

AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

Enabling Laws

Public Employees Retirement System:

Act 139 of 2014

A.C.A. §24-1-101 through §24-2-704; §24-4-101 through §24-4-1109; §24-7-501; §24-7-1001 through §24-7-1101; §24-8-901 through §24-8-904; §24-12-126

State Police Retirement System:

A.C.A. §24-2-101 through §24-2-704; §24-2-401 through §24-2-704; §24-6-101 through §24-6-508

Judicial Retirement System:

A.C.A. §24-2-401 through §24-2-704; §24-8-201 through §24-8-228; §24-8-701 through §24-8-717

District Judges Retirement System:

A.C.A. §24-8-801 through §24-8-824 (Abolished and transferred to Public Employees Retirement System by Act 177 of 2007).

History and Organization

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM:

General - The Arkansas Public Employees Retirement System (APERS) administers a statewide public employee retirement program for certain state (including members of the General Assembly and State Constitutional Officers), municipal, school district employees (cafeteria workers, bus drivers, and janitors enrolled before July 1, 1989) and all county employees (including county constitutional officers). A nine member Board of Trustees appointed by the Governor controls APERS.

The Executive Director also serves as State Social Security Administrator and is responsible for coverage-related issues for state and local government employers.

Mission Statement - The mission of the Agency is to play an integral role in the future financial security of the APERS, Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS) members by promptly and courteously delivering quality benefits and information which members value and trust through professional plan administration and prudent management of System assets.

Retirement Programs - Retirement Programs provide coverage and benefits under both "contributory" and "non-contributory" provisions.

Act 177 of 1956, as amended, established APERS as a contributory plan.

Act 793 of 1977, as amended, established the "non-contributory" provisions for APERS. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 653 of 1989 places all newly hired after July 1, 1989, school district employees in the AR Teacher Retirement System.

Act 339 of 2003 allowed the Board of Trustees to consider implementation of a new contributory plan for covered employees hired after July 1, 2005.

Act 2084 of 2005 established a new contributory plan for all members first hired on or after July 1, 2005, or returning members with a break in service of over six months. Members are required to contribute 5% of pretax earnings.

Act 558 of 2011 requires participating employers to pay matching on retired members who have returned to work under §24-4-520, as well as members who have entered the Deferred Retirement Option Plan (DROP) under §24-4-802(d). The rate(s) of percentage are set by the board as provided for by §24-2-701.

Act 288 of 2013 requires municipal or county elected officials first elected on or after January 1, 2014 to be contributory and the employer and the employee must both contribute an additional 2.5% of the employee's gross pay to APERS. The employee is required to contribute 7.5% (5.0% + 2.5%) and the employer would contribute the normal rate (currently 14.76%) plus 2.5%.

ARKANSAS STATE POLICE RETIREMENT SYSTEM:

Act 311 of 1951, as amended, established the "contributory" provisions of the Arkansas State Police Retirement System and provides for the retirement of uniformed troopers of the Arkansas State Police. A seven member Board of Trustees consists of an active vested member enrolled in the Tier 1 benefit program, the Chief Fiscal Officer of the State, one state police commissioner and three citizens at large who shall be appointed by the governor.

Act 647 of 1969 transferred the administration of the Arkansas State Police Retirement System (ASPRS) on July 1, 1969, to the Executive Director and staff of APERS.

Act 793 of 1977, as amended, established the "non-contributory" provisions for the State Police Retirement System. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 1071 of 1997 established a Tier II Plan for State Police Retirement.

ARKANSAS JUDICIAL RETIREMENT SYSTEM:

Act 365 of 1953 created the Arkansas Judicial Retirement System, which provides for the retirement of all Chancery, Circuit, Court of Appeals Judges and Supreme Court Justices. A five member Board of Trustees appointed by the Arkansas Judicial Council controls AJRS.

