

# 2021-22 Mid-Year Budget

Finance and Administration Committee

November 16, 2021

(\$ in thousands)	2021-22 Authorized Annual Budget	Mid-Year Adjustments	2021-22 Proposed Mid-Year Budget	% Change From Annual
Administrative Operating Costs	\$536,053	\$19,224	555,276	3.6%
Investment Operating Costs	130,613	(9,220)	121,393	(7.1%)
Headquarters Building Costs	18,450	(35)	18,415	(0.2%)
<b>Total: Operating Costs</b>	<b>\$685,115</b>	<b>\$9,968</b>	<b>\$695,084</b>	<b>1.5%</b>
Investment External Management Fees	899,648	(1,151)	898,497	(0.1%)
Third Party Administrator Fees	303,517	35	303,552	0.0%
<b>Total: Fees</b>	<b>\$1,203,165</b>	<b>(\$1,116)</b>	<b>\$1,202,049</b>	<b>(0.1%)</b>
<b>CalPERS Total Budget</b>	<b>\$1,888,280</b>	<b>\$8,853</b>	<b>\$1,897,133</b>	<b>0.5%</b>
<b>Total Positions</b>	<b>2,843.0</b>		<b>2,843.0</b>	<b>0.0%</b>

## Operating Costs

- \$19.2 million (3.6%) increase in Administrative Operating Costs
  - \$16.7 million (4.1%) increase for Personal Services expenses
  - \$2.5 million (2.0%) increase in OE&E
  
- Personal Services increase reflects:
  - \$14.4 million for collectively-bargained salary and benefits
  - \$2.3 million for other adjustments

## Operating Costs (continued)

- The \$2.5 million OE&E increase includes funds for:
  - Mandated weekly Covid tests
  - Special board election
  - Death notification data contracts
  - Independent Medical Exams (IMEs)
  - Executive Searches
  - Anticipated insurance premium increases

## Operating Costs (continued)

- \$9.2 million (7.1%) decrease in Investment Operating Costs driven by revised technology expenses
- \$35,000 decrease in HQ Building Budget
  - Net \$0.6 million reduction in expenses offset by a \$0.4 million reduction in parking revenues and \$0.2 million less allocated to affiliate funds.
  - Revised budget reflects a decrease in operating costs from continued remote work environment and an increase in non-operating cost building improvements to mitigate Lincoln Plaza water system issues.

## External Fees

- \$1.2 million net decrease in estimated Investment External Management Base Fees:
  - \$6.9 million **decrease** for Global Equity
  - \$4.0 million increase for Fixed Income
  - \$12.2 million increase for Real Assets
  - \$10.4 million **decrease** for Opportunistic Strategies
- \$35,000 increase in Third Party Administrator Fees resulting from:
  - Updated health plan enrollment (\$0.3 million decrease)
  - Correction for Long Term Care processing fees (\$0.3 million increase)

# 2020-21 Year-End Expenditures

## 2020-21 Total Expenditures

(in thousands)	2020-21 Authorized Budget	2020-21 Expenditures and Encumbrances	Percent Expended	Balance
Administrative Operating Costs	\$477,081	\$451,978	94.7%	\$25,103
Investment Operating Costs	126,430	81,339	64.3%	45,092
Headquarters Building Costs	23,003	17,518	76.2%	5,485
<b>Total: Operating Costs</b>	<b>\$626,515</b>	<b>\$550,835</b>	<b>87.9%</b>	<b>\$75,680</b>
Investment External Mgmt Fees	692,093	723,695	104.6%	(31,602)
Third Party Administrator Fees	302,623	297,807	98.4%	4,815
<b>Total: Fees</b>	<b>\$994,716</b>	<b>\$1,021,502</b>	<b>102.7%</b>	<b>(\$26,786)</b>
<b>CalPERS Total Budget to Expenditures</b>	<b>\$1,621,230</b>	<b>\$1,572,336</b>	<b>97.0%</b>	<b>\$48,894</b>