

2025-26 Annual Budget

Finance and Administration Committee

April 14, 2025

2024-25 Current Year Update

(\$ in thousands)	2024-25 Authorized Budget	2024-25 Expenditures and Encumbrances thru 12-31-24	Percent Expended	Forecast	Savings
Administrative Operating Costs	\$609,826	\$253,867	41.6%	\$538,149	\$71,677
Investment Operating Costs	155,877	28,726	18.4%	153,677	2,200
Headquarters Building Costs	31,465	10,987	34.9%	31,336	128
Total: Operating Costs	\$797,167	\$293,579	36.8%	\$723,162	\$74,005
Investment External Management Fees	1,454,031	618,037	42.5%	1,454,031	-
Third Party Administrator Fees	275,416	123,189	44.7%	274,326	1,090
Total: Fees	\$1,729,448	\$741,226	42.9%	\$1,728,357	\$1,090
CalPERS Total Forecast	\$2,526,615	\$1,034,805	41.0%	\$2,451,520	\$75,095

2025-26 Proposed Total Budget

(\$ in thousands)	2023-24 Actual	2024-25 Authorized Budget	2025-26 Proposed Budget	Change	
				\$	%
Administrative Operating Costs	\$528,833	\$609,826	\$637,365	\$27,539	4.5%
Investment Operating Costs	101,528	155,877	186,417	30,540	19.6%
Headquarters Building Costs	20,835	31,465	41,378	9,914	31.5%
Total: Operating Costs	\$651,196	\$797,167	\$865,160	\$67,993	8.5%
Investment External Management Fees	1,144,859	1,454,031	1,569,425	115,394	7.9%
Third Party Administrator Fees	281,939	275,416	305,389	29,972	10.9%
Total: Fees	\$1,426,798	\$1,729,448	\$1,874,814	\$145,366	8.4%
CalPERS Total Budget	\$2,077,994	\$2,526,615	\$2,739,974	\$213,359	8.4%
Total Positions	2,843.0	2,843.0	2,843.0	-	0.0%

Operating Costs

(\$ in thousands)	2023-24 Actual	2024-25 Authorized Budget	2025-26 Proposed Budget	Change	
				\$	%
Administrative Operating Costs	\$528,833	\$609,826	\$637,365	\$27,539	4.5%
Investment Operating Costs	101,528	155,877	186,417	30,540	19.6%
Headquarters Building Costs	20,835	31,465	41,378	9,914	31.5%
Total: Operating Costs	\$651,196	\$797,167	\$865,160	\$67,993	8.5%

Administrative Operating Costs

- \$13.3 million, or 2.8% increase in Personal Services
- \$14.2 million, or 11.1% increase in Operating Expenses & Equipment

Formal Budget Requests

(\$ in thousands)	Division	2025-26 Cost	Ongoing
Graduate Student Assistants	HPBB	252	252
Student Assistants	HRSD / OFAS / ITSB	150	150
Total: Student Assistants		\$402	\$402
Case Management Software	HPBB	1,000	225
Employer Training and Contact Center Software	CEOD	23	3
Website Threat Detection Software	ISOF	76	76
Total: Enterprise Software		\$1,098	\$304
Strategic Projects Consulting Services	HPBB	2,322	2,322
Parallel Valuation and Certification Services	ACTO	200	-
Contact Center Call Summarization Implementation	ITSB	130	-
Peoplesoft Financial Systems Consulting Services	ITSB	275	-
Gartner Subscription	HRSD	113	113
myCalPERS Security Testing Services	ISOF	250	250
Employer Multi-Factor Authentication Implementation	ITSB	150	-
Total: Consulting Services		\$3,440	\$2,685
Travel and Training	HRSD	102	102
Total: Training		\$102	\$102
Total Requests Absorbed with Admin Budget Savings		\$1,720	\$946
Total Increase to Admin Budget		\$3,322	\$2,547
Total of All Requests		\$5,042	\$3,493

Operating Costs

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Investment Operating Costs

- \$17.6 million, or 40.7% increase in Consultant Expenses
- \$0.5 million, or 1.1% increase in Operating Expenses
- \$12.4 million, or 19.0% increase in Technology Expenses

Operating Costs

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Headquarters Building Costs

- \$2.6 million, or 11.6% increase in Operating Expenses
- \$7.7 million, or 50.8% increase in Non-Operating Expenses

External Fees

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Third Party Administrator Fees	281,939	275,416	305,389	29,972	10.9%
Total: Fees	\$1,426,798	\$1,729,448	\$1,874,814	\$145,366	8.4%

External Management Fees

- \$145.4 million, or 11.5% increase in Base Fees
- \$30 million, or 15.6% decrease in Performance Fees

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Total: Fees	\$1,426,798	\$1,729,448	\$1,874,814	\$145,366	8.4%

Third Party Administrator Fees

- \$32 million, or 12.9% increase in Health program fees
- \$2.3 million, or 9.8% decrease in Long Term Care program fees

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Total Positions	2,843.0	2,843.0	2,843.0	-	0.0%

Questions?