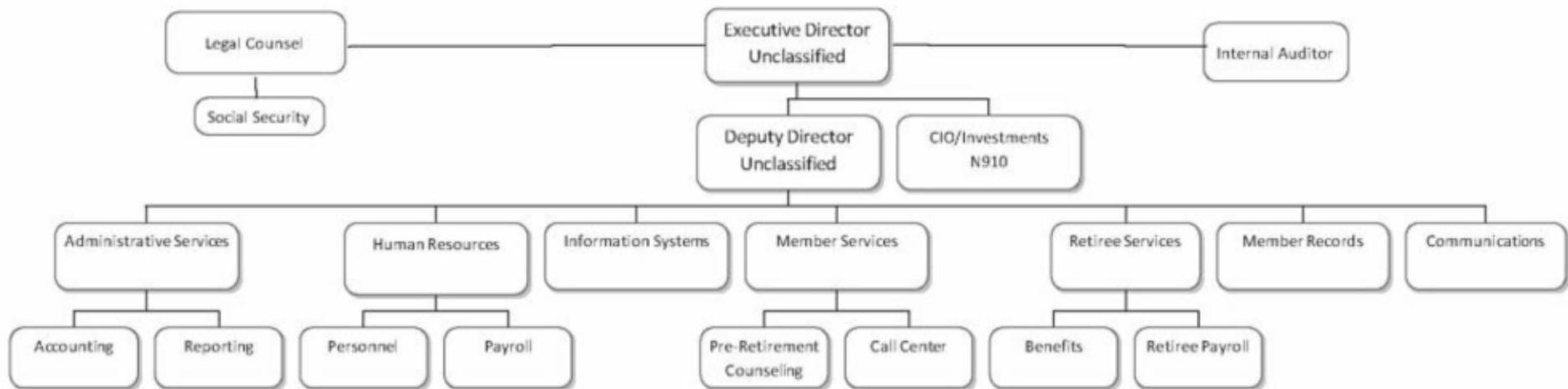
Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

Act 399 of 1999 established a Tier II Plan for Judicial Retirement.

ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM:

Act 1374 of 2003 created the Arkansas District Judge Retirement System, which provides for the retirement of all district judges. The same act closed the Municipal Judges and Clerks Retirement System. A five member Board of Trustees controls ADJRS. The trustees are appointed as follows: Two members are appointed by the Arkansas District Judges Council; Three members are appointed by the Governor, one of whom must not have previous service in the judicial system.

Act 177 of 2007 abolished the Arkansas District Judge Retirement System and transferred all powers, duties and plan liabilities to the Arkansas Public Employees Retirement System via a type 3 transfer as prescribed in A.C.A. §25-2-106.



Agency Commentary

APERS Budget Requests (2016 - 2017 Biennium)

APERS' active membership is approximately 65% contributory, with 29,786 contributory members out of a total of 46,079 active members as of 4/30/14. Mandatory contributory participation was effective for all new members as of July 1, 2005.

We are on track to be making benefit payments to approximately 31,000 retirees and beneficiaries by 2016. The retiree total as of 6/1/14 is 28,118, with an additional 600 to be added as of 7/1/14. As of the 6/30/13 actuarial valuation by Gabriel Roeder Smith & Company (GRS), there are 1,753 members who are 65 years or over with at least 5 years of service, 1,046 members who are 60-64 years and 4,180 members who are 45-59 years with 20 or more years of service. This means that at various times within the next 8 years, a total of 6,979 members will be eligible to retire.

C01 Request - New Position Request (2QR/CI 501:00:00)

C10 Request - Reclassification of 4 Positions (2QR/CI 501:00:00)

APERS faces a major loss of institutional knowledge during the next two to five years, as the current Executive Director, Deputy Director, Investment Operations Manager, and Administrative Services Manager will all be eligible for retirement during that time frame. The current Executive Director and Deputy Director were seasoned APERS staff members when appointed to their positions. If the next Executive Director and Deputy Director were to be appointees from outside of the agency, it would be imperative to have an executive management team in place to provide continuity in our mission of providing quality retirement services to our membership and to provide insight to the new appointees.

