

AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

Enabling Laws

Act 16 of 2010

Public Employees Retirement System:

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. §24-1-101 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.

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 elected by active and retired troopers controls ASPRS.

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.

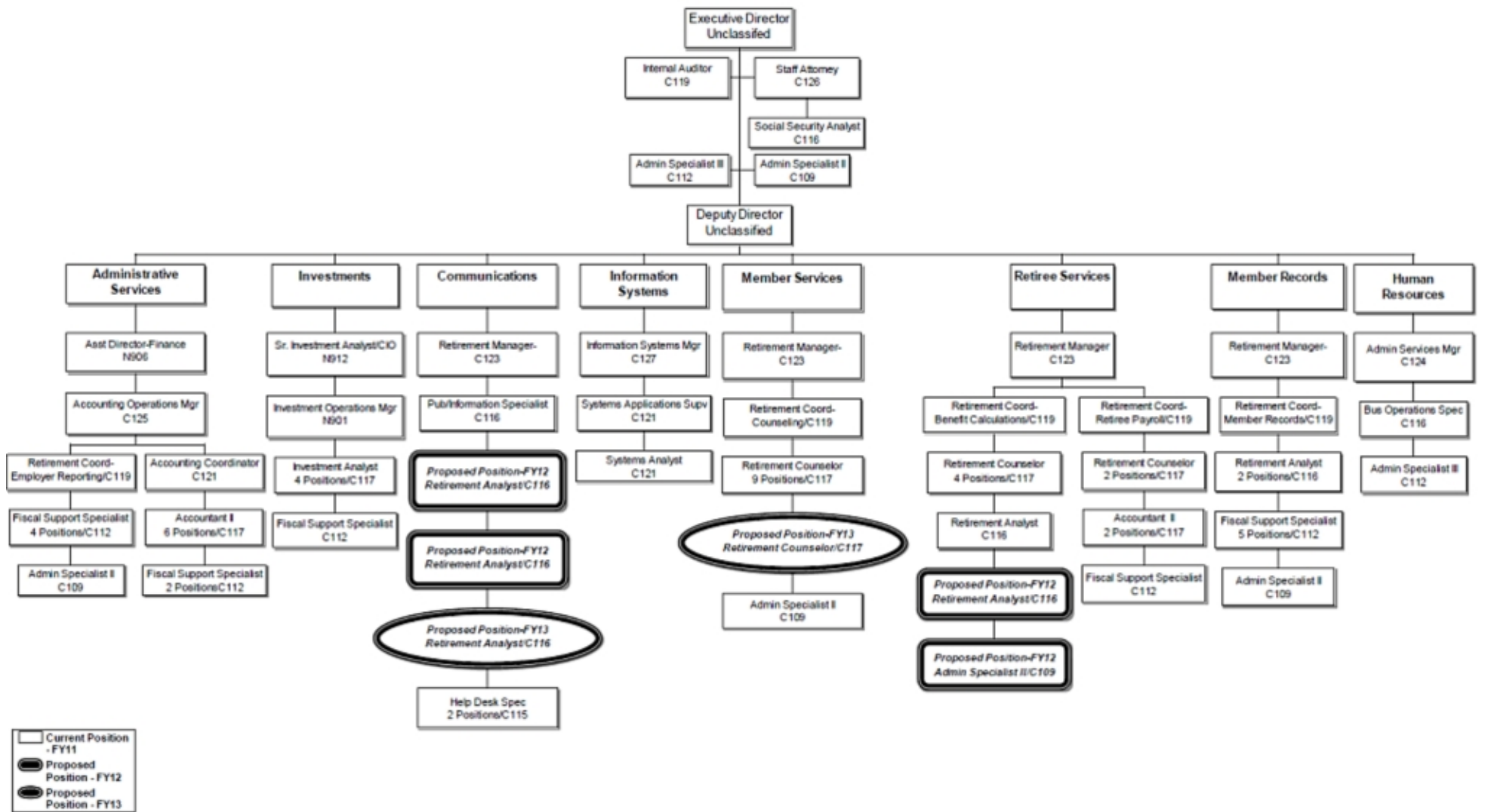
Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

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 (2012 - 2013 Biennium)

As the retirement ranks swell in the coming years, it is incumbent upon us to be adequately staffed, trained and prepared to provide the high quality services that our membership has come to expect. When an individual requests a benefit estimate - a number upon which he or she will be depending on to determine the economic underpinnings of the second half of life - we must do everything possible to ensure that we are able to provide accurate and timely information to each individual to make the right choices for retirement.

