



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

Audit & Budget Committee Meeting

Meeting via Zoom

Thursday, August 25, 2022

9:00am

Committee Members

Diana Rosales Ortiz, *Chair*
Shirley Ragin, *Vice Chair*
Valerie Barela

Francis Page
Maggie Toulouse Oliver

AGENDA

- 1. Call to Order**
 - 2. Roll Call**
 - 3. Approval of Agenda**
 - 4. Approval of June 14, 2022 Audit & Budget Committee minutes**
 - 5. New Business**
 - A.** Introduction of Internal Auditors Informational Clifton Larson Allen
 - B.** FY24 Appropriation Request Action Anna Williams,
Deputy Director/ASD
 - 6. Adjournment**
-

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at (505) 795-0712 or patriciab.winter@state.nm.us at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.



We'll get you there.

CLA- Internal Audit Team Introductions to PERA Audit and Budget Committee

CPAs | CONSULTANTS | WEALTH ADVISORS

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Core Team



Signing Director

- Specializes in providing governmental auditing, accounting and consulting services
- More than 16 years' experience, most of which have been dedicated to governmental engagements in New Mexico



Manager

- Government retirement plan team
- 10 years public accounting experience, including 8 specializing in assurance and consulting services for government retirement systems
- Previously lead the external audit for PERA



Manager

- Specializes in providing governmental auditing, accounting and consulting services.
- More than five years' experience auditing state agencies and other governmental sector clients



Phases of Internal Audit and Status



Next Steps:

- Agree-upon questionnaire
- Circulate questionnaire to Employees and Board Members
- Gather responses
- Identify follow-up with respondents
- Development risk assessment, based on responses
- Develop multi-year internal audit plan, based on risk assessment
- Project execution, based on plan

We will communicate regularly with Committee



PERA

Public Employees
Retirement Association
of New Mexico

Claudia Armijo
Chair, State Member
Greg Trujillo
Executive Director

Phone: (505) 476-9300
Fax: (505) 476-9401
Toll Free: 1 (800) 342-3422
Website: www.nmpera.org

INVESTED IN TOMORROW.

MEMORANDUM

DATE: August 25, 2022

TO: PERA Board of Trustees

FROM: Anna Williams CPA, Deputy Director

SUBJECT: Fiscal Year 2024 Appropriation Request

The Public Employees Retirement Association (PERA) Fiscal Year (FY) 2024 appropriation request is a total budget request of \$41,674,000, an increase of 8.35% from PERA's FY23 operating budget. As a majority of PERA's budget is related to investment activities, which requires PERA to meet a 7.25 percent actuarial hurdle rate, half of this year's increase in the request is related to the investment fee activities the other half is to due higher costs for goods and services and PERA requesting one new FTE in personal services and employee benefits category.

The following are a few highlights of the FY24 appropriation request;

- An increase of \$755,900, or 8.35% in *Personal Services and Employee Benefits* (200 category) is related to legislative increases in FY23 that were not fully funded due to PERA's vacancy rate in March 2022, requesting one new FTE and the .50% increase in PERA contributions in FY24.
- An increase of \$1,756,400, or 6.76% in *Contractual Services* (300 category) is related to an increase in investment fee activity related to the current higher market value of the investments in which those fees are calculated.
- An increase of \$700,800 or 19.70%, in the *Other* (400 category); the increase is related to increase in IT cost and the higher overall cost in goods and services.
- PERA has a request for one expansion in the contribution accounting division.

If actual operating expenditures are less than the operating budget revenues, funds not expended will revert to the Trust Fund.



S-1

Certification

**APPROPRIATION REQUEST
CERTIFICATION
FORM S-1**

Agency Name: Public Employees Retirement Association

Business Unit: 36600

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.