A high-level organizational chart depicting the proposed new executive management team, which would include the current CIO (N910) and CFO (N906), and the following one new position (APERS Chief Counsel/Legislative Liaison) and three reclassifications (APERS Director of Benefits Administration, APERS Director of Operations, and APERS Director of Information Technology) appears at the end of this narrative. All of these positions are requested at an N906 grade with a base level pay of \$79,082.

Current Title	Current Class Code/Grade	Proposed Class Title	Proposed Class Code/Grade
New	New	APERS Chief Counsel -Legislative Liaison	New/N906
Retirement Section Manager	A034C/C123	APERS Director of Benefits Administration	New/N906
Administrative Services Manager	G076C/C124	APERS Director of Operations	New/N906
Information Systems Manager	D007C/C128	APERS Director of Information Technology	New/N906

One part of the concept behind these requests is to broaden the responsibilities and authority of the proposed executive staff to conduct the daily operation of their assigned functions more autonomously. When implemented in 2017, the new pension administration system will allow members greater access to their retirement information and online access for requests that must currently be submitted on paper. While current section managers have some autonomy in managing their functions, the executive staff will be expected to manage and revise their operations, resolve issues, and provide assistance with prior review and approval by the Executive Director and/or Deputy Director reserved for only the most unusual or complex issues.

This organizational structure will also provide a permanent solution for succession planning. A leadership talent pool of current staff members with required core competencies and technical competencies can be identified and those staff members can be mentored to be eligible to compete for those positions upon the resignation or retirement of key agency personnel.

In a review of surrounding states with comparable size retirement systems, the Oklahoma Public Employees Retirement System, the Public Employees Retirement System of Mississippi, and the Louisiana State Employees Retirement System have comparable organizational compositions for executive-level staff. Within Arkansas, the AR Teacher Retirement System also has a comparable number of executive level staff positions.

APERS Chief Counsel/Legislative Liaison (N906) (New Position)

The Chief Counsel would take the lead in drafting new retirement legislation, reviewing proposed retirement legislation, making recommendations, and ensuring that current retirement code is up-to-date. This position would also analyze retirement bills filed during the legislative sessions and attend retirement committee meetings. In addition, the Chief Counsel would provide analysis and assistance on all legal matters for APERS, including securities litigation, and provide oversight of the Social Security 218 Agreement function.

APERS Director of Operations (N906) (Reclassification)

The Director of Operations would oversee all agency operational functions, including disbursing officer, purchasing and asset management, human resource management, payroll, biennial and annual budget development and monitoring, and serve as the AASIS Security Liaison for the agency.

APERS Director of Benefits Administration (N906) (Reclassification)

The Director of Benefits Administration would direct the counseling, member outreach (includes the call center and communications functions), and retiree services sections. The services provided by these areas are: individual counseling, group seminars, benefit estimates, call center, publications, APERS website, social media information, retiree payroll, death-in-service benefits, and disability benefits.

APERS Director of Information Technology (N906) (Reclassification)

The Director of Information Technology would be responsible for the operation and development of the pension administration system, the agency network, the purchase and maintenance of information technology infrastructure and peripherals for staff, and the management of the VOIP telephone system.

These four positions, in concert with the Executive Director, Deputy Director, current CFO and CIO, will comprise the executive team at APERS.

Accountant I (C116) (Reclassification)

This Accountant I position is currently downgraded to perform lower level accounting duties. APERS requests a permanent downgrade for this in-family position:

Position #	Current Class Title	Current Class Code/Grade	Proposed Class Title	Proposed Class Code/Grade
2214-2783	Accountant II	A082C/C117	Accountant I	A089C/C116

C04 Request - Reallocation Request (2QR/CI 506:00:10)

APERS requests that \$1,600,000 be transferred from the Professional Fees G/L line item to the Data Processing G/L line item to accommodate increased mainframe costs associated with the current pension administration system during the 16/17 biennium.

