

# PSPRS

## FY 2026 Operations Budget and Priorities

### Administrative Committee

### March 18, 2025



# Administrator Updates, FY2025 Activity

FY2025 PSPRS Budget based on continuing and expanding foundations in place.

- **Continue Implementing STARS, (FY2026 launch Phase I&II)**
- **Succession planning**
- **Cancer Insurance, Indemnity structure and taxability**
- **Governance Manual adopted revisions**
- **Board planning retreat**
- **Employer education and outreach**

# Administrator Recommendations, FY2026

Transition from crisis and project management to operational efficiency and data driven management.

- **Planned Launch of STARS, 4-year project**
  - Phase I – July 1, 2025 (beginning of FY2026)**
  - Phase II – October/December 2025**
- **Maintain quality and experienced staff**
- **Consider staffing needs for structural efficiency, new business processes and flow changes**
  - previous process was to consider areas of capacity vs. appropriate management structure**
- **Continue employer audits and internal audit planning,**

# PSPRS FY2025 Budget by Category

## SUMMARY PROPOSED BUDGET FY2026

Account Description	ACTUAL FYE 2023	ACTUAL FYE 2024	ACTUAL 12/31/2024	PROJ FYE 2025	Budget 2025	Budget 2025 Adjusted Total	Budget 2026	Increase (Decrease)	Inc(Dec) %
Personnel Services	12,225,573	13,692,231	7,388,685	6,977,972	16,669,180	16,669,178	19,377,120	2,707,942	16.25%
Education & Training	161,476	309,099	158,315	424,415	534,600	534,600	525,700	(8,900)	-1.66%
Board of Trustees & DCC	1,726,274	1,633,474	713,522	1,190,806	1,904,328	1,904,328	1,926,778	22,450	1.18%
Professional Services	654,139	427,252	278,190	848,410	1,163,100	1,163,100	1,266,300	103,200	8.87%
Legal Counsel	38,651	9,904	3,828	146,172	150,000	150,000	150,000	0	0.00%
Communications	87,728	137,021	121,528	56,872	178,400	178,400	193,400	15,000	8.41%
Contractual Services	961,386	946,166	335,795	500,705	836,500	836,500	836,500	0	0.00%
Auditing Services (GASB)	154,400	203,228	120,000	79,000	199,000	199,000	225,000	26,000	13.07%
Investment Consulting	1,081,500	1,118,000	437,500	720,125	1,157,625	1,157,625	1,102,500	(55,125)	-4.76%
BNY Mellon Expenses	965,574	1,292,830	735,732	614,268	1,350,000	1,350,000	1,350,000	0	0.00%
Operating Expenses	24,645	704,362	11,431	23,569	35,000	35,000	35,000	0	0.00%
Infrastructure	645,006	482,529	150,737	496,763	647,500	647,500	743,500	96,000	14.83%
Software	665,148	839,701	756,705	879,495	1,636,200	1,636,200	1,176,100	(460,100)	-28.12%
Building	177,051	267,867	88,912	201,088	290,000	290,000	290,000	0	0.00%
<b>Total Operating Budget</b>	<b>19,568,551</b>	<b>22,063,665</b>	<b>11,300,879</b>	<b>13,159,662</b>	<b>26,751,433</b>	<b>26,751,431</b>	<b>29,197,898</b>	<b>2,446,467</b>	<b>9.15%</b>
Special Projects	5,046,066	5,797,893	2,437,995	3,152,105	5,590,100	5,590,100	4,688,958	(901,142)	-16.12%
<b>Special Projects Total</b>	<b>5,046,066</b>	<b>5,797,893</b>	<b>2,437,995</b>	<b>3,152,105</b>	<b>5,590,100</b>	<b>5,590,100</b>	<b>4,688,958</b>	<b>(901,142)</b>	<b>-16.12%</b>
<b>Grand Total</b>	<b>24,614,618</b>	<b>27,861,557</b>	<b>13,738,874</b>	<b>16,311,767</b>	<b>32,341,533</b>	<b>32,341,531</b>	<b>33,886,856</b>	<b>1,545,325</b>	<b>4.78%</b>

# FY2026 Personnel Budget by Dept

## PERSONNEL PROPOSED BUDGET FY2026

DEPARTMENT	FY2026 PROPOSED							FTE	FTE	
	GROSS	SPOT	PAYROLL	BUDGET	Budget 2025	BUDGET	Increase	BUDGET	BUDGET	Increase
	SALARY	INCENTIVE	OTHER	FY2026	Adjusted Total	FY2025	(Decrease)	FY2025	FY2026	(Decrease)
Administration	1,930,965	38,619	1,720,660	3,690,245	2,971,713	3,391,927	24.18%	12	12	0
Compliance	663,479	13,270	281,979	958,728	748,313	724,901	28.12%	5	7	2
Finance	1,160,840	23,217	493,357	1,677,414	1,397,519	1,334,224	20.03%	9	12	3
Investments Legal	700,000	14,000	297,500	1,011,500	707,029	674,382	43.06%	3	4	1
Investments	2,946,256	58,925	1,178,502	4,183,683	3,299,772	3,247,283	26.79%	13	16	3
Investment Operations	794,983	20,447	337,868	1,153,298	1,002,244	775,763	15.07%	6	7	1
IT Network/Development	2,489,103	49,782	1,057,869	3,596,753	3,463,601	3,334,636	3.84%	20	21	1
Member Services	2,125,086	42,502	935,038	3,102,626	3,078,986	2,988,318	0.77%	32	32	0
<b>All Personnel Total</b>	<b>12,810,713</b>	<b>260,762</b>	<b>6,302,773</b>	<b>19,374,247</b>	<b>16,669,178</b>	<b>16,471,433</b>	<b>16.23%</b>	<b>100</b>	<b>111</b>	<b>11</b>

# New FTEs & Personnel Services

## Reclassification/In-grade Adjustments \$900,000

- **Base budget PS & ERE line only includes one-time lump sum awards**
- **New funds provide operational flexibility for:**
  - Funding for Governor proposed compensation increase
  - Provide in-grade adjustments to retain and reward high performers
  - Reclassification / Reallocation for when position duties change and/or increase

# New FTEs & Personnel Services

- Internal Audit: Additional Auditor 4 , leverage STARS data
- Compliance: Compliance coordinator for coverage and succession, to add capacity to a one-person function for a \$20+ billion fund
- New function: Procurement Manager, to provide expertise and succession currently dependent on Deputy Administrator
- Finance: Accounting Specialist 2 and 3, planning and restructure of business & process flows changes with Member Services.
- Investment Legal: Legal Counsel, succession planning, AUM growth and overall coverage
- Investment Operations: Data Analyst, support and oversight of AUM
- IT: Continued build-out and design for STARS implementation
- Investments: Deputy CIO, Organizational restructure, succession planning for oversight of \$20+ billion portfolio

# Annual Budget Change

Service	\$ Increase	Reason for change
Personnel Services	2,707,942	Increase in FTE's, 2% across the state increase
Professional Services	103,200	Workiva products for Audit and Finance
Infrastructure	96,000	Contract renewals for WWT, Netdocs and VMWare
Auditing Services (GASB)	26,000	Contract increase
BOT & DCC	22,450	Increase in audit services. New contract price for Sageview/Galloway
Communications	15,000	Increase in some zoom services
PAS	(901,142)	Contractual price less this FY
Software	(460,100)	Decrease from AWS project
Investment Consulting	(55,125)	Contract was not increase last year so budgeted expenses were high
Education and Training	(8,900)	Slight travel reduction
	<b>\$ 1,545,325</b>	