPENSES					
Consumable Supplies and Fuels	\$ 394,469	\$ 576,208	\$ 596,122	\$ 19,914	3%
Utilities	729,543	1,135,751	1,022,739	(113,012)	-10%
Travel	996,700	1,612,598	1,666,700	54,102	3%
Rentals	2,304,106	2,943,871	3,174,086	230,215	8%
Dues, Fees and Staff Development	409,261	711,776	761,984	50,208	7%
Subscriptions and Reference Information	239,456	1,756,123	1,051,705	(704,418)	-40%
Printing and Reproduction Services	277,643	363,687	326,650	(37,037)	-10%
Postage, Mailing and Delivery Services	2,330,276	2,939,751	2,914,997	(24,754)	-1%
Software Purchases and Maintenance	2,568,360	4,131,291	3,635,530	(495,761)	-12%
Computer Hardware Maintenance	597,868	899,425	793,425	(106,000)	-12%
Miscellaneous Expenses	915,773	1,748,881	1,550,661	(198,220)	-11%
Insurance Premiums	648,640	832,165	842,300	10,135	1%
Furniture and Equipment - Expensed	486,778	1,282,975	1,029,203	(253,772)	-20%
Maintenance - Buildings and Equipment	1,245,690	1,122,350	1,256,550	134,200	12%
TOTAL OTHER OPERATING EXPENSES	\$ 14,144,563	\$ 22,056,852	\$ 20,622,652	\$ (1,434,200)	-7%
CAPITAL EXPENSES					
Furniture and Equipment	\$ 68,308	\$ 80,875	\$ 80,875	\$ -	0%
Capital Budget Items	6,007,031	5,410,000	6,539,679	1,129,679	21%
TOTAL CAPITAL EXPENSES	\$ 6,075,339	\$ 5,490,875	\$ 6,620,554	\$ 1,129,679	21%
TOTAL OPERATING AND CAPITAL EXPENSES	\$ 84,120,673	\$ 103,597,313	\$ 107,995,593	\$ 4,398,280	4%

FY 2017 TEAM Program

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
SALARIES AND OTHER PERSONNEL COSTS					
Salaries and Wages	\$ 3,229,863	\$ 4,441,378	\$ 4,981,538	\$ 540,160	12%
Longevity Pay	36,460	40,320	64,280	23,960	59%
Employer Retirement Contributions	214,935	295,020	321,692	26,672	9%
Employer FICA Contributions	239,294	331,126	360,571	29,445	9%
Employer Health Insurance Contributions	380,808	592,491	634,718	42,227	7%
Benefit Replacement Pay	2,578	8,600	6,500	(2,100)	-24%
Other Employee Benefits	-	14,000	14,000	-	0%
TOTAL SALARIES AND OTHER PERSONNEL COSTS	\$ 4,103,938	\$ 5,722,935	\$ 6,383,299	\$ 660,364	12%
PROFESSIONAL FEES AND SERVICES	\$ 7,890,515	\$ 15,424,526	\$ 13,631,371	\$ (1,793,155)	-12%
OTHER OPERATING EXPENSES					
Consumable Supplies and Fuels	\$ 1,379	\$ 15,000	\$ 20,000	\$ 5,000	33%
Travel	7,085	30,000	40,000	10,000	33%
Dues, Fees and Staff Development	68,347	150,000	150,000	-	0%
Software Purchases and Maintenance	805,091	1,433,702	705,547	(728,155)	-51%
Furniture and Equipment - Expensed	50,862	100,000	10,000	(90,000)	-90%
Maintenance - Buildings and Equipment	(44,439)	5,000	5,000	-	
TOTAL OTHER OPERATING EXPENSES	\$ 888,323	\$ 1,733,702	\$ 930,547	\$ (803,155)	-46%
CAPITAL EXPENSES					
Furniture and Equipment	\$ 1,493,896	\$ 1,755,000	\$ 500,000	\$ (1,255,000)	-72%
TOTAL CAPITAL EXPENSES	\$ 1,493,896	\$ 1,755,000	\$ 500,000	\$ (1,255,000)	-72%
TOTAL OPERATING AND CAPITAL EXPENSES	\$ 14,376,672	\$ 24,636,163	\$ 21,445,217	\$ (3,190,946)	-13%

FY 2017 Soft Dollar Program

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
PROFESSIONAL FEES AND SERVICES	\$ 4,569,738	\$ 5,447,600	\$ 5,663,000	\$ 215,400	4%
OTHER OPERATING EXPENSES					
Rent, Building and Parking	254,258	315,200	334,720	\$ 19,520	6%
Dues, Fees and Staff Development	193,264	430,000	369,000	(61,000)	-14%
Subscriptions and Reference Materials	11,038,060	12,337,337	14,912,081	2,574,744	21%
Software Purchases and Maintenance	327,403	491,525	724,515	232,990	47%
Miscellaneous Expenses	58,680	371,600	309,980	(61,620)	-17%
Contracted Services	1,783,780	2,744,200	2,862,140	117,940	4%
Investment Research Activities	8,283,530	-	-	-	
TOTAL OTHER OPERATING EXPENSES	\$ 21,938,975	\$ 16,689,862	\$ 19,512,436	\$ 2,822,574	17%
TOTAL OPERATING EXPENSES	\$ 26,508,713	\$ 22,137,462	\$ 25,175,436	\$ 3,037,974	14%
SOFT DOLLAR RESOURCES					
Soft Dollar Revenue Reserved for London Office	\$ -	\$ -	\$ 767,140	\$ 767,140	100%
State Street Bank Partnership Agreement	5,036,536	6,000,000	6,000,000	-	
Commission Sharing Arrangements	21,278,159	15,337,462	17,608,296	2,270,834	15%
Commission Recapture Revenue	194,018	800,000	800,000	-	
TOTAL SOFT DOLLAR RESOURCES	\$ 26,508,713	\$ 22,137,462	\$ 25,175,436	\$ 3,037,974	14%

