

7920 State Teachers' Retirement System

Effective July 1, 2013, the Governor's Reorganization Plan No. 2 of 2012 creates the Government Operations Agency and, as part of the plan, moves the California Teachers' Retirement System (CalSTRS) (previously budgeted within State and Consumer Services Agency under Organization Code 1920) to this new Agency (Government Operations).

CalSTRS administers retirement benefits for about 862,000 (as of June, 2012) active and retired educators in public schools from pre-kindergarten through the community college system in California. Benefits include retirement, disability, and survivor's retirement benefits.

CalSTRS is governed by a Board of Administration. The California Constitution provides that the Board of Administration has authority over the administration of the retirement system; therefore, while the budget data presented here is subject to a Budget Act appropriation, the proposed appropriations are not reviewed or approved by the Governor.

3-YR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
10	Service to Members and Employers	638.4	694.0	707.0	\$109,028	\$112,769	\$138,285
15	Corporate Governance	7.7	9.0	9.0	1,596	2,029	2,097
20	Administration	205.8	255.0	270.0	42,626	41,935	53,310
99	Unclassified (Benefit Payments)	-	-	-	10,952,345	11,870,316	12,817,682
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		851.9	958.0	986.0	\$11,105,595	\$12,027,049	\$13,011,374
FUNDING					2011-12*	2012-13*	2013-14*
0835	Teachers' Retirement Fund				\$11,062,516	\$11,978,698	\$12,958,681
0995	Reimbursements				121	339	339
8001	Teachers' Health Benefits Fund				34,755	39,226	43,131
8005	Teacher's Replacement Benefits Program Fund				7,461	8,057	8,460
8041	Teachers' Deferred Compensation Fund				742	729	763
TOTALS, EXPENDITURES, ALL FUNDS					\$11,105,595	\$12,027,049	\$13,011,374

There are non-add General Fund (0001) retirement contributions to CalSTRS in the amounts of \$1,316,108 for 2011-12, \$1,359,675 for 2012-13, and \$1,357,694 for 2013-14 (See 6300 State Teachers' Retirement System Contributions). The expenditures for funds 0835, 8001, and 8005 include unclassified expenditures for benefit payments, which are detailed in the Detail of Appropriations and Adjustments.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code, Title 1, Division 1, Part 13.

DETAILED BUDGET ADJUSTMENTS

		2012-13*			2013-14*		
		General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments							
Other Workload Budget Adjustments							
• Other Baseline Adjustments		\$-	-\$544,763	-	\$-	\$435,841	-
Totals, Other Workload Budget Adjustments		\$-	-\$544,763	-	\$-	\$435,841	-
Totals, Workload Budget Adjustments		\$-	-\$544,763	-	\$-	\$435,841	-
Policy Adjustments							
• Member Service Center - Orange County		\$-	\$-	-	\$-	\$1,604	-
• Audits - External and Internal Audits		-	-	-	-	1,338	13.0
• Human Resource Support		-	-	-	-	357	4.0
• Independent Medical Vocational Evaluations		-	-	-	-	225	-
• Information Security Office Records Management		-	-	-	-	197	2.0

* Dollars in thousands, except in Salary Range.

7920 State Teachers' Retirement System - Continued

	2012-13*			2013-14*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Reduce Reliance on Contractor Staff Using Existing Funding	-	-	-	-	-	9.0
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$3,721	28.0
Totals, Budget Adjustments	\$-	-\$544,763	-	\$-	\$439,562	28.0

* Dollars in thousands, except in Salary Range.

7920 State Teachers' Retirement System - Continued**Teachers' Retirement Fund Summaries**

0835 Teachers' Retirement Fund	PY 2011-12	CY 2012-13	BY 2013-14
Beginning Balance	\$155,320,079	\$151,315,854	\$156,481,504
Revenues:			
Investment Income	\$1,223,692	\$11,438,689	\$11,439,119
Other Income	8,574	5,230	5,840
State Contributions	1,316,108	1,359,675	1,357,694
Employer Contributions	2,230,523	2,204,034	2,171,791
Member Contributions	2,279,900	2,137,195	2,105,932
Contribution Refunds	-108,111	-109,442	-110,789
Total Revenues	\$6,950,686	\$17,035,381	\$16,969,587
Expenditures:			
Pension Benefit Payments	\$9,641,414	\$10,435,827	\$11,295,696
Other Benefit Payments	1,028,292	1,127,681	1,199,772
Administrative Expenditures	152,044	155,285	192,190
Other Expenditures	133,161	150,938	160,707
Total Expenditures	\$10,954,911	\$11,869,731	\$12,848,365
Ending Fund Balance	\$151,315,854	\$156,481,504	\$160,602,726
 8005 Teachers' Replacement Benefits Program Fund	 PY 2011-12	 CY 2012-13	 BY 2013-14
Beginning Balance	\$-	\$-	\$-
Revenues:			
Employer Contributions	7,461	8,057	8,460
Total Revenues	\$7,461	\$8,057	\$8,460
Expenditures:			
Pension Benefit Payments	7,461	8,057	8,460
Total Expenditures	\$7,461	\$8,057	\$8,460
Ending Fund Balance	\$-	\$-	\$-

* Dollars in thousands, except in Salary Range.