C08 Request - Capital Outlay Request (2QR/CI 512:00:11)

APERS requests \$15,000 for FY16 to be used for the purchase of high capacity scanning equipment and/or high capacity printing equipment to accommodate new processes in conjunction with the new COMPASS pension administration system.

C01 Request - Refunds/Reimbursements Paid Via Warrant (2QR/CI 511:00:14): APERS requests an increase of \$10,000,000 in both fiscal years of the biennium to accommodate refunds and lump sum pay outs to members and beneficiaries.

C01 Request - Cash Fund (Benefits) (C22/CI 510:00:23): APERS requests an increase of \$50,000,000 in both fiscal years of the biennium to accommodate payment of retiree benefits via direct deposit.

AR State Police Retirement System (ASPRS) Budget Requests (2016 - 2017 Biennium)

C01 Request - Cash Fund (Benefits) (C23/CI 510:00:23): ASPRS requests an increase of \$5,000,000 in both fiscal years of the biennium to accommodate payment of retiree benefits via direct deposit.

C01 Request - Refunds/Reimbursements Paid Via Warrant (2QS/CI 511:00:14): ASPRS requests an increase of \$5,000,000 in both fiscal years of the biennium to accommodate refunds and lump sum pay outs to members and beneficiaries.

AR Judicial Retirement System (AJRS) Budget Requests (2016 - 2017 Biennium)

C01 Request - Benefits Paid Via Warrant (2QT/CI 510:10:23): AJRS requests an increase of \$250,000 in both fiscal years of the biennium to accommodate retiree benefit payments.

C01 Request - Refunds/Reimbursements Paid Via Warrant (2QT/CI 511:00:14): AJRS requests an increase of \$250,000 in both fiscal years of the biennium to accommodate refunds and lump sum pay outs to members and beneficiaries.

C01 Request - Cash Fund (Benefits) (C24/CI 510:00:23): AJRS requests an increase of \$1,000,000 in both fiscal years of the biennium to accommodate payment of retiree benefits via direct deposit.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	16	21	37	53 %
Black Employees	3	27	30	43 %
Other Racial Minorities	1	2	3	4 %
Total Minorities			33	47 %
Total Employees			70	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1310100	\$15,179,836	Checking/Direct Deposit Account (Trust Fund revenue)	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310200	\$893,009	Checking/Direct Deposit Account (Trust Fund revenue)	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310300	\$0	Checking/Direct Deposit Account (Trust Fund revenue)	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Financial Report-AJRS	N	N	N	75	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
Annual Financial Report-APERS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Financial Report-ASPRS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
APERSpective Newsletter-Active/Retired Members	N	N	N	75,000	Published and mailed biannually to all active/retired members.	0	0.00
APERSpective Newsletter-Employers	N	N	N	1,000	Published and mailed biannually to all active/retired members.	0	0.00
Employer Guide-APERS	N	N	N	1,000	Published when significant legislative changes to retirement statutes and/or procedures occur.	0	0.00
Member Handbook-AJRS	N	N	N	275	Published when significant legislative changes to retirement statutes occur.	0	0.00
Member Handbook-APERS	N	N	N	10,000	Published when significant legislative changes to retirement statutes occur.	0	0.00
Member Handbook-ASPRS	N	N	N	500	Published when significant legislative changes to retirement statutes occur.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QR Public Employee Retirement-Operations	73,978,221	81	132,222,090	82	132,222,090	82	132,307,499	82	142,461,635	83	142,461,635	83	132,309,622	82	142,448,758	83	142,448,758	83
2QS St Police Retirement-Operations	15,325,327	0	30,343,560	0	30,343,560	0	30,343,560	0	35,343,560	0	35,343,560	0	30,343,560	0	35,343,560	0	35,343,560	0
2QT Judicial Retirement-Operations	4,166,628	0	10,163,389	0	10,163,389	0	10,163,389	0	10,663,389	0	10,663,389	0	10,163,389	0	10,663,389	0	10,663,389	0
C22 Public Employee Retirement-Cash	358,807,209	0	450,000,000	0	450,000,000	0	450,000,000	0	500,000,000	0	500,000,000	0	450,000,000	0	500,000,000	0	500,000,000	0
C23 St Police Retirement-Cash	17,670,440	0	30,000,000	0	30,000,000	0	30,000,000	0	35,000,000	0	35,000,000	0	30,000,000	0	35,000,000	0	35,000,000	0
C24 Judicial Retirement-Cash	9,654,722	0	20,000,000	0	20,000,000	0	20,000,000	0	21,000,000	0	21,000,000	0	20,000,000	0	21,000,000	0	21,000,000	0
F73 APERS Pension Administration System	5,033,130	0	10,000,000	0	21,000,000	0	10,000,000	0	21,000,000	0	21,000,000	0	10,000,000	0	21,000,000	0	21,000,000	0
Total	484,635,677	81	682,729,039	82	693,729,039	82	682,814,448	82	765,468,584	83	765,468,584	83	682,816,571	82	765,455,707	83	765,455,707	83

