

SUMMARY BUDGET INFORMATION

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TEACHER RETIREMENT SYSTEM

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ARKANSAS TEACHER RETIREMENT SYSTEM

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2018

None

Employment Summary

	Male	Female	Total	%
White Employees	19	37	56	81 %
Black Employees	4	6	10	14 %
Other Racial Minorities	1	2	3	5 %
Total Minorities			13	19 %
Total Employees			69	100 %

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				
Agency Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	25	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities	0	0.00
Agency Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	25	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities	0	0.00

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

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		Governor	General Assembly				
ATRS Annual Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	25	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities	0	0.00

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2017-2018		2018-2019		2018-2019		2019-2020				2020-2021			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
2QV Property Management	0	0	500,000	0	500,000	0	0	0	0	0	0	0	0	0
2QW Teacher Retirement System-Operations	139,715,353	86	453,424,272	92	453,018,079	96	248,681,223	96	247,889,224	82	248,699,031	96	247,905,553	82
C26 Teacher Retirement System-Cash	1,036,190,877	0	1,406,000,000	0	1,406,000,000	0	1,506,000,000	0	1,506,000,000	0	1,606,000,000	0	1,606,000,000	0
Total	1,175,906,230	86	1,859,924,272	92	1,859,518,079	96	1,754,681,223	96	1,753,889,224	82	1,854,699,031	96	1,853,905,553	82

Funding Sources		%		%		%		%		%		%	
Fund Balance 4000005	0	0.0	0	0.0		0	0.0	0	0.0	0	0.0	791,999	0.0
Cash Fund 4000045	1,036,190,877	88.1	1,406,000,000	75.6		1,506,000,000	85.8	1,506,000,000	85.8	1,606,000,000	86.6	1,606,000,000	86.6
Trust Fund 4000050	139,715,353	11.9	453,924,272	24.4		248,681,223	14.2	248,681,223	14.2	248,699,031	13.4	248,699,031	13.4
Total Funds	1,175,906,230	100.0	1,859,924,272	100.0		1,754,681,223	100.0	1,754,681,223	100.0	1,854,699,031	100.0	1,855,491,030	100.0
Excess Appropriation/(Funding)	0		0			0		(791,999)		0		(1,585,477)	
Grand Total	1,175,906,230		1,859,924,272			1,754,681,223		1,753,889,224		1,854,699,031		1,853,905,553	

Analysis of Budget Request

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

The Property Management Program of the Arkansas Teacher Retirement System pays for the necessary expenses to maintain properties that the System holds as investments. These expenses include, but are not limited to, attorney fees, foreclosure expenses, selling expenses, audit costs, appraisal expenses, property management fees, property rehabilitation costs, travel expenses related to property management, property repairs, property maintenance, advertising expenses, and property operating expenses.

The Agency's request includes the following:

- Property Management of (\$500,000) each year due to the agency seldom using the appropriation as any expenses related to the property where ATRS is located would be through the building's property manager.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
		Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Property Management	5900046	0	500,000	500,000	0	0	0	0
Total		0	500,000	500,000	0	0	0	0
Funding Sources								
Trust Fund	4000050	0	500,000		0	0	0	0
Total Funding		0	500,000		0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0
Grand Total		0	500,000		0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2019-2021 BIENNIUM

Analysis of Budget Request

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

The Arkansas Teacher Retirement System provides age, service, survivor, and disability benefits for public school teachers and other covered employees. This appropriation is funded by trust funds of the Teacher Retirement System.

The Agency's request includes the following:

- Pension and Retirement Benefits of (\$144,000,000) both years of the biennium due to the processing of benefit payments mostly going through direct deposit instead of warrants.
- Professional Fees of (\$250,000) both years of the biennium due to no longer needing to pay for external accounting services.
- Data Processing Services of (\$750,000) both years of the biennium due to the need of maintaining budget in other line items to utilize external technology consultants.
- Discount Buyout Plan of (\$60,000,000) both years of the biennium to align the budget with the actual anticipated needs of the program.