Gabriel Roeder Smith & Company, our actuarial firm, prepared a 50-year projection from July 1, 2006 through June 30, 2056. In their report, the number of retirees will increase from the current 23,275 (as of June 1, 2010) to approximately 31,000 in 2012, to 36,000 in 2016 and to 40,000 in 2020. The demand for access to pre-retirement counseling will be at its peak during this period. Pushing information to the membership in the form of regional seminars, one-on-one counseling sessions, written responses to requested estimates and call center services will be front and center on the agenda for the agency.

The array of retirement options available to the membership (DROP, PAW, possible purchases of out-of-state or Federal service, and reciprocal provisions among Arkansas plans) mean that Member Services counselors must spend hours computing the various retirement possibilities for each member who inquires.

C01 Request - Regular Salaries and Staffing (2QR/CI 501:00:00 & CI 501:00:03):

APERS requests six new positions for the 2012 - 2013 biennium: Four (4) new positions for FY12 and two (2) new positions for FY13. The FY12 request includes three (3) Retirement Analyst/Gr. C116 positions and one (1) Administrative Specialist II/Gr. C109 position (Regular Salaries \$113,966; Matching \$42,242). For FY13, we request one (1) Retirement Counselor/Gr. C117 position and one (1) Retirement Analyst/Gr. C116 position (Regular Salaries \$176,928; Matching \$64,598).

APERS also requests a reduction in Professional Fees & Services (506:00:10) by \$397,734 (\$156,208 for FY12; \$241,526 for FY13) to maintain a flat base level budget per the instructions from Governor Beebe.

FISCAL YEAR 2012 PERSONNEL REQUESTS

Retirement Analyst (A083C/C116) - Retiree Services

In preparation for the continually increasing volume of benefit calculations for new retirees, we are requesting one Retirement Analyst for the Retiree Services Section in FY12 to ensure that all new retirees will receive accurate and prompt annuity payments. For FY09 and YTD for FY10, the Benefits Unit calculated 6,134 annuities, responded to 10,232 telephone requests and saw 275 members in the office. The new

position would be used to process, log and route retirement applications, assist retirees with forms, contact employers regarding late wage verification forms, scan approved retiree set up sheets, and act as back up for data entry of retiree master data. Many of these functions are currently performed by the counselors so the addition of this position would allow the counselors more time to calculate and finalize benefits for new retirees.

Retirement Analyst (A083C/C116) - Call Center

APERS established a small call center operation in 2005 with two call center agents. The call center staff respond to frequently asked general questions by members and retirees and requests for forms and basic retirement information so that the retirement counselors can concentrate on the more complex estimates and complete correspondence regarding members' inquiries. The number of calls received by the Member Services Section is increasing due in part to volume (baby boomers are retiring) and in part due to the complex and varied options offered to our members (DROP, PAW, etc.). The call center has proven to be a valuable asset by handling some of the increased volume of calls that otherwise would have been routed to the counseling staff.

The two Retirement Analyst positions requested for the call center in FY12 are one grade higher than the current Help Desk Specialist positions and one grade lower than the Retirement Counselor positions. The current Help Desk Specialist positions would continue to route calls and answer general questions for members and retirees. The new Retirement Analyst positions would be trained further in retirement policies and procedures, allowing them to absorb more phone calls from the counseling staff.

By increasing the capacity of the call center to field even more types of questions and provide lower level counseling information to members, the retirement counselors will have additional time available to compile the various combinations of estimates for members so that they will have adequate information to make their retirement-related decisions.

Administrative Specialist II (C073C/C109) - Retiree Services

An additional administrative position is needed to scan documents into the imaging system, process incoming and outgoing mail, deliver/pick up documents/reports from the State Capitol complex, and to act as back up for other section administrative support staff. We are currently using an extra help position to perform these functions, but they are only allowed to work 1,000 hours per fiscal year and the functions need to be performed on a continuing full time basis. This arrangement is inefficient because it requires continual training of the new extra help person every time the 1,000 hour limit is reached. The position would be utilized by all sections, but would be housed within the Retiree Services Section. One position is requested for FY12.