FY 2017 TRS Care

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
SALARIES AND OTHER PERSONNEL COSTS					
Salaries and Wages	\$ 2,339,977	\$ 2,416,820	\$ 2,674,192	\$ 257,372	11%
Longevity Pay	58,800	62,400	66,420	4,020	6%
Employer Retirement Contributions	159,634	158,250	175,228	16,978	11%
Employer FICA Contributions	175,867	176,812	196,109	19,297	11%
Employer Health Insurance Contributions	310,962	357,178	392,270	35,092	10%
Benefit Replacement Pay	9,539	11,700	11,700	-	0%
Other Employee Benefits	2,336	76,500	76,500	-	0%
TOTAL SALARIES AND OTHER PERSONNEL COSTS	\$ 3,057,114	\$ 3,259,660	\$ 3,592,419	\$ 332,759	10%
PROFESSIONAL FEES AND SERVICES	\$ 786,707	\$ 1,578,000	\$ 1,817,750	\$ 239,750	15%
OTHER OPERATING EXPENSES					
Consumable Supplies	\$ 1,357	\$ 6,000	\$ 7,000	\$ 1,000	17%
Utilities	2,295	6,000	7,000	1,000	17%
Travel	8,010	20,500	27,500	7,000	34%
Rentals	75,119	112,972	33,200	(79,772)	-71%
Dues, Fees and Staff Development	1,192	5,300	5,900	600	11%
Subscriptions and Reference Information	500	575	600	25	4%
Printing and Reproduction Services	19,228	110,500	110,500	-	0%
Postage, Mailing and Delivery Services	55,251	185,800	193,232	7,432	4%
Miscellaneous Expenses	16,572	20,595	20,595	-	0%
Furniture and Equipment - Expensed	516	5,000	6,000	1,000	20%
Maintenance - Buildings and Equipment	-	15,000	15,000	-	0%
TOTAL OTHER OPERATING EXPENSES	\$ 180,041	\$ 488,242	\$ 426,527	\$ (61,715)	-13%
TOTAL OPERATING EXPENSES	\$ 4,023,862	\$ 5,325,902	\$ 5,836,696	\$ 510,794	10%

FY 2017 Active Care

	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
SALARIES AND OTHER PERSONNEL COSTS					
Salaries and Wages	\$ 1,093,484	\$ 1,216,965	\$ 1,424,774	\$ 207,809	17%
Longevity Pay	22,540	26,820	22,280	(4,540)	-17%
Employer Retirement Contributions	73,584	80,343	93,865	13,522	17%
Employer FICA Contributions	83,035	85,490	102,807	17,317	20%
Employer Health Insurance Contributions	129,278	163,454	200,361	36,907	23%
Benefit Replacement Pay	1,134	2,600	1,300	(1,300)	-50%
Other Employee Benefits	56,627	72,500	72,500	-	0%
TOTAL SALARIES AND OTHER PERSONNEL COSTS	\$ 1,459,681	\$ 1,648,172	\$ 1,917,887	\$ 269,715	16%
PROFESSIONAL FEES AND SERVICES	\$ 732,272	\$ 1,615,750	\$ 1,715,750	\$ 100,000	6%
OTHER OPERATING EXPENSES					
Consumable Supplies	\$ 340	\$ 3,000	\$ 3,000	\$ -	0%
Utilities	1,056	1,500	1,500	-	0%
Travel	7,363	8,950	10,000	1,050	12%
Rentals	56,668	85,224	30,642	(54,582)	-64%
Dues, Fees and Staff Development	1,535	9,000	9,000	-	0%
Subscriptions and Reference Information	1,263	900	1,000	100	11%
Printing and Reproduction Services	-	1,425	2,625	1,200	84%
Postage, Mailing and Delivery Services	781	4,775	4,915	140	3%
Miscellaneous Expenses	1,078	3,300	3,300	-	0%
Furniture and Equipment - Expensed	769	3,500	3,500	-	0%
Maintenance - Buildings and Equipment	-	2,000	2,000	-	0%
TOTAL OTHER OPERATING EXPENSES	\$ 70,851	\$ 123,574	\$ 71,482	\$ (52,092)	-42%
TOTAL OPERATING EXPENSES	\$ 2,262,805	\$ 3,387,496	\$ 3,705,119	\$ 317,623	9%

FY 2017 403 (b)



	Expended FY 2015	Budgeted FY 2016	Proposed FY 2017	Variance FY16 - FY17	
SALARIES AND OTHER PERSONNEL COSTS					
Salaries and Wages	\$ 79,090	\$ 64,861	\$ 44,290	\$ (20,571)	-32%
Longevity Pay	-	120	960	840	700%
Employer Retirement Contributions	5,108	4,290	2,924	(1,366)	-32%
Employer FICA Contributions	6,122	4,826	3,289	(1,537)	-32%
Employer Health Insurance Contributions	-	9,000	17,510	8,510	95%
Benefit Replacement Pay	1,031	1,300	1,000	(300)	-23%
Other Employee Benefits	-	1,000	15,000	14,000	1400%
TOTAL SALARIES AND OTHER PERSONNEL COSTS	\$ 91,351	\$ 85,397	\$ 84,973	\$ (424)	0%
TOTAL OPERATING EXPENSES	\$ 91,351	\$ 85,397	\$ 84,973	\$ (424)	0%