Funding Sources		%		%		%		%		%		%		%		%		%
Trust Fund 4000050	484,635,677	100.0	682,729,039	100.0			682,814,448	100.0	765,468,584	100.0	765,468,584	100.0	682,816,571	100.0	765,455,707	100.0	765,455,707	100.0
Total Funds	484,635,677	100.0	682,729,039	100.0			682,814,448	100.0	765,468,584	100.0	765,468,584	100.0	682,816,571	100.0	765,455,707	100.0	765,455,707	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	484,635,677		682,729,039				682,814,448		765,468,584		765,468,584		682,816,571		765,455,707		765,455,707	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
82	70	12	82	0	14.63 %	82	73	9	82	0	10.98 %	82	73	9	82	0	10.98 %

Analysis of Budget Request

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

The Administration Program of the Arkansas Public Employees Retirement System (APERS) administers the Public Employees Retirement System, the State Police Retirement System, the Judicial Retirement System, and the District Judges Retirement System. Each retirement system has a separate Board of Trustees. The Public Employees Retirement System and the State Police Retirement System have both contributory and non-contributory provisions. The Judicial Retirement System is a contributory system.

The main goal of this Program is to provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Change Level requests of \$10,154,136 in FY16 and \$10,139,136 in FY17 reflects the following:

- Regular Salaries of \$108,992 and \$30,144 in Personal Services Matching for an APERS Chief Counsel/Legislative Liaison position (Grade N906); reclassification of the Information Systems Manager (Grade C128) position to an APERS Director of Information Technology (Grade N906) position; the reclassification of one (1) Retirement Section Manager (Grade C123) to an APERS Director of Benefits Management (Grade N906) position; the reclassification of one (1) Administrative Services Manager (Grade C124) to one (1) APERS Director of Operations (Grade N906); and the reclassification of an Accountant II (Grade C117) position to an Accountant I (Grade C116).
- Refunds/Reimbursements of \$10,000,000 to pay refunds and lump sum payouts to members and beneficiaries.
- Transfer of \$1,600,000 in both fiscal years of the Biennium to reallocate in Professional Fees to accommodate increased DIS mainframe costs with the current pension administration costs.
- Increase in Capital Outlay of \$15,000 in FY16 only for the purchase high capacity scanning and/or printing equipment.

The Executive Recommendation provides for Agency Request with the exception of the reclassification of an Accountant II (Grade 117) position to an Accountant I (Grade 116) position.