FISCAL YEAR 2013 PERSONNEL REQUESTS

Retirement Counselor/C117 (A078C) - Member Services

A new Retirement Counselor position is needed in the second year of the biennium to provide adequate services to our membership. For FY09 and YTD for FY10, the Member Services Section responded to 8,263 requests via written correspondence, took 21,215 phone calls at an average of 15 minutes for each call and saw 2,918 members in the office for counseling. In addition, counselors held seminars around the state approximately every ten days. We mitigated the number of Retirement Counselor positions requested by expanding the call center with lower-graded positions, but an additional counselor will still be needed due to the larger numbers of members requiring retirement counseling assistance.

Retirement Analyst/C116 (A083C) - Call Center

The additional Retirement Analyst position requested for FY13 in the call center is for the same purpose as the two requested for FY12. The additional position would further increase the volume of calls the Call Center staff would be able to defer from the counseling staff.

C04 Request - Professional Fees & Services (2QR/CI 506:00:10): APERS requests a decrease of \$156,208 in FY12 and \$241,526 in FY13 to offset the salary and personal services matching for the requested positions.

C01 Request - Benefits/Refunds/Reimbursements Paid Via Warrant (2QR/CI 511:00:12 & 511:00:14): APERS requests an increase of \$30,000,000 in each fiscal year of the biennium to accommodate retiree benefits (\$4,000,000), increased DROP and PAW payouts and refund of contributions to terminating active members (\$26,000,000).

C01 Request - Cash Fund (Benefits) (C22/CI 510:00:23): APERS requests an increase of \$65,000,000 in FY12 and \$90,000,000 in FY13 to accommodate payment of retiree benefits via direct deposit.

Existing Special Language:

APERS requests that existing special language exempting APERS from prior review by the Arkansas Legislative Council with regard to transfers between the Benefits line item in the Cash Fund Appropriation and the Benefits/Refund line item in the Operational Appropriation which are specifically related to transfers necessitated by changes in retirees' selection of the method of payment of retirement benefits be continued.

APERS requests that existing special language allowing transfers to APERS from the Arkansas State Police and Arkansas Judicial Retirement Systems to cover administrative costs be continued.

APERS requests that existing special language regarding the exemption of prior review by the Arkansas Legislative Council with regard to Maintenance & General Operation appropriation classification transfers within appropriations in the Act, which are specifically related to

transfers necessitated by any contractual agreements entered into for electronic transfer of funds services, be continued.

ASPRS Budget Requests (2012 - 2013 Biennium)

C01 Request - Operational Appropriation (Benefits) (2QS/CI 511:00:14): ASPRS requests an increase of \$10,000,000 for each fiscal year to accommodate payment of benefits and DROP payouts to retirees via warrant.

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

AJRS Budget Requests (2012 - 2013 Biennium)

C01 Request - Cash Fund Appropriation (Benefits) (C24/CI 510:00:23): AJRS requests an increase of \$5,000,000 in each fiscal year 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, 2009

Findings

We conducted an evaluation of internal controls over the Member Administration Retirement Support System (MARSS) application at Arkansas Public Employees Retirement System (APERS). Findings from this review are summarized below:

1. User access to the application is not adequately controlled. Examination of user IDs noted instances of excessive user access, user IDs belonging to former APERS and Department of Information Systems (DIS) employees, and unused active user IDs.
2. The Agency's Disaster Recovery plan is out of date and is not adequately tested. The Disaster Recover (DR) plan had individuals mentioned in key roles who no longer work at APERS. In addition, the disaster recovery test was inadequate to determine if the MARSS application was adequately restored.

Recommendations

1. APERS and DIS perform a periodic review of all user and system accounts to ensure that a user's access ability is commensurate with their job duties. Additionally, we recommend that a review of controls be performed to determine if any additional procedures need to be implemented to ensure that terminated employees' access is removed in a timely manner.
2. The current APERS Disaster Recovery Plan be reviewed, updated and tested on a regular basis to ensure restoration of critical business processes. During the Disaster Recovery Exercise, APERS personnel should perform adequate testing and evaluation (such as reviewing and balancing reports) to ensure the significant applications were correctly restored.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
3. Inadequate segregation of duties was noted in the DIS' change management process for the MARSS application. Changes can be initiated, programmed, and implemented by the same individual.	3. DIS management establish a formal code change review process to review the code being implemented.
4. The MARSS application passwords are known and changed by the data security administrator.	4. Individuals be responsible for changing their own password. Management personnel responded that all APERS users are responsible for changing their own passwords in the MARSS application as of April 1, 2010.1.
5. APERS uses a company to search national databases to identify deceased members who were not residents of the State of Arkansas. This process should be performed on a timely basis to ensure benefits are not paid to deceased members. However, at the time of this audit, 13 months had elapsed since the last check of the national databases.	5. APERS management maintain the schedule of the national audit being performed every 6 months.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS JUDICIAL RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	12	23	35	49 %
Black Employees	3	28	31	44 %
Other Racial Minorities	1	4	5	7 %
Total Minorities			36	51 %
Total Employees			71	100 %

Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1310100	\$13,754	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	\$21	Checking/Direct Deposit Account (Trust fund revenues)	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	\$7	Checking/Direct Deposit Account (Trust fund revenues)	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. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AJRS Annual Financial Report	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
AJRS Member Handbook	N	N	N	275	Published when significant legislative changes to retirement statutes occur.
APERS Annual Financial Report	N	N	N	75	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
APERS Employer Guide/Pamphlets	N	N	N	750	Published when significant legislative changes to retirement statutes and/or procedures occur.
APERS Member Handbook/Pamphlets	N	N	N	10,000	Published when significant legislative changes to retirement statutes occur.
APERSpective Newsletter (Active/Retired)	N	N	N	65,000	Published and mailed quarterly to all active and retired members.
ASPRS Annual Financial Report	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
ASPRS Member Handbook	N	N	N	500	Published when significant legislative changes to retirement statutes occur.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	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	67,607,761	73	96,817,011	76	96,846,918	76	96,802,939	76	126,802,939	80	126,802,939	80	96,802,939	76	126,802,939	82	126,802,939	82
2QS St Police Retirement-Operations	13,724,404	0	20,343,560	0	20,343,560	0	20,343,560	0	30,343,560	0	30,343,560	0	20,343,560	0	30,343,560	0	30,343,560	0
2QT Judicial Retirement-Operations	2,838,130	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0
C22 Public Employee Retirement-Cash	262,714,562	0	335,000,000	0	335,000,000	0	335,000,000	0	400,000,000	0	400,000,000	0	335,000,000	0	425,000,000	0	425,000,000	0
C23 St Police Retirement-Cash	13,444,364	0	25,000,000	0	25,000,000	0	25,000,000	0	30,000,000	0	30,000,000	0	25,000,000	0	30,000,000	0	30,000,000	0
C24 Judicial Retirement-Cash	8,777,614	0	15,000,000	0	15,000,000	0	15,000,000	0	20,000,000	0	20,000,000	0	15,000,000	0	20,000,000	0	20,000,000	0
Total	369,106,835	73	501,323,960	76	501,353,867	76	501,309,888	76	616,309,888	80	616,309,888	80	501,309,888	76	641,309,888	82	641,309,888	82

Funding Sources		%		%		%		%		%		%		%		%
Trust Fund 4000050	369,106,835	100.0	501,323,960	100.0	501,309,888	100.0	616,309,888	100.0	616,309,888	100.0	501,309,888	100.0	641,309,888	100.0	641,309,888	100.0
Total Funds	369,106,835	100.0	501,323,960	100.0	501,309,888	100.0	616,309,888	100.0	616,309,888	100.0	501,309,888	100.0	641,309,888	100.0	641,309,888	100.0
Excess Appropriation/(Funding)	0		0		0		0		0		0		0		0	
Grand Total	369,106,835		501,323,960		501,309,888		616,309,888		616,309,888		501,309,888		641,309,888		641,309,888	

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
69	65	4	69	0	5.80 %	74	70	4	74	0	5.41 %	76	70	6	76	0	7.89 %

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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

In addition to Base Level of \$96,802,939 each year, the Agency's Change Level requests of \$30,000,000 each year reflects the following:

- Regular Salaries and Personal Services Matching of \$156,208 in FY12 to support four (4) positions: three (3) Retirement Analyst and one (1) Administrative Specialist II; and \$241,226 in FY13 to support six (6) positions - one (1) Retirement Counselor, four (4) Retirement Analyst and one (1) Administrative Specialist II. These positions will be used to provide member services to an increasing number of retirees.
- Benefits Non-employee of \$4,000,000 each year to address increased disbursements for Deferred Retirement Option Plan (DROP), Partial Annuity Withdrawal (PAW), and refund of contributions to terminating active members.
- Refunds/Reimbursements of \$26,000,000 each year to address increased disbursements for Deferred Retirement Option Plan (DROP), Partial Annuity Withdrawal (PAW), and refund of contributions to terminating active members.
- A reallocation of \$156,208 in FY12 and \$241,526 in FY13 from Professional Fees to Regular Salaries and Personal Services Matching to offset the cost of the positions.
- Reclassification of one (1) position: Retirement Analyst to a Business Operations Specialist.

