

# Oklahoma Teachers Retirement System

Lead Administrator: Tom Spencer, Executive Director

Lead Financial Officer: Lisa Van Liew

| FY'15 Projected Division/Program Budget By Source |                |            |            |            |                     |                     |
|---|----------------|------------|------------|------------|---------------------|---------------------|
|   | Appropriations | Federal    | Revolving  | Local      | Other*              | Total               |
| Administration 01                                 |                |            |            |            | \$1,861,871         | \$1,861,871         |
| Finance 02  |                |            |            |            | \$774,516           | \$774,516           |
| Client Services 03                                |                |            |            |            | \$2,027,908         | \$2,027,908         |
| Board 04  |                |            |            |            | \$78,000            | \$78,000            |
| Investments 05                                    |                |            |            |            | \$57,329,429        | \$57,329,429        |
| Data Processing 88-01                             |                |            |            |            | \$1,032,507         | \$1,032,507         |
| <b>Total</b>                                      | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$63,104,231</b> | <b>\$63,104,231</b> |

\*All expenditures of OTRS come from one source which is the "Oklahoma Teachers' Retirement Fund." It is a type of revolving fund, but it is primarily a trust fund that can only be used for the exclusive benefit of the participants in the System.

| FY'14 Carryover by Funding Source |                |         |           |       |        |       |
|-----------------------------------|----------------|---------|-----------|-------|--------|-------|
|                                   | Appropriations | Federal | Revolving | Local | Other* | Total |
| FY'14 Carryover                   | \$0            | \$0     | \$0       | \$0   | \$0    | \$0   |

\*As a non-appropriated agency, there is no carryover in the budget.

| What Changes did the Agency Make between FY'14 and FY'15                                    |   |
|---|---|
| 1.) Are there any services no longer provided because of budget cuts?                       | No budget cuts on non-appropriated agencies. OTRS constantly focuses on keeping expenses and fees down. |
| 2.) What services are provided at a higher cost to the user?                                | Not applicable.   |
| 3.) What services are still provided but with a slower response rate?                       | Not applicable.   |
| 4.) Did the agency provide any pay raises that were not legislatively/statutorily required? | 530:10-7-20. Market adjustments   |

| FY'16 Expected Division/Program Budget By Source |                |            |            |                     |                     |              |
|--|----------------|------------|------------|---------------------|---------------------|--------------|
|  | Appropriations | Federal    | Revolving  | Other**             | Total               | % Change     |
| Administration 01                                |                |            |            | \$2,005,232         | \$2,005,232         | 7.70%        |
| Finance 02                                       |                |            |            | \$800,595           | \$800,595           | 3.37%        |
| Client Services 03                               |                |            |            | \$2,098,289         | \$2,098,289         | 3.47%        |
| Board 04   |                |            |            | \$51,600            | \$51,600            | -33.85%      |
| Investments 05                                   |                |            |            | \$56,226,968        | \$56,226,968        | -1.92%       |
| Data Processing 88-01                            |                |            |            | \$1,032,507         | \$1,032,507         | 0.00%        |
| <b>Total</b>                                     | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$62,215,191</b> | <b>\$62,215,191</b> | <b>-1.4%</b> |

\*\*All expenditures of OTRS come from one source which is the "Oklahoma Teachers' Retirement Fund." It is a type of revolving fund but it is primarily a trust fund that can only be used for the exclusive benefit of the participants in the System.

| FY'16 Top Five Budget Adjustments/Needs (if applicable) |           |
|---|-----------|
|   | \$ Amount |
| N/A   |           |

Total Increase above FY-15 Budget 0

How would the agency handle a 3% appropriation reduction in FY'16?

How would the agency handle a 5% appropriation reduction in FY'16?

| Is the agency seeking any fee increases for FY'16? |           |
|--|-----------|
|  | \$ Amount |
|  | \$0       |
|  | \$0       |

N/A Agency doesn't assess fees.

| What are the agency's top 2-3 capital or technology (one-time) needs, if applicable? |
|--|
|  |

N/A The agency will have no significant capital or technology purchases in FY 2016.

| Federal Government Impact   |
|---|
| <p>1.) How much federal money received by the agency is tied to a mandate by the Federal Government?<br/>No federal funds are received.</p> <p>2.) Are any of those funds inadequate to pay for the federal mandate?<br/>No federal funds are received.</p> <p>3.) What would the consequences be of ending all of the federal funded programs for your agency?<br/>No federal funds are received - no direct consequences.</p> <p>4.) How will your agency be affected by federal budget cuts in the coming fiscal year?<br/>No federal funds are received - no direct affect.</p> <p>5.) Has the agency requested any additional federal earmarks or increases?<br/>No federal funds are requested or received.</p> |

| Division and Program Descriptions  |
|--|
| <p><b>Administration</b><br/>The Administration Division is composed of the chief executive, legal and human resource functions of the agency. It provides overall direction to the agency and is the primary administrative support for the Board of Trustees.</p>  |
| <p><b>Finance</b><br/>The Finance Divison provides all accounting, budgeting, contracting, accounts receivable, accounts payable, employer reporting and financial statement preparation services for the agency.</p>  |
| <p><b>Client Services</b><br/>The Client Services Division provides benefit estimates, benefit projections, retirement calculation, withdrawal administration, death benefit administration, information center and education services to its 166,000 active, retired and inactive clients.</p>                    |
| <p><b>Investment</b><br/>The Investment Division monitors investment policy compliance, prepares investment related fund transfers, provides investment analysis to the Board, monitors investment manager compliance, and coordinates all investment activity with the Board's outside investment consultant.</p> |
| <p><b>Data Processing</b><br/>The agency has no internal Data Processing or Information Technology personnel. It is all outsourced at the present time.</p>  |