The Agency's request to maintain appropriation above 10% of their actual FY18 expenditures includes the following justifications:

- Extra Help appropriation due the need of a prior employee returning to work in an extra help position as well as the utilization of extra help appropriation of specialized positions during critical times throughout the fiscal year.
- Overtime appropriation due to the need of additional hours due to operating on a smaller, less experienced staff.
- Operating Expenses appropriation due to unanticipated expenses based on decisions made by the Legislature or the Arkansas Teacher Retirement System Board of Trustees that would require additional work for the Agency's actuaries.
- Conference and Travel appropriation due to staff needing to attend additional training opportunities as part of the Agency's succession planning.
- Professional Fees appropriation due to unanticipated expenses for legal counsel.
- Pension and Retirement Benefits due to unanticipated roll outs on retirement benefits based on future economic or market changes.
- Other Refunds due to potential changes in market, economic, or legislative conditions that could create an increase in refunds.
- Data Processing Services due to unanticipated expenses relating to technological advances or the hiring of outside consultants.
- Investment Counsel appropriation due to unanticipated expenses that would require specialized legal counsel.

The Executive Recommendation provides for the Agency Request with the following additional recommendations:

- Salary and Personal Services Matching of (\$791,999) in FY20 and (\$793,478) in FY21 for the discontinuation of fourteen positions.

Appropriation Summary

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Regular Salaries 5010000	4,016,014	4,806,570	4,453,564	4,988,206	4,396,668	4,992,206	4,400,668
#Positions	86	92	96	96	82	96	82
Extra Help 5010001	233,484	400,000	400,000	400,000	400,000	400,000	400,000
#Extra Help	12	1	20	20	20	20	20
Personal Services Matching 5010003	1,382,165	1,542,047	1,488,860	1,617,362	1,416,901	1,631,170	1,429,230
Overtime 5010006	590	50,000	50,000	50,000	50,000	50,000	50,000
Operating Expenses 5020002	1,708,261	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Conference & Travel Expenses 5050009	5,360	30,759	30,759	30,759	30,759	30,759	30,759
Professional Fees 5060010	132,214	558,115	558,115	558,115	558,115	558,115	558,115
Data Processing 5090012	0	0	0	0	0	0	0
Benefits-Non Employee 5100023	112,358,599	344,000,000	344,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Refunds/Reimbursements 5110014	7,785,118	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781
Capital Outlay 5120011	0	0	0	0	0	0	0
Professional Services 5900043	0	250,000	250,000	0	0	0	0
Data Processing Services 5900044	0	1,000,000	1,000,000	250,000	250,000	250,000	250,000
Investment Counsel 5900046	2,677,917	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Discount Buyout Plan 5900047	9,415,631	75,000,000	75,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total	139,715,353	453,424,272	453,018,079	248,681,223	247,889,224	248,699,031	247,905,553
Funding Sources							
Fund Balance 4000005	0	0		0	0	0	791,999
Trust Fund 4000050	139,715,353	453,424,272		248,681,223	248,681,223	248,699,031	248,699,031
Total Funding	139,715,353	453,424,272		248,681,223	248,681,223	248,699,031	249,491,030
Excess Appropriation/(Funding)	0	0		0	(791,999)	0	(1,585,477)
Grand Total	139,715,353	453,424,272		248,681,223	247,889,224	248,699,031	247,905,553

FY19 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2017-2019 Biennium.

Analysis of Budget Request

Appropriation: C26 - Teacher Retirement System-Cash

Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

The Arkansas Teacher Retirement System cash fund allows the Agency to make payments to beneficiaries by check or direct deposit.

The Agency's request includes the following:

- Pension and Retirement Benefits of \$100,000,000 for FY20 and \$200,000,000 for FY21 to allow for unanticipated instances of additional retirees and the demand for direct deposit of retirement benefits.

The Agency's request to maintain appropriation above 10% of their actual FY18 expenditures includes the following justifications:

- Pension and Retirement Benefits appropriation due to the utilization of the amount of benefit pay outs varying from year to year.
- Refunds and Reimbursement appropriation due to the need of proper accounting of pension benefit payments.

The Executive Recommendation provides for the Agency Request.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: C26 - Teacher Retirement System-Cash
Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Benefits-Non Employee 5100023	1,034,398,459	1,400,000,000	1,400,000,000	1,500,000,000	1,500,000,000	1,600,000,000	1,600,000,000
Refunds/Reimbursements 5110014	1,792,418	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total	1,036,190,877	1,406,000,000	1,406,000,000	1,506,000,000	1,506,000,000	1,606,000,000	1,606,000,000
Funding Sources							
Cash Fund 4000045	1,036,190,877	1,406,000,000		1,506,000,000	1,506,000,000	1,606,000,000	1,606,000,000
Total Funding	1,036,190,877	1,406,000,000		1,506,000,000	1,506,000,000	1,606,000,000	1,606,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0
Grand Total	1,036,190,877	1,406,000,000		1,506,000,000	1,506,000,000	1,606,000,000	1,606,000,000