7920 State Teachers' Retirement System - Continued

PROGRAM DESCRIPTIONS

10 - SERVICE TO MEMBERS AND EMPLOYERS

CalSTRS is responsible for the determination and payment of benefits to members, retirees, and their beneficiaries, and for the distribution of information to all members, employers, and other interested groups. CalSTRS' Defined Benefit Program includes service retirement, benefits for survivors, and disability benefits. Basic retirement benefits are generally based upon three factors: age at retirement, years of service, and final compensation. The member may modify the basic allowance by selecting a joint and survivor annuity option to provide benefits for their beneficiary after the member dies. Generally, the payments of benefits are made within 30 days following the effective date of the member's retirement. A member's retirement benefits, benefits for survivors, and disability benefits are determined by statute and/or contract provisions.

Income to CalSTRS is derived from contributions from members and employing school districts, appropriations from the General Fund, and investment earnings (see 6300-Teachers' Retirement System Contributions for state contributions for benefits). The cost of administration is paid from the Teachers' Retirement Fund as provided in Section 22304(a) of the Education Code.

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	851.9	958.0	958.0	\$58,209	\$62,632	\$66,856
Total Adjustments	-	-	28.0	-	-	1,168
Net Totals, Salaries and Wages	851.9	958.0	986.0	\$58,209	\$62,632	\$68,024
Staff Benefits	-	-	-	24,080	27,005	29,108
Totals, Personal Services	851.9	958.0	986.0	\$82,289	\$89,637	\$97,132
OPERATING EXPENSES AND EQUIPMENT				\$70,961	\$67,096	\$96,560
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$153,250	\$156,733	\$193,692

4 Unclassified	Expenditures		
	2011-12*	2012-13*	2013-14*
Teachers' Retirement Benefits	\$10,910,472	\$11,823,413	\$12,766,491
Teachers' Health Benefits	34,412	38,846	42,731
Teachers' Replacement Benefits	7,461	8,057	8,460
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)	\$10,952,345	\$11,870,316	\$12,817,682

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2011-12*	2012-13*	2013-14*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$-	(\$1,357,694)
011 Budget Act appropriation (Renumbered from Item 1920-011-0001)	(1,316,109)	(1,359,674)	-
Revised estimate per provisional language	(-1)	(1)	-
TOTALS, EXPENDITURES	\$-	\$-	\$-
0835 Teachers' Retirement Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$-	\$154,971
002 Budget Act appropriation	-	-	(160,234)

* Dollars in thousands, except in Salary Range.

7920 State Teachers' Retirement System - Continued

1 STATE OPERATIONS	2011-12*	2012-13*	2013-14*
003 Budget Act appropriation	-	-	18,500
001 Budget Act appropriation (Renumbered from Item 1920-001-0835)	167,072	145,366	-
002 Budget Act appropriation (Renumbered from Item 1920-002-0835)	(177,476)	(189,964)	-
Revised estimate per Provision 1	(6,084)	(-39,501)	-
003 Budget Act appropriation (Renumbered from Item 1920-003-0835)	-	18,500	-
Education Code Section 22307 (Admin Costs)	1,596	2,529	2,597
Prior year balances available:			
Item 1920-001-0835, Budget Act of 2011 as reappropriated by Item 1920-490, Budget Act of 2012, and Item 7920-490, Budget Act of 2013	-	-	5,012
Item 1920-001-0835, Budget Act of 2012 as reappropriated by Item 7920-490, Budget Act of 2013	-	-	4,361
Item 1920-003-0835, Budget Act of 2012	-	-	6,749
Item 1920-001-0835, Budget Act of 2009 as reappropriated by Item 1920-490, Budget Act of 2010	4,813	-	-
Item 1920-001-0835, Budget Act of 2010 as reappropriated by Item 1920-490, Budget Act of 2011 and 2012	4,513	4,513	-
Item 1920-001-0835, Budget Act of 2011 as reappropriated by Item 1920-490, Budget Act of 2012, and Item 7920-490, Budget Act of 2013	-	5,012	-
Totals Available	\$177,994	\$175,920	\$192,190
Unexpended balance, estimated savings	-16,425	-4,513	-
Balance available in subsequent years	-9,525	-16,122	-
TOTALS, EXPENDITURES	\$152,044	\$155,285	\$192,190
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$121	\$339	\$339
8001 Teachers' Health Benefits Fund			
APPROPRIATIONS			
Education Code Sections 25930 and 25940 (Administration Expenses)	\$343	\$380	\$400
TOTALS, EXPENDITURES	\$343	\$380	\$400
8041 Teachers' Deferred Compensation Fund			
APPROPRIATIONS			
Education Code Section 24976 (403(b) Vendor Registry Operating Account)	\$742	\$729	\$763
TOTALS, EXPENDITURES	\$742	\$729	\$763
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$153,250	\$156,733	\$193,692
4 UNCLASSIFIED	2011-12*	2012-13*	2013-14*
0835 Teachers' Retirement Fund			
APPROPRIATIONS			
Education Code Section 24202 (Benefit Payments)	\$10,435,324	\$11,288,761	\$12,212,479
Education Code Section 24417 (Purchasing Power Benefit Payments)	234,612	274,747	282,989
Education Code Section 22307 (Administrative Costs)	240,536	259,905	271,023
TOTALS, EXPENDITURES	\$10,910,472	\$11,823,413	\$12,766,491
8001 Teachers' Health Benefits Fund			
APPROPRIATIONS			
Education Code Section 25930 and 25940 (Benefit Payments)	\$34,412	\$38,846	\$42,731
TOTALS, EXPENDITURES	\$34,412	\$38,846	\$42,731
8005 Teacher's Replacement Benefits Program Fund			
APPROPRIATIONS			
Education Code Section 24255 (Benefit Payments)	\$7,461	\$8,057	\$8,460
TOTALS, EXPENDITURES	\$7,461	\$8,057	\$8,460
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)	\$10,952,345	\$11,870,316	\$12,817,682