Greg Trujillo, Executive Director

Claudia Armijo, Board Chair

Lynette Kennard, Chief Financial Officer

33 Plaza La Prensa
Santa Fe, NM 87507

505-470-3047

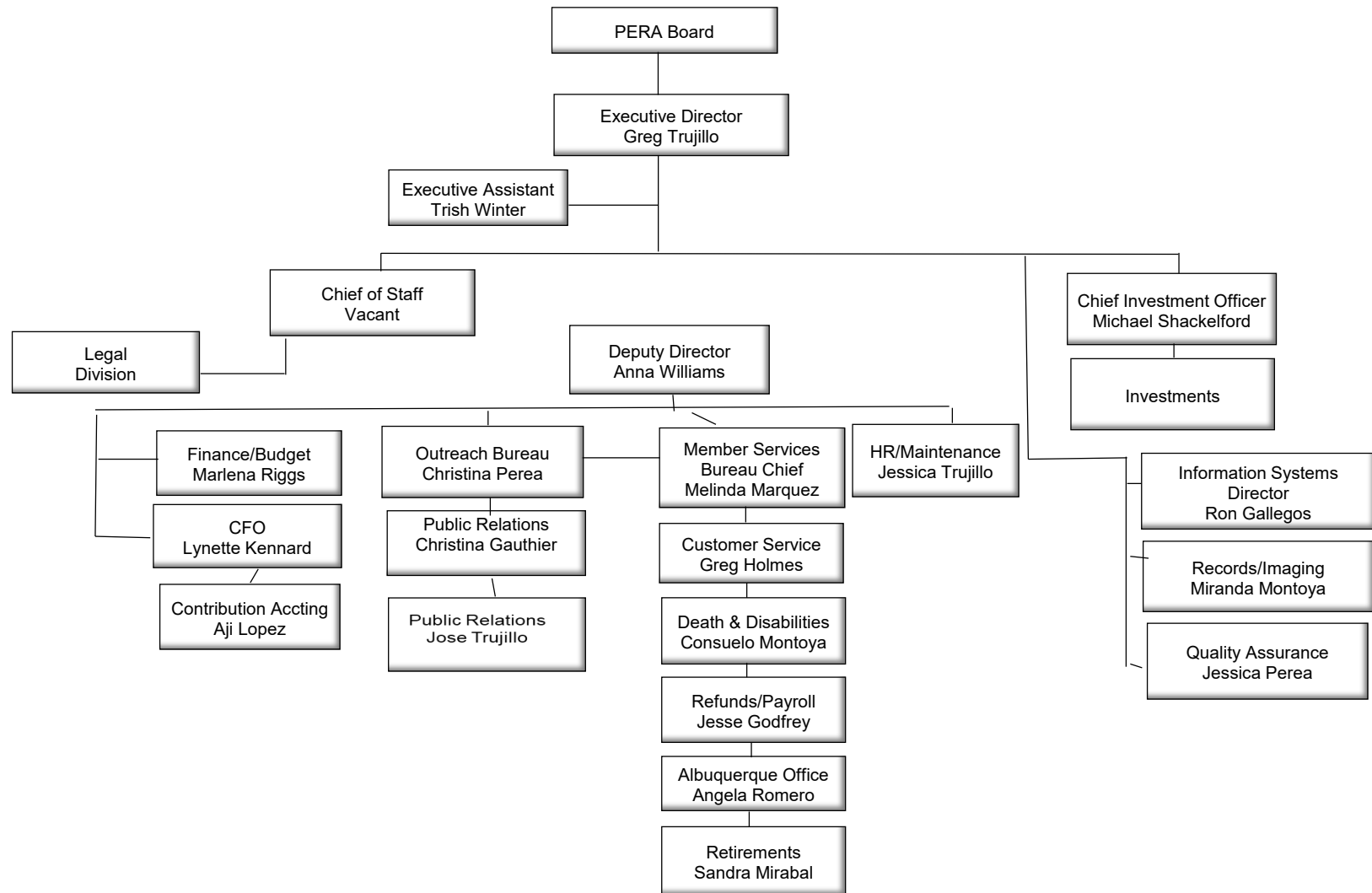
lynette.kennard@state.nm.us

Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

S-2

Organizational Chart

**FY24 OPERATING BUDGET
ORGANIZATION CHART
FORM S-2**



S-8

Financial Summary

S-8 Financial Summary

(Dollars in Thousands)