Appropriation Summary

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,107,516	3,697,010	3,697,010	3,735,166	3,844,158	3,844,158	3,736,666	3,845,658	3,845,658
#Positions		81	82	82	82	83	83	82	83	83
Extra Help	5010001	20,518	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		3	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,110,656	1,216,462	1,216,462	1,263,715	1,293,859	1,293,859	1,264,338	1,294,482	1,294,482
Operating Expenses	5020002	1,554,505	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473
Conference & Travel Expenses	5050009	15,861	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Professional Fees	5060010	1,218,769	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	25,246,076	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Refunds/Reimbursements	5110014	41,684,901	75,000,000	75,000,000	75,000,000	85,000,000	85,000,000	75,000,000	85,000,000	85,000,000
Capital Outlay	5120011	19,419	0	0	0	15,000	15,000	0	0	0
Total		73,978,221	132,222,090	132,222,090	132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758
Funding Sources										
Trust Fund	4000050	73,978,221	132,222,090		132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758
Total Funding		73,978,221	132,222,090		132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		73,978,221	132,222,090		132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758

Change Level by Appropriation

Appropriation: 2QR - Public Employee Retirement-Operations
Funding Sources: TSR-APERS Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	132,307,499	82	132,307,499	100.0	132,309,622	82	132,309,622	100.0
C01	Existing Program	10,102,090	1	142,409,589	107.6	10,102,090	1	142,411,712	107.6
C04	Reallocation	0	0	142,409,589	107.6	0	0	142,411,712	107.6
C08	Technology	15,000	0	142,424,589	107.6	0	0	142,411,712	107.6
C10	Reclass	37,046	0	142,461,635	107.7	37,046	0	142,448,758	107.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	132,307,499	82	132,307,499	100.0	132,309,622	82	132,309,622	100.0
C01	Existing Program	10,102,090	1	142,409,589	107.6	10,102,090	1	142,411,712	107.6
C04	Reallocation	0	0	142,409,589	107.6	0	0	142,411,712	107.6
C08	Technology	15,000	0	142,424,589	107.6	0	0	142,411,712	107.6
C10	Reclass	37,046	0	142,461,635	107.7	37,046	0	142,448,758	107.7
C11	Upgrade/Downgrade	0	0	142,461,635	107.7	0	0	142,448,758	107.7

Justification

C01	Request \$102,090 in salary/matching for new position (APERS Chief Counsel/Legislative Liaison); Request \$10,000,000 in both fiscal years of the biennium to accommodate refunds and lump sum payouts to members and beneficiaries via state warrant.
C04	Request to transfer \$1,600,000 in both fiscal years of the biennium from the Professional Fees G/L line item to the Data Processing G/L line item (within the Professional Fees commitment item) to accommodate increased DIS mainframe costs with the current pension administration system.
C08	Request \$15,000 in Capital Outlay for fiscal year 2016 to purchase high capacity scanning and/or printing equipment to accommodate new processes in conjunction with the new COMPASS pension administration system.
C10	Request reclass of four existing positions Salary/Matching: \$37,046

Analysis of Budget Request

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Arkansas State Police Retirement System (ASPRS) under the authority of A.C.A. §24-6-204. The administration, management, and control of the System are the responsibility of the Board of Trustees of the State Police Retirement System. The Board meets at least once each quarter and consists of eleven members: the Chairman of the Arkansas State Police Commission, the Director of the Department of Arkansas State Police, the Director of the Arkansas Department of Finance and Administration or the Director's designee from that department, five members of the SPRS to be elected by the members of the system with at least two holding the rank of trooper, trooper first class or corporal, at least one holding a rank higher than the rank of corporal, and at least one whose retirement eligibility is covered under the Tier Two Benefit Plan of the ASPRS.

Agency Change Level Request reflects an increase of \$5,000,000 in both years of the 2015-17 Biennium to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	33,758	77,610	77,610	77,610	77,610	77,610	77,610	77,610	77,610
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	2,051	265,950	265,950	265,950	265,950	265,950	265,950	265,950	265,950
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee 5100023	1,862,351	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Refunds/Reimbursements 5110014	13,427,167	20,000,000	20,000,000	20,000,000	25,000,000	25,000,000	20,000,000	25,000,000	25,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	15,325,327	30,343,560	30,343,560	30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560
Funding Sources									
Trust Fund 4000050	15,325,327	30,343,560		30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560
Total Funding	15,325,327	30,343,560		30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	15,325,327	30,343,560		30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560