|                 | FY'16 Budgeted FTE                 |            |              |              |                 |                 |
|-----------------|------------------------------------|------------|--------------|--------------|-----------------|-----------------|
|                 | Supervisors                        | Classified | Unclassified | \$0 - \$35 K | \$35 K - \$70 K | \$70 K - \$\$\$ |
| Administration  | 3                                  |            | 2            |              | 2               | 3               |
| Finance         | 4                                  |            | 4            |              | 6               | 2               |
| Client Services | 4                                  |            | 21           |              | 24              | 1               |
| Investment      | 1                                  |            | 1            |              | 1               | 1               |
|                 | **These include only base salary** |            |              |              |                 |                 |
| <b>Total</b>    | <b>12</b>                          | <b>0</b>   | <b>28</b>    | <b>0</b>     | <b>33</b>       | <b>7</b>        |

| FTE History            |               |           |           |           |           |
|------------------------|---------------|-----------|-----------|-----------|-----------|
|                        | 2015 Budgeted | 2014      | 2010      | 2009      | 2004      |
| Administration         | 5             | 4         | 5         | 5         | 8         |
| Finance                | 8             | 5         | 11        | 13        | 8         |
| Client Services        | 25            | 20        | 23        | 22        | 16        |
| Investment             | 2             | 1         | 1         | 1         | 5         |
| Internal Audit         | 0             | 1         | 0         | 0         | 0         |
| Information Technology | 0             | 0         | 3         | 6         | 11        |
| <b>Total</b>           | <b>40</b>     | <b>31</b> | <b>43</b> | <b>47</b> | <b>48</b> |

| Performance Measure Review                  |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
|   | FY'14   | FY'13   | FY'12   | FY'11   | FY'10   |
| <b>Measure I</b>                            |         |         |         |         |         |
| Number of Completed Client calls (incoming) |         |         |         |         |         |
| Estimate:                                   | 160,915 | 159,322 | 165,151 | 165,151 | 159,959 |
| Actual (FY 2010-12 were total call to TRS)  | 82,608  | 86,537  | 157,745 | 162,970 | 155,463 |
| <b>Measure II</b>                           |         |         |         |         |         |
| Death benefits processed                    |         |         |         |         |         |
| Estimate:                                   | 3,000   | 3,000   | 1,577   | 1,373   | 1,436   |
| Actual                                      | 1,514   | 1,505   | 1,468   | 1,475   | 1,476   |
| <b>Measure III</b>                          |         |         |         |         |         |
| Retirement contracts processed              |         |         |         |         |         |
| Estimate:                                   | 3,400   | 3,400   | 3,280   | 3,124   | 2,663   |
| Actual                                      | 3,012   | 3,050   | 3,106   | 3,329   | 2,975   |
| <b>Measure IV</b>                           |         |         |         |         |         |
| Disability contracts processed              |         |         |         |         |         |
| Estimate:                                   | 90      | 90      | 88      | 86      | 87      |
| Actual                                      | 100     | 111     | 104     | 97      | 84      |
| <b>Measure V</b>                            |         |         |         |         |         |
| Enrollment applications processed           |         |         |         |         |         |
| Estimate:                                   | 7,100   | 7,193   | 7,135   | 7,164   | 7,920   |
| Actual                                      | 8,802   | 8,183   | 5,688   | 5,744   | 7,107   |
| <b>Measure VI</b>                           |         |         |         |         |         |
| Withdrawal requests processed               |         |         |         |         |         |
| Estimate:                                   | 3,000   | 3,000   | 2,866   | 3,248   | 3,625   |
| Actual                                      | 3,443   | 2,954   | 3,573   | 2,864   | 2,953   |
| <b>Measure VII</b>                          |         |         |         |         |         |
| Increase funded ratio                       |         |         |         |         |         |
| Estimate:                                   | 58.50%  | 56.50%  | 54.50%  | 52.50%  | 51.50%  |
| Actual                                      | 63.20%  | 57.20%  | 54.80%  | 56.70%  | 47.90%  |
| <b>Measure VIII</b>                         |         |         |         |         |         |
| Meet or exceed rate of return assumption    |         |         |         |         |         |
| Estimate:                                   | 8.00%   | 8.00%   | 8.00%   | 8.00%   | 8.00%   |
| Actual                                      | 22.40%  | 17.80%  | 1.80%   | 23.50%  | 16.60%  |

| Revolving Funds (200 Series Funds)                      |                        |                            |                  |
|---|------------------------|----------------------------|------------------|
|   | FY'12-14 Avg. Revenues | FY'12-14 Avg. Expenditures | June '14 Balance |
| <b>Revolving Fund I</b>                                 |                        |                            |                  |
| Oklahoma Teachers Retirement Fund (pension trust funds) | \$43,669,993           | \$43,979,364               | \$2,296,326      |