* Dollars in thousands, except in Salary Range.

7920 State Teachers' Retirement System - Continued

4 UNCLASSIFIED	2011-12*	2012-13*	2013-14*
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Unclassified)	\$11,105,595	\$12,027,049	\$13,011,374

FUND CONDITION STATEMENTS

	2011-12*	2012-13*	2013-14*
8001 Teachers' Health Benefits Fund ^N			
BEGINNING BALANCE	\$676	\$543	\$598
Prior year adjustments	<u>-1</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$675	\$543	\$598
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
221600 Contributions	34,615	39,276	43,125
250300 Other Receipts	<u>8</u>	<u>7</u>	<u>7</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$34,623</u>	<u>\$39,283</u>	<u>\$43,132</u>
Total Resources	\$35,298	\$39,826	\$43,730
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
7920 State Teachers' Retirement System			
State Operations	343	380	400
Unclassified	34,412	38,846	42,731
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>2</u>	<u>2</u>
Total Expenditures and Expenditure Adjustments	<u>\$34,755</u>	<u>\$39,228</u>	<u>\$43,133</u>
FUND BALANCE	\$543	\$598	\$597
8041 Teachers' Deferred Compensation Fund ^N			
BEGINNING BALANCE	\$783	\$811	\$854
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
250300 Income from Surplus Money Investment Fund	3	3	2
299000 Other Receipts	<u>767</u>	<u>774</u>	<u>809</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$770</u>	<u>\$777</u>	<u>\$811</u>
Total Resources	\$1,553	\$1,588	\$1,665
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	-	1	-
7920 State Teachers' Retirement System (State Operations)	742	729	763
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>4</u>	<u>3</u>
Total Expenditures and Expenditure Adjustments	<u>\$742</u>	<u>\$734</u>	<u>\$766</u>
FUND BALANCE	\$811	\$854	\$899

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
Totals, Authorized Positions	851.9	958.0	958.0	\$58,209	\$62,632	\$66,856
Workload and Administrative Adjustments:				Salary Range		
Executive (Audit Services) -						
Staff Management Auditor	-	-	1.0	5,079-6,434	-	69
Staff Management Auditor/Specialist	-	-	1.0	4,833-6,168	-	66
Associate Management Auditor	-	-	4.0	4,619-5,897	-	252
Executive Assistant	-	-	1.0	3,288-3,996	-	44
Benefits and Services -						
Associate Pension Program Analyst	-	-	3.0	4,400-5,348	-	176

* Dollars in thousands, except in Salary Range.

7920 State Teachers' Retirement System - Continued

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
Financial Services Branch -						
Associate Pension Program Analyst	-	-	1.0	4,400-5,348	-	58
General Counsel -						
Systems Software Specialist II (Technician)	-	-	1.0	5,561-7,097	-	76
Staff Counsel	-	-	1.0	4,674-7,828	-	75
Associate Governmental Program Analyst	-	-	1.0	4,400-5,348	-	58
Legal Analyst	-	-	1.0	3,841-4,670	-	51
Human Resources -						
Staff Services Manager I	-	-	1.0	5,079-6,127	-	67
Associate Personnel Analyst	-	-	3.0	4,400-5,348	-	176
Enterprise Initiatives and Technology (EIT) -						
Systems Software Specialist II (Technician)	-	-	9.0	5,561-7,097	-	-
Totals, Workload & Admin Adjustments	-	-	28.0	\$-	\$-	\$1,168
Total Adjustments	-	-	28.0	\$-	\$-	\$1,168
TOTALS, SALARIES AND WAGES	851.9	958.0	986.0	\$58,209	\$62,632	\$68,024

* Dollars in thousands, except in Salary Range.