BU PCode Department
36600 0000 0000000000

		2021-22 Opbud	2021-22 Actuals	2022-23 Opbud	2023-24 PCF Proj	Base	----- FY 2024 Agency Request ----- Expansion	Total
REVENUE								
111	General Fund Transfers	48.9	48.9	52.8	0.0	58.5	0.0	58.5
112	Other Transfers	0.6	0.9	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	36,288.6	(472,754.8)	38,408.1	0.0	41,524.3	91.2	41,615.5
REVENUE, TRANSFERS		36,338.1	(472,705.0)	38,460.9	0	41,582.8	91.2	41,674.0
REVENUE		36,338.1	(472,705.0)	38,460.9	0	41,582.8	91.2	41,674.0
EXPENSE								
200	Personal Services and Employee Benefits	8,330.5	7,667.5	8,934.8	9,489.8	9,599.4	91.2	9,690.6
300	Contractual Services	25,968.8	14,901.2	25,968.8	0.0	27,725.2	0.0	27,725.2
400	Other	2,038.8	1,953.9	3,557.3	0.0	4,258.2	0.0	4,258.2
EXPENDITURES		36,338.1	24,522.6	38,460.9	9,489.8	41,582.8	91.2	41,674.0
EXPENSE		36,338.1	24,522.6	38,460.9	9,489.8	41,582.8	91.2	41,674.0
FTE POSITIONS								
810	Permanent	0.00	0.00	0.00	89.00	87.00	1.00	88.00
FTEs		0.00	0.00	0.00	89.00	87.00	1.00	88.00
FTE POSITIONS		0.00	0.00	0.00	89.00	87.00	1.00	88.00

S-9

Account Code

Revenue / Expenditure
Report

BU PCode Department
36600 0000 0000000000

S-9 Account Code Revenue/Expenditure Summary
(Dollars in Thousands)

		2021-22 Opbud	2021-22 Actuals	2022-23 Opbud	2023-24 PCF Proj	----- FY 2024 Agency Request -----		
						Base	Expansion	Total
499105	General Fd. Appropriation	48.9	48.9	52.8	0.0	58.5	0.0	58.5
111	General Fund Transfers	48.9	48.9	52.8	0.0	58.5	0.0	58.5
499905	Other Financing Sources	0.6	0.9	0.0	0.0	0.0	0.0	0.0
112	Other Transfers	0.6	0.9	0.0	0.0	0.0	0.0	0.0
418302	Civil Action Filing Fees	0.0	1,828.7	0.0	0.0	0.0	0.0	0.0
425902	Other Services	118.8	0.0	145.5	0.0	152.6	0.0	152.6
441201	Interest On Investments	36,161.7	63,801.1	38,254.5	0.0	41,363.6	91.2	41,454.8
441301	Dividend Income	0.0	86,450.0	0.0	0.0	0.0	0.0	0.0
441501	Other Investment Income	0.0	(647,610.9)	0.0	0.0	0.0	0.0	0.0
442209	Rent of Land/Buildings Interag	8.1	8.6	8.1	0.0	8.1	0.0	8.1
471208	Employer Contributions/Ret.	0.0	22,200.0	0.0	0.0	0.0	0.0	0.0
471508	Employer Contr-Retiree Ins	0.0	0.0	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	567.7	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	36,288.6	(472,754.8)	38,408.1	0.0	41,524.3	91.2	41,615.5
TOTAL REVENUE		36,338.1	(472,705.0)	38,460.9	0	41,582.8	91.2	41,674.0
520000	Payroll	8,330.5	0.0	0.0	0.0	0.0	0.0	0.0
520100	Exempt Perm Positions P/T&F/T	0.0	1,536.3	2,168.2	2,152.4	2,358.3	0.0	2,358.3
520300	Classified Perm Positions F/T	0.0	3,986.7	4,389.4	4,755.6	4,666.2	57.1	4,723.3
520600	Paid Unused Sick Leave	0.0	8.1	0.0	0.0	0.0	0.0	0.0
520700	Overtime & Other Premium Pay	0.0	6.4	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	36.3	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	0.0	536.2	573.3	583.2	557.5	5.1	562.6
521200	Retirement Contributions	0.0	1,007.4	1,172.5	1,328.8	1,322.9	22.0	1,344.9
521300	F I C A	0.0	402.8	470.5	528.5	511.4	4.4	515.8
521400	Workers' Comp Assessment Fee	0.0	5.6	0.8	0.0	0.8	0.0	0.8
521410	GSD Work Comp Insur Premium	0.0	0.0	5.9	0.0	6.7	0.0	6.7
521500	Unemployment Comp Premium	0.0	5.1	0.0	0.0	1.9	0.0	1.9
521600	Employee Liability Ins Premium	0.0	22.1	29.3	0.0	36.4	0.0	36.4
521700	RHC Act Contributions	0.0	110.5	124.9	141.3	137.3	2.6	139.9
523000	COVID Related Admin Leave	0.0	3.9	0.0	0.0	0.0	0.0	0.0
200	Personal Services and Employee Bene	8,330.5	7,667.5	8,934.8	9,489.8	9,599.4	91.2	9,690.6
530000	Contracts	25,968.8	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	0.0	166.1	210.0	0.0	240.0	0.0	240.0