Change Level by Appropriation

Appropriation: 2QS - St Police Retirement-Operations
Funding Sources: TMR - State Police Retirement Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,343,560	0	30,343,560	100.0	30,343,560	0	30,343,560	100.0
C01	Existing Program	5,000,000	0	35,343,560	116.5	5,000,000	0	35,343,560	116.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,343,560	0	30,343,560	100.0	30,343,560	0	30,343,560	100.0
C01	Existing Program	5,000,000	0	35,343,560	116.5	5,000,000	0	35,343,560	116.5

Justification

C01	Request \$5,000,000 in both fiscal year of the biennium to accommodate refunds and lump sum payouts to members and beneficiaries via state warrant.
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Analysis of Budget Request

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Judicial Retirement System (JRS) under the authority of A.C.A. § 24-8-204. The administration and control of the JRS is the responsibility of the Board of Trustees of the Judicial Retirement System. The Board meets at least once each quarter and consists of five members appointed by the Arkansas Judicial Council. These members serve at the pleasure of the Council and one member is elected by the Board to serve as Chairman.

Pursuant to A.C.A. §24-8-207(a), all chancery judges, circuit judges, judges of the Arkansas Court of Appeals, and justices of the Arkansas Supreme Court, whether elected or appointed to office, shall participate in the Arkansas Judicial Retirement System (AJRS).

The Agency's Change Level Request reflects \$250,000 in Benefits-Non Employee and \$250,000 in Refunds/Reimbursements for each year of the 2015-17 Biennium to provide for disbursements of retiree benefits via state warrant.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	22,513	40,510	40,510	40,510	40,510	40,510	40,510	40,510	40,510
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	52,360	122,879	122,879	122,879	122,879	122,879	122,879	122,879	122,879
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	315,954	4,000,000	4,000,000	4,000,000	4,250,000	4,250,000	4,000,000	4,250,000	4,250,000
Refunds/Reimbursements	5110014	3,775,801	6,000,000	6,000,000	6,000,000	6,250,000	6,250,000	6,000,000	6,250,000	6,250,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		4,166,628	10,163,389	10,163,389	10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389
Funding Sources										
Trust Fund	4000050	4,166,628	10,163,389		10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389
Total Funding		4,166,628	10,163,389		10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,166,628	10,163,389		10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389

Change Level by Appropriation

Appropriation: 2QT - Judicial Retirement-Operations
Funding Sources: TAR - Judges Retirement Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	10,163,389	0	10,163,389	100.0	10,163,389	0	10,163,389	100.0
C01	Existing Program	500,000	0	10,663,389	104.9	500,000	0	10,663,389	104.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	10,163,389	0	10,163,389	100.0	10,163,389	0	10,163,389	100.0
C01	Existing Program	500,000	0	10,663,389	104.9	500,000	0	10,663,389	104.9

Justification

C01	Request \$500,000 in both fiscal years to accommodate payment of retiree benefits, refunds and lump sum pay outs to members and beneficiaries via state warrant.
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Analysis of Budget Request

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

The Arkansas Public Employees Retirement System cash fund is utilized for payments to beneficiaries by check or wire transfer.

In addition to Base Level of \$450,000,000 each year, the Agency is requesting an increase of \$50,000,000 in both years of the 2015-17 Biennium to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	358,807,209	450,000,000	450,000,000	450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Total	358,807,209	450,000,000	450,000,000	450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Funding Sources									
Trust Fund 4000050	358,807,209	450,000,000		450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Total Funding	358,807,209	450,000,000		450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	358,807,209	450,000,000		450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000

Change Level by Appropriation

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	450,000,000	0	450,000,000	100.0	450,000,000	0	450,000,000	100.0
C01	Existing Program	50,000,000	0	500,000,000	111.1	50,000,000	0	500,000,000	111.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	450,000,000	0	450,000,000	100.0	450,000,000	0	450,000,000	100.0
C01	Existing Program	50,000,000	0	500,000,000	111.1	50,000,000	0	500,000,000	111.1

Justification

C01	Request \$50,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.								
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Analysis of Budget Request

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

The Arkansas State Police Retirement cash fund is utilized for payments to beneficiaries of the State Police Retirement System by wire transfer.

