

TEACHER RETIREMENT SYSTEM (375)
FISCAL YEAR 2014 & 2015 - Executive Recommendation

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Arkansas Teacher Retirement System is a cost sharing, multiple employer, combination contributory/non-contributory defined benefit pension fund that administers a program to provide survivor, disability and age and service benefits for public school teachers and other covered employees.

TOTAL BUDGET

The total budget of the Arkansas Teacher Retirement System is \$1,014,358,570 the first year and \$1,014,472,698 the second year.

FUNDING SOURCE

The budget is funded with cash and trust funds from employer and employee contributions and investment earnings.

II) APPROPRIATIONS / CHANGES:

1. 2QW - TEACHER RETIREMENT SYSTEM - OPERATIONS: Funded with trust funds for \$326,665,030 the first year and \$378,807,322 the second year, appropriation has an **increase of \$143,871,005 the first year and \$196,007,637 the second year for:**

a. Nine (9) positions in FY14 and twelve (12) positions in FY15 to provide services to an increasing number of retirees (**increase of \$497,895 in salary and matching for FY14; \$634,527 for FY15**).

b. Reclassification of two positions - Accounting Coordinator to a Public Info. Coordinator; Fiscal Support Supervisor to an Accountant II.

c. **Increase of \$214,465 each year in professional fees line item** for the potential increase in legal fees due to legislative changes and fluctuating market performance.

d. **Increase of \$135,300,000 in FY14 and \$185,300,000 in FY15 in Benefits Non-employee line item** to: implement a new Cash Balance Account Program to handle withdrawals for retiring T-Drop members (\$75,000,000 in FY14, \$125,000,000 in FY15); and accommodate retiree benefits and T-Drop payments (\$60,300,000 each FY).

e. **Increase of \$7,858,645 in FY14 and \$9,858,645 in FY15 in Refunds/Reimbursements line item** to address increases in disbursements for taxes and refunds of contributions to terminating active members.

2. C26 - TEACHER RETIREMENT SYSTEM - CASH: Funded with cash for \$905,400,000 the first year and \$906,000,000 the second year, appropriation has an **increase of \$74,331,559 the first year and \$74,931,559 the second year for:**

- a. Increase of \$72,000,000 each year in Benefits-Non-employee line item** to address the growth in the number of retirees and to respond to potential legislative and market changes.
- b. Increase of \$2,331,559 the first year and \$2,931,559 the second year in Refunds/Reimbursements line item** to address increases in disbursements for taxes and refunds of contributions to terminating active members.

III) POSITIONS

Total positions for FY 2015: 104

Total positions for FY 2014: 101

Total budgeted positions for FY2013: 92

Increase/ (Decrease): FY14 - 9, FY15 - 3

IV) SPECIAL LANGUAGE

None.