BU PCode Department
36600 0000 0000000000

S-9 Account Code Revenue/Expenditure Summary
(Dollars in Thousands)

		2021-22	2021-22	2022-23	2023-24	----- FY 2024 Agency Request -----		
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion	Total
535200	Professional Services	0.0	667.4	748.0	0.0	714.7	0.0	714.7
535300	Other Services	0.0	12,253.7	23,080.8	0.0	24,465.1	0.0	24,465.1
535400	Audit Services	0.0	167.0	180.0	0.0	155.4	0.0	155.4
535500	Attorney Services	0.0	423.1	1,410.0	0.0	1,810.0	0.0	1,810.0
535600	IT Services	0.0	1,223.9	340.0	0.0	340.0	0.0	340.0
300	Contractual Services	25,968.8	14,901.2	25,968.8	0.0	27,725.2	0.0	27,725.2
540000	Other Expenses	2,038.8	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	0.0	0.7	5.6	0.0	6.6	0.0	6.6
542200	Employee I/S Meals & Lodging	0.0	0.4	8.2	0.0	12.2	0.0	12.2
542300	Brd & Comm Mbr Meals & Lodging	0.0	0.3	20.0	0.0	20.0	0.0	20.0
542310	Brd & Comm Mbr Mileage & Fares	0.0	0.2	4.2	0.0	5.0	0.0	5.0
542500	Transp - Fuel & Oil	0.0	0.7	2.5	0.0	2.5	0.0	2.5
542600	Transp - Parts & Supplies	0.0	0.3	5.0	0.0	5.0	0.0	5.0
542700	Transp - Transp Insurance	0.0	0.3	0.6	0.0	0.5	0.0	0.5
542800	State Transp Pool Charges	0.0	5.8	5.6	0.0	5.8	0.0	5.8
542900	Transp - Other Travel	0.0	0.0	0.1	0.0	0.1	0.0	0.1
543100	Maint - Grounds & Roadways	0.0	16.3	14.0	0.0	20.0	0.0	20.0
543200	Maint - Furn, Fixt, Equipment	0.0	1.9	22.5	0.0	17.0	0.0	17.0
543300	Maint - Buildings & Structures	0.0	54.4	55.0	0.0	85.0	0.0	85.0
543400	Maint - Property Insurance	0.0	4.9	5.9	0.0	8.1	0.0	8.1
543500	Maint - Supplies	0.0	0.3	1.5	0.0	1.5	0.0	1.5
543700	Maintenance Services	0.0	2.4	4.0	0.0	4.0	0.0	4.0
543830	IT HW/SW Agreements	0.0	904.2	1,992.6	0.0	2,578.0	0.0	2,578.0
544000	Supply Inventory IT	0.0	39.0	86.6	0.0	93.6	0.0	93.6
544100	Supplies-Office Supplies	0.0	5.3	16.1	0.0	15.6	0.0	15.6
544200	Supplies-Medical, Lab, Personal	0.0	0.0	0.0	0.0	0.5	0.0	0.5
544400	Supplies-Field Supplies	0.0	0.3	1.0	0.0	1.0	0.0	1.0
544700	Supplies-Clothing, Unifrms, Linen	0.0	0.1	0.4	0.0	0.4	0.0	0.4
544900	Supplies-Inventory Exempt	0.0	1.0	14.0	0.0	11.5	0.0	11.5
545600	Reporting & Recording	0.0	6.0	10.5	0.0	20.7	0.0	20.7
545609	Report/Record Inter St Agency	0.0	0.2	0.0	0.0	0.0	0.0	0.0
545700	ISD Services	0.0	37.2	40.8	0.0	40.5	0.0	40.5
545710	DOIT HCM Assessment Fees	0.0	31.8	32.0	0.0	29.0	0.0	29.0