The Executive Recommendation provides for the Agency Request, except for the position reclassification.

Appropriation Summary

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,784,941	3,253,294	3,253,294	3,228,693	3,342,659	3,342,659	3,228,693	3,405,621	3,405,621
#Positions	73	76	76	76	80	80	76	82	82
Extra Help 5010001	26,555	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	851,149	1,007,573	1,037,480	1,024,102	1,066,344	1,066,344	1,024,102	1,088,700	1,088,700
Operating Expenses 5020002	1,242,584	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	24,585	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Professional Fees 5060010	918,768	5,825,171	5,825,171	5,825,171	5,668,963	5,668,963	5,825,171	5,583,645	5,583,645
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee 5100023	22,365,651	36,000,000	36,000,000	36,000,000	40,000,000	40,000,000	36,000,000	40,000,000	40,000,000
Refunds/Reimbursements 5110014	39,387,752	49,000,000	49,000,000	49,000,000	75,000,000	75,000,000	49,000,000	75,000,000	75,000,000
Capital Outlay 5120011	5,776	6,000	6,000	0	0	0	0	0	0
Total	67,607,761	96,817,011	96,846,918	96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939
Funding Sources									
Trust Fund 4000050	67,607,761	96,817,011		96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939
Total Funding	67,607,761	96,817,011		96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	67,607,761	96,817,011		96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	96,802,939	76	96,802,939	100.0	96,802,939	76	96,802,939	100.0
C01	Existing Program	30,156,208	4	126,959,147	131.2	30,241,526	6	127,044,465	131.2
C04	Reallocation	(156,208)	0	126,802,939	131.0	(241,526)	0	126,802,939	131.0
C10	Reclass	0	0	126,802,939	131.0	0	0	126,802,939	131.0

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	96,802,939	76	96,802,939	100.0	96,802,939	76	96,802,939	100.0
C01	Existing Program	30,156,208	4	126,959,147	131.2	30,241,526	6	127,044,465	131.2
C04	Reallocation	(156,208)	0	126,802,939	131.0	(241,526)	0	126,802,939	131.0
C10	Reclass	0	0	126,802,939	131.0	0	0	126,802,939	131.0

Justification

C01	Salaries & Personal Services Matching: APERS requests a total of six (6) new positions for the 2012-2013 biennium. For FY12: Three (3) Retirement Analyst (A083C/Grade C116) positions and one (1) Administrative Specialist II (C073C/Grade C109) position. For FY13: One (1) Retirement Counselor (A078C/Grade C116) position and one (1) Retirement Analyst (A083C/Grade C116) position. The salary increase would total 290,894 for the biennium (\$113,966 for FY12; \$176,928 for FY13). The personal services matching increase would total \$106,840 for the biennium (\$42,242 for FY12; \$64,598 for FY13). These positions are needed to provide member services to an increasing number of members and retirees. Benefit Payments/Refunds/Reimbursements via Warrant: APERS requests an increase of \$30,000,000 in each fiscal year of the biennium to accommodate retiree benefits paid via warrant (\$4,000,000), increased DROP and PAW payouts and refund of contributions to terminating active members (\$26,000,000).
C04	Professional Fees : APERS would reallocate \$397,734 in appropriation from Professional Fees for the biennium (\$156,208 for FY12; \$241,526 for FY13) to accommodate the cost for the new positions.
C10	Reclass Request: APERS requests reclassification of one position from a Retirement Analyst A083C to a Business Operations Specialist C022C. The duties being performed by this position were significantly revised when the person occupying the position was promoted. The new classification better matches the new assigned duties. Both positions are grade C116, so there is no monetary component to this request.

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.