The Agency Change Level Request provides for an increase of \$5,000,000 in each year of the 2015-17 Biennium in order to make lump sum payouts to members and beneficiaries.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	17,670,440	30,000,000	30,000,000	30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Total	17,670,440	30,000,000	30,000,000	30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Funding Sources									
Trust Fund 4000050	17,670,440	30,000,000		30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Total Funding	17,670,440	30,000,000		30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	17,670,440	30,000,000		30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000

Change Level by Appropriation

Appropriation: C23 - St Police Retirement-Cash
Funding Sources: 131 - Arkansas State Police Retirement-Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,000,000	0	30,000,000	100.0	30,000,000	0	30,000,000	100.0
C01	Existing Program	5,000,000	0	35,000,000	116.7	5,000,000	0	35,000,000	116.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,000,000	0	30,000,000	100.0	30,000,000	0	30,000,000	100.0
C01	Existing Program	5,000,000	0	35,000,000	116.7	5,000,000	0	35,000,000	116.7

Justification

C01	Request \$5,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.
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Analysis of Budget Request

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

The Arkansas Judicial Retirement cash fund is utilized for payments to beneficiaries of the Judicial Retirement System by direct deposit.

The Agency Change Level Request provides for an increase of \$1,000,000 Benefits-Non Employee for both years of the 2015-17 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C24 - Judicial Retirement-Cash
Funding Sources: 131 - Arkansas Judicial Retirement-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	9,654,722	20,000,000	20,000,000	20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Total	9,654,722	20,000,000	20,000,000	20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Funding Sources									
Trust Fund 4000050	9,654,722	20,000,000		20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Total Funding	9,654,722	20,000,000		20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	9,654,722	20,000,000		20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000

Change Level by Appropriation

Appropriation: C24 - Judicial Retirement-Cash
Funding Sources: 131 - Arkansas Judicial Retirement-Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0
C01	Existing Program	1,000,000	0	21,000,000	105.0	1,000,000	0	21,000,000	105.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0
C01	Existing Program	1,000,000	0	21,000,000	105.0	1,000,000	0	21,000,000	105.0

Justification

C01	Request \$1,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.
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Analysis of Budget Request

Appropriation: F73 - APERS Pension Administration System

Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

The APERS Pension Administration System is an ongoing project to overhaul the APERS Customer Relations Management (CRM) software for the first time in several decades.

Base Level is \$10,000,000 each year of the 2015-17 Biennium.

The Agency Change Level Request is \$11,000,000 each year to restore appropriation to previously authorized levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F73 - APERS Pension Administration System

Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
COMPASS Pension Project 5900046	5,033,130	10,000,000	21,000,000	10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Total	5,033,130	10,000,000	21,000,000	10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Funding Sources									
Trust Fund 4000050	5,033,130	10,000,000		10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Total Funding	5,033,130	10,000,000		10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	5,033,130	10,000,000		10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000

Change Level by Appropriation

Appropriation: F73 - APERS Pension Administration System
Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	10,000,000	0	10,000,000	100.0	10,000,000	0	10,000,000	100.0
C01	Existing Program	11,000,000	0	21,000,000	210.0	11,000,000	0	21,000,000	210.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	10,000,000	0	10,000,000	100.0	10,000,000	0	10,000,000	100.0
C01	Existing Program	11,000,000	0	21,000,000	210.0	11,000,000	0	21,000,000	210.0

Justification

C01	The APERS Pension Administration System is an ongoing project to overhaul the APERS Customer Relations Management (CRM) software for the first time in several decades. Base Level is \$10,000,000 each year of the 2015-17 Biennium. The Agency Change Level Request is \$11,000,000 each year to restore appropriation to the previously authorized levels.								
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