BU PCode Department
36600 0000 0000000000

S-9 Account Code Revenue/Expenditure Summary
(Dollars in Thousands)

		2021-22	2021-22	2022-23	2023-24	----- FY 2024 Agency Request -----	
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion Total
545900	Printing & Photo Services	0.0	54.7	91.0	0.0	92.8	0.0 92.8
546100	Postage & Mail Services	0.0	91.5	140.1	0.0	140.4	0.0 140.4
546310	Utilities - Sewer/Garbage	0.0	2.8	6.5	0.0	6.6	0.0 6.6
546320	Utilities - Electricity	0.0	61.6	75.0	0.0	75.0	0.0 75.0
546330	Utilities - Water	0.0	3.3	4.5	0.0	4.5	0.0 4.5
546340	Utilities - Natural Gas	0.0	14.5	30.0	0.0	30.0	0.0 30.0
546400	Rent Of Land & Buildings	0.0	106.2	107.2	0.0	114.7	0.0 114.7
546500	Rent Of Equipment	0.0	68.6	101.6	0.0	97.4	0.0 97.4
546600	Communications	0.0	7.4	7.6	0.0	9.1	0.0 9.1
546610	DOIT Telecommunications	0.0	185.0	144.0	0.0	170.0	0.0 170.0
546700	Subscriptions/Dues/License Fee	0.0	124.3	143.1	0.0	156.6	0.0 156.6
546709	Subscription & Due Interagency	0.0	0.1	0.0	0.0	0.0	0.0 0.0
546800	Employee Training & Education	0.0	29.0	46.9	0.0	46.9	0.0 46.9
546810	Board Member Training	0.0	9.1	14.5	0.0	15.0	0.0 15.0
546900	Advertising	0.0	5.9	2.7	0.0	3.6	0.0 3.6
547360	Insurance Premiums-non_payroll	0.0	0.0	45.8	0.0	50.0	0.0 50.0
547900	Miscellaneous Expense	0.0	30.4	30.3	0.0	33.3	0.0 33.3
547999	Request to Pay Prior Year	0.0	7.8	0.0	0.0	0.0	0.0 0.0
548200	Furniture & Fixtures	0.0	5.9	20.0	0.0	0.0	0.0 0.0
548300	Information Tech Equipment	0.0	0.0	60.0	0.0	60.0	0.0 60.0
549600	Employee O/S Mileage & Fares	0.0	7.8	57.3	0.0	66.2	0.0 66.2
549700	Employee O/S Meals & Lodging	0.0	12.3	61.5	0.0	77.0	0.0 77.0
549800	Brd & Comm O/S Mileage & Fares	0.0	3.8	8.5	0.0	10.0	0.0 10.0
549900	Brd & Comm O/S Meals & Lodging	0.0	7.8	10.5	0.0	15.0	0.0 15.0
400	Other	2,038.8	1,953.9	3,557.3	0.0	4,258.2	0.0 4,258.2
TOTAL EXPENSE		36,338.1	24,522.6	38,460.9	9,489.8	41,582.8	91.2 41,674.0
810	Permanent	0.00	0.00	87.00	89.00	87.00	1.00 88.00
810	Permanent	0.00	0.00	87.00	89.00	87.00	1.00 88.00
TOTAL FTE POSITIONS		0.00	0.00	87.00	89.00	87.00	1.00 88.00