In addition to Base Level of \$20,343,560 each year, the Agency is requesting an increase of \$10,000,000 in Refunds/Reimbursements to accommodate Deferred Retirement Option Plan (DROP) and Partial Annuity Withdrawal (PAW) disbursements, and refund payouts to members and retirees.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	31,566	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	24,191	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	7,436,595	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	6,232,052	10,000,000	10,000,000	10,000,000	20,000,000	20,000,000	10,000,000	20,000,000	20,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		13,724,404	20,343,560	20,343,560	20,343,560	30,343,560	30,343,560	20,343,560	30,343,560	30,343,560
Funding Sources										
Trust Fund	4000050	13,724,404	20,343,560		20,343,560	30,343,560	30,343,560	20,343,560	30,343,560	30,343,560
Total Funding		13,724,404	20,343,560		20,343,560	30,343,560	30,343,560	20,343,560	30,343,560	30,343,560
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		13,724,404	20,343,560		20,343,560	30,343,560	30,343,560	20,343,560	30,343,560	30,343,560

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	20,343,560	0	20,343,560	100.0	20,343,560	0	20,343,560	100.0
C01	Existing Program	10,000,000	0	30,343,560	149.2	10,000,000	0	30,343,560	149.2

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	20,343,560	0	20,343,560	100.0	20,343,560	0	20,343,560	100.0
C01	Existing Program	10,000,000	0	30,343,560	149.2	10,000,000	0	30,343,560	149.2

Justification

C01	ASPRS requests an increase of \$10,000,000 for each fiscal year of the biennium to accomodate DROP and other refund payouts to members and retirees.								
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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 Request is for Base Level of \$9,163,389 each year.

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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	20,419	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	44,500	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	348,258	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Refunds/Reimbursements	5110014	2,424,953	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		2,838,130	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389
Funding Sources										
Trust Fund	4000050	2,838,130	9,163,389		9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389
Total Funding		2,838,130	9,163,389		9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,838,130	9,163,389		9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389

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 \$335,000,000 each year, the Agency is requesting an increase of \$65,000,000 in FY12 and \$90,000,000 in FY13 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	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	262,714,562	335,000,000	335,000,000	335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000
Total	262,714,562	335,000,000	335,000,000	335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000
Funding Sources									
Trust Fund 4000050	262,714,562	335,000,000		335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000
Total Funding	262,714,562	335,000,000		335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	262,714,562	335,000,000		335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000

Change Level by Appropriation

Appropriation: C22 - Public Employee Retirement-Cash

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	335,000,000	0	335,000,000	100.0	335,000,000	0	335,000,000	100.0
C01	Existing Program	65,000,000	0	400,000,000	119.4	90,000,000	0	425,000,000	126.9

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	335,000,000	0	335,000,000	100.0	335,000,000	0	335,000,000	100.0
C01	Existing Program	65,000,000	0	400,000,000	119.4	90,000,000	0	425,000,000	126.9

Justification

C01	APERS requests an increase of \$65,000,000 in FY12 and \$90,000,000 in FY13 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.

In addition to Base Level of \$25,000,000 each year, the Agency is requesting an increase of \$5,000,000 each year to accommodate payment of retiree benefits via direct deposit.

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			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	13,444,364	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Total		13,444,364	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Funding Sources										
Trust Fund	4000050	13,444,364	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Total Funding		13,444,364	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		13,444,364	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	25,000,000	0	25,000,000	100.0	25,000,000	0	25,000,000	100.0
C01	Existing Program	5,000,000	0	30,000,000	120.0	5,000,000	0	30,000,000	120.0

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	25,000,000	0	25,000,000	100.0	25,000,000	0	25,000,000	100.0
C01	Existing Program	5,000,000	0	30,000,000	120.0	5,000,000	0	30,000,000	120.0

Justification

C01	ASPRS requests an increase of \$5,000,000 in each fiscal year of the biennium 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.

In addition to Base Level of \$15,000,000 each year, the Agency is requesting an increase of \$5,000,000 each year to accommodate payment of retiree benefits via direct deposit.

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			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	8,777,614	15,000,000	15,000,000	15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000
Total	8,777,614	15,000,000	15,000,000	15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000
Funding Sources									
Trust Fund 4000050	8,777,614	15,000,000		15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000
Total Funding	8,777,614	15,000,000		15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	8,777,614	15,000,000		15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	15,000,000	0	15,000,000	100.0	15,000,000	0	15,000,000	100.0
C01	Existing Program	5,000,000	0	20,000,000	133.3	5,000,000	0	20,000,000	133.3

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	15,000,000	0	15,000,000	100.0	15,000,000	0	15,000,000	100.0
C01	Existing Program	5,000,000	0	20,000,000	133.3	5,000,000	0	20,000,000	133.3

Justification

C01	AJRS requests an increase of \$5,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.								
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