

2023-24 Mid-Year Budget

Finance and Administration Committee

November 14, 2023

2023-24 Mid-Year Proposed Adjustments

(\$ in thousands)	2023-24 Authorized Annual Budget	2023-24 Proposed Mid-Year Budget	Change	
			\$	%
Administrative Operating Costs	\$585,451	\$616,670	\$31,218	5.3%
Investment Operating Costs	150,595	150,595	-	0.0%
Headquarters Building Costs	22,608	22,753	145	0.6%
Total: Operating Costs	\$758,655	\$790,018	\$31,363	4.1%
Investment External Management Fees	1,339,444	1,368,386	28,942	2.2%
Third Party Administrator Fees	329,781	285,156	(44,625)	(13.5%)
Total: Fees	\$1,669,225	\$1,653,542	(\$15,684)	(0.9%)
CalPERS Total Budget	\$2,427,880	\$2,443,560	\$15,680	0.6%
Total Positions	2,843.0	2,843.0	-	0.0%

Total Operating Costs

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Administrative Operating Cost Adjustments

\$30.1 million, or 6.6% increase in Personal Service Expenses driven by:

- Collectively bargained salaries and benefits
- Investment Office Reorganization
- Board-approved salary and incentive compensation for Investment Office and Executive positions

\$1.1 million, or 0.8% increase in Operating Expenses & Equipment driven by:

- Resource needs updated by program areas
- Redirected salary savings to fund critical and unforeseen needs
- Offset by savings from Peoplesoft Human Capital Management Project

Total Fees

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Fee Adjustments

\$28.9 million, or 2.2% increase in External Management Fees driven by:

- Base Fee changes in Global Equity and Private Equity
- Performance Fee changes in Real Assets

(\$44.6) million, or 13.5% decrease in Third Party Administrator Fees driven by:

- Health Program fees due to change in Blue Shield contractual arrangement
- Pharmacy Benefit Manager fees reflecting updated projections of total claims

2022-23 Year-End Expenditure Report

2022-23 Total Expenditures

(\$ in thousands)	2022-23 Authorized Budget	2022-23 Expenditures and Encumbrances	Percent Expended	Balance
Administrative Operating Costs	\$577,352	\$511,944	88.7%	\$65,409
Investment Operating Costs	132,678	93,547	70.5%	39,131
Headquarters Building Costs	20,823	17,802	85.5%	3,022
Total: Operating Costs	\$730,854	\$623,292	85.3%	\$107,561
Investment External Mgmt Fees	1,143,544	898,964	78.6%	244,580
Third Party Administrator Fees	310,312	306,122	98.6%	4,190
Total: Fees	\$1,453,856	\$1,205,085	82.9%	\$248,770
CalPERS Total Budget to Expenditures	\$2,184,709	\$1,828,378	83.7%	\$356,332

Questions?