S-13

Detail of Rates

State of New Mexico
S-13 Line Items by Business Unit
(Dollars in Thousands)

					-----FY 2024 Exec Recommendation-----						
					2021-22	2022-23	Request		Recommendation		
BusUnit	Line Item				Actuals	Opbud	Base	Expansion	Base	Expansion	Opbud
36600	P640-R	Pension Administration	521410	GSD Work Comp Insur Premium	0	0	6.7	0	0	0	0.0
			521500	Unemployment Comp Premium	5.07	0	1.9	0	0	0	0.0
			521600	Employee Liability Ins Premium	22.12	0	36.4	0	0	0	0.0
			535400	Audit Services	167.02	0	155.4	0	0	0	0.0
			542700	Transp - Transp Insurance	0.33	0	0.5	0	0	0	0.0
			542800	State Transp Pool Charges	5.76	0	5.8	0	0	0	0.0
			543400	Maint - Property Insurance	4.92	0	8.1	0	0	0	0.0
			545700	ISD Services	37.15	0	40.5	0	0	0	0.0
			545710	DOIT HCM Assessment Fees	31.76	0	29	0	0	0	0.0
			546610	DOIT Telecommunications	185.05	0	170	0	0	0	0.0
Subtotal for:	36600	P640-R	Pension Administration	459.17	0	454.3	0	0	0	0.0	
36600					459.17	0	454.3	0	0	0	0.0

				-----FY 2024 Exec Recommendation-----						
Totals by Line Item				2021-22	2022-23	Request		Recommendation		Opbud
BusUnit	Line Item			Actuals	Opbud	Base	Expansion	Base	Expansion	
36600	521410	GSD Work Comp Insur Premium		0	0	6.7	0	0	0	0.0
	521500	Unemployment Comp Premium		5.07	0	1.9	0	0	0	0.0
	521600	Employee Liability Ins Premium		22.12	0	36.4	0	0	0	0.0
	535400	Audit Services		167.02	0	155.4	0	0	0	0.0
	542700	Transp - Transp Insurance		0.33	0	0.5	0	0	0	0.0
	542800	State Transp Pool Charges		5.76	0	5.8	0	0	0	0.0
	543400	Maint - Property Insurance		4.92	0	8.1	0	0	0	0.0
	545700	ISD Services		37.15	0	40.5	0	0	0	0.0
	545710	DOIT HCM Assessment Fees		31.76	0	29	0	0	0	0.0
	546610	DOIT Telecommunications		185.05	0	170	0	0	0	0.0

State of New Mexico
S-13 Line Items by Business Unit
(Dollars in Thousands)

Grand Total	459.17	0	454.3	0	0	0	0.0
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P-1

Program Narrative

P-1 Program Overview

Program Description:

The purpose of the Public Employees Retirement Association (PERA) Pension Administration Program is to oversee the PERA trust fund from which members and their beneficiaries can receive a lifetime pension benefit when eligible (based on age and service) after retirement from public service. PERA's mission statement and strategic plan are focused on maintaining an actuarially sound retirement system (consisting of 31 different coverage plans and 2 tiers of benefits) and providing excellent customer service to PERA's members.

Pension administrative functions include, customer services, benefit estimates, service credit verification, retirement processing, quality control, annuitant payroll, service/military credit purchases, retirement seminars, records management, document imaging, and member contribution refunds. PERA primarily serves seven constituencies: 1) employees and elected officials who currently work for affiliated public employers throughout the State of New Mexico; 2) employees and elected officials who have retired from New Mexico public service in both normal and disabled status; 3) survivor beneficiaries; 4) former public employees and elected officials who elect to receive a refund of contributions; 5) former public employees and elected officials who leave their contributions in PERA in order to receive a deferred pension; 6) affiliated public employers; and 7) participants in the state-sponsored deferred compensation program.

Program Description:

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Major Issues and Accomplishments:

PERA considered the following issues in developing its budget request: 1) strengthening of PERA's actuarial funding status of the retirement funds and safeguarding the PERA fund to ensure current and future obligations are met; 2) maximizing the Retirement Information Online (RIO) system's business capabilities to provide timely and accurate data; 3) increasing emphasis on employer outreach to assist in timely and accurate submission of employer payments and reports; 4) timely and accurate analysis of PERA's investment fund; and 5) prudent oversight of PERA's administrative and investment operations. In the past five years, PERA has accomplished the following: expanded Albuquerque office capabilities to allow full retirement processing and moved the office to provide easier access to our members; increased emphasis on participation in the 457B Plan; undertook an accounting process improvement project; received unmodified opinion for FY18, FY19, and FY20 audits; new contribution accounting employer training emphasizing importance of data quality; implemented late fees for late contributions reported and paid by employers; and introduction of electronic workflow to all functions for greater efficiencies and better tracking of member requests; improved Information Technology security, and improved VPN access and security. During FY21, PERA continued trainings with employers via Zoom. PERA finished our RIO Strategic Enhancement Project that has improved business processes, data integrity, and has provided system enhancements.

P-1 Program Overview

BU PCode
36600 P640

Major Issues and Accomplishments:

PERA considered the following issues in developing its budget request: 1) strengthening of PERA's actuarial funding status of the retirement funds and safeguarding the PERA fund to ensure current and future obligations are met; 2) maximizing the Retirement Information Online (RIO) system's business capabilities to provide timely and accurate data; 3) increasing emphasis on employer outreach to assist in timely and accurate submission of employer payments and reports; 4) timely and accurate analysis of PERA's investment fund; and 5) prudent oversight of PERA's administrative and investment operations.

In the past three years, PERA has accomplished the following: expanded Albuquerque office capabilities to allow full retirement processing and moved the office to provide easier access to our members; reopened our offices to the public on May 1, 2022; finish the accounting process improvement project; received unmodified opinion for FY19, FY20, and FY21 audits; in contribution accounting we have provide employer training emphasizing on state agencies; and had the introduction of electronic workflow which allows for greater efficiencies and better tracking of member requests, this has also allowed us to smoothly transition to remote work and enables us monitor staffs work; we have improved Information Technology security, improved our VPN access and security; and we undertook enhancements to RIO self-service for our members to allow them to upload documents to through their PERA account.

Overview of Request:

The FY 23 base budget request of \$40,279.30 was based on ensuring PERA has the staff, resources, and information technology to provide pension payments to retirees, receive contribution from active members, through their employers and ensuring PERA meets the required 7.25 percent actuarial hurdle rate based, on the current market value of investments. PERA is funded from interest earned on investments. PERA's primary mission is to serve our members and provide a stable secure retirement to current and future generations of public employees. The requested appropriation request will ensure PERA is able to provide our members, a stable lifetime benefit through leadership, stewardship and quality customer service. PERA members are made up of 42,000+ retirees, 56,000+ active members, and 20,000+ inactive members. During FY 21 PERA paid out \$1.3 billion in benefit payments to our retirees and \$40.4 million in refunds to members who left employment.

Overview of Request:

The FY24 base budget request of \$41,674,000 is an 8.35 percent increase from the FY23 operating budget and applies a 3 percent vacancy savings factored in personal services and employee benefits. As a majority of PERA's budget is related to investment activities, which requires PERA to meet a 7.25 percent actuarial hurdle rate, as such half of the 8.35 percent increase in the FY24 request is related to the investment fee activities. The increase in investment fee activity is not a reflection of increasing fees but that the market value in which we calculate those fees. The base budget request increases the contractual services category by \$1,756.4, or 6.76 percent.

Programmatic Changes:**Programmatic Changes:**

PERA will continue implementing SB72 and monitoring the effects of the Senate Bill on the PERA fund. PERA is also working on enhancing the self-service feature for our members. The following are some of the changes that PERA will be working on; easier ability to print 1099, view a benefit, view COLA amounts, submit refund request, and submit pension applications.

Base Budget Justification:

The base budget request increases the personal services and employee benefits category by \$755,900, or 8.46 percent which related to full funding the legislation increase in FY23 and one expansion position, and the other category by \$700.8, or 19.70 percent. The increase in the other category is related to increases in IT security costs and increased cost in goods and services.

P-1 Program Overview

Base Budget Justification: The FY23 base budget request of \$40,279.3 is a 10.85 percent increase from the FY22 operating budget and applies a 3 percent vacancy rate for Personal Services and Employee benefits. The majority of PERA's budget is related to investment activities, which requires PERA to meet a 7.25 percent actuarial hurdle rate. A large portion of the increase in the FY23 request is related to the investment fee activities. The increase in investment fee activity is not a reflection of increasing fees but because of the market value in which we calculate those fees is now higher due to this year's market movement. The base budget request increases the Contractual Services category by \$2,379.10, or 9.16 percent. The base budget request increases the Personal Services and Employee Benefits category by \$43,504, or 0.52 percent, and the Other category by \$1,518.5, or 74.49 percent. The increase is related to increase in IT security costs and the RIO maintenance contract of \$1,200.0 that will be now be charged to account 543830 instead of 535600.

EB-1; EB-2; EB-3

Expansion Justifications

Expansion Fiscal Summary

Expansion Line Item Detail

EB-1 Expansion Justifications
(Dollars in Thousands)

FTE for Contribution Accounting

Rank: 1

New Initiative	2023-24 GF Sources	2023-24 OSF Sources	2023-24 ISF/IAT Sources	2023-24 FF Sources	2023-24 Total Request	2023-24 Exec Recommendation
Other Revenues	0	91.2	0	0	91.2	0
REVENUE, TRANSFERS	0	91.2	0	0	91.2	0
Personal Services and Employee	0	91.2	0	0	91.2	0
EXPENDITURES	0	91.2	0	0	91.2	0
Permanent	0	0	0	0	1	0
FTEs	0	0	0	0	1	0

Quantitative Outcome:**Brief Description:**

PERA is in need of 1 additional FTE for the Contribution Accounting section.

This position will provide additional training to state agencies human resource staff and to help create trainings for employers. This position will become the main contact for the state payroll for wage and contribution questions and assistance.

Problem being addressed:

PERA will address the need of providing additional training to state agencies human resource staff and to help create other trainings for employers. These trainings will help reduce errors in reporting wages and contributions into the RIO system. This position would also become the main contact for the state payroll for wage and contribution questions and assistance.

Description of how performance will be improved:

With improved wage and contribution reporting it will reduce all human resources staff time and PERA staff time in resolving suspend reports.

Consequences of not funding this expansion:

If not funded there is a greater risk of errors related to PERA eligible wages and increase rate of suspended reports in RIO.

Assumptions and methodology:

Continued training will continue to improve reporting to PERA.

Performance Measures:

Reduction in suspended wage and contribution reports in the RIO system.

Analyst recommendations and comments:

EB-2 Expansion Fiscal Summary
(Dollars in Thousands)

FTE for Contribution Accounting

Rank: 1

		2023-24 GF Sources	2023-24 OSF Sources	2023-24 ISF/ IAT Sources	2023-24 FF Sources	2023-24 Total Request	2023-24 Exec Recommendation
130	Other Revenues	0	91.2	0	0	91.2	0
REVENUE, TRANSFERS		0	91.2	0	0	91.2	0
200	Personal Services and Employee Benefits	0	91.2	0	0	91.2	0
EXPENDITURES		0	91.2	0	0	91.2	0
810	Permanent	0	0	0	0	1	
FTEs		0	0	0	0	1	0

EB-3 Expansion Line Item Detail
(Dollars in Thousands)

FTE for Contribution Accounting

Rank: 1

		2023-24 GF Sources	2023-24 OSF Sources	2023-24 ISF/IAT Sources	2023-24 FF Sources	2023-24 Total Request	2023-24 Exec Recommendation
520300	Classified Perm Positions F/T	0	57.1	0	0	57.1	0
521100	Group Insurance Premium	0	5.1	0	0	5.1	0
521200	Retirement Contributions	0	22	0	0	22	0
521300	F I C A	0	4.4	0	0	4.4	0
521700	RHC Act Contributions	0	2.6	0	0	2.6	0
200	Personal Services and Employee Benefit	0	91.2	0	0	91.2	0
Total for FTE for Contribution Accounting		0	91.2	0	0	91.2	0