UTAH RETIREMENT SYSTEMS

RETIREMENT AND INDEPENDENT ENTITIES APPROPRIATIONS SUBCOMMITTEE
STAFF: RICHARD AMON

BUDGET BRIEF

SUMMARY

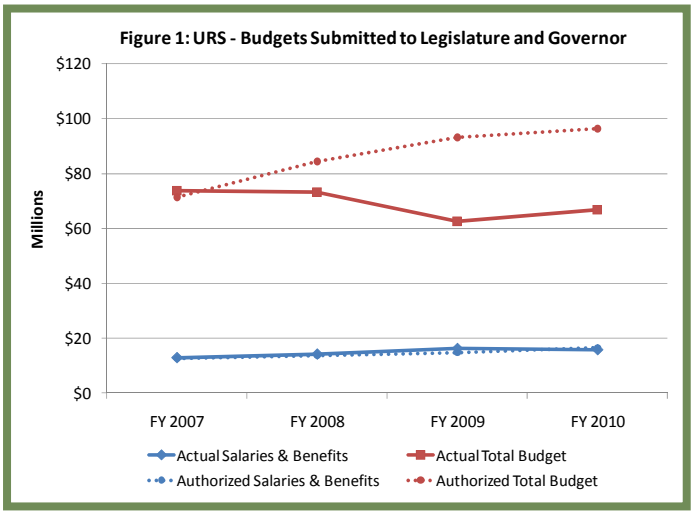
The Utah Retirement Systems (URS) was established by the Legislature to provide retirement, health, dental, disability, and life benefits to government employees in the State of Utah. While URS contains the Public Employee Health Program (PEHP), this brief focuses on the Retirement Office. A separate brief addresses the PEHP. The state, as well as other political subdivisions, participates in the retirement plans.

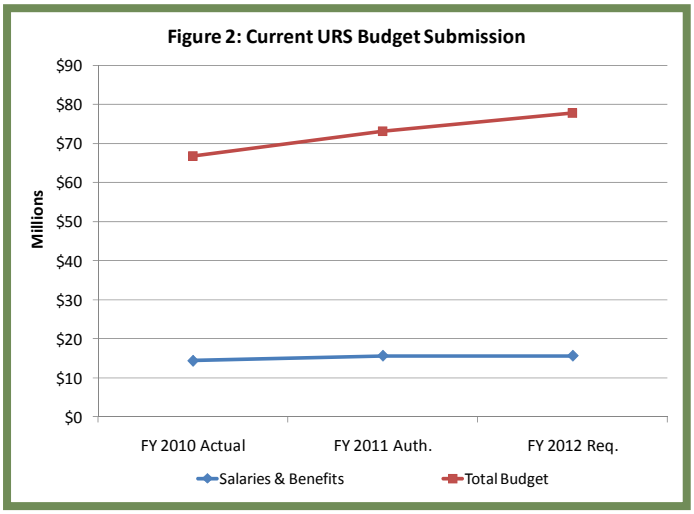
Unlike other state agency budgets, the URS budget is "subject to legislative and executive department budgetary review and comment," but does not require Legislative appropriations. URS submits budgets to the governor and the Legislature for the actual, authorized, and requested years after the Utah State Retirement Board approves them.

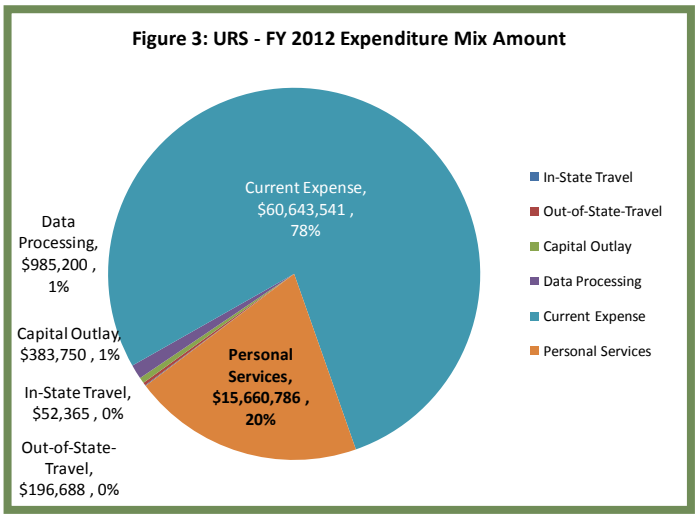
The "Authorized" or current year budgets submitted to the Legislature from previous years did not reflect adjustments made by the Utah Retirement Board. Instead those budgets reflected the requested year budget presented the previous year to the governor and the Legislature. Figure 1 highlights how budgets presented to the Legislature changed from authorized to actual. The Analyst has worked with URS to present budget numbers for FY 2011 that reflect changes made by the Retirement Board. These changes are included in the Budget Detail Table at the end of the brief and are reflected in Figure 2.

Figure 3 shows the components of the FY 2012 requested URS budget. Personnel accounts for 20% of budgeted expenditures. The majority of the budget (78%) is for current expenses, most of which is for investment advisors in the Investments program:

- $52.1 million is investment advisors,
- $1.7 million is for attorney fees,
- $0.9 million is for professional services,
- $1.0 million is for office rental,
- $0.9 million is for postage and mailing.







ISSUES

Rate Increases

Revenue for URS comes from rates charged to employers participating in the retirement systems. Over the last fifteen years the state's rate for the noncontributory system has increased to 16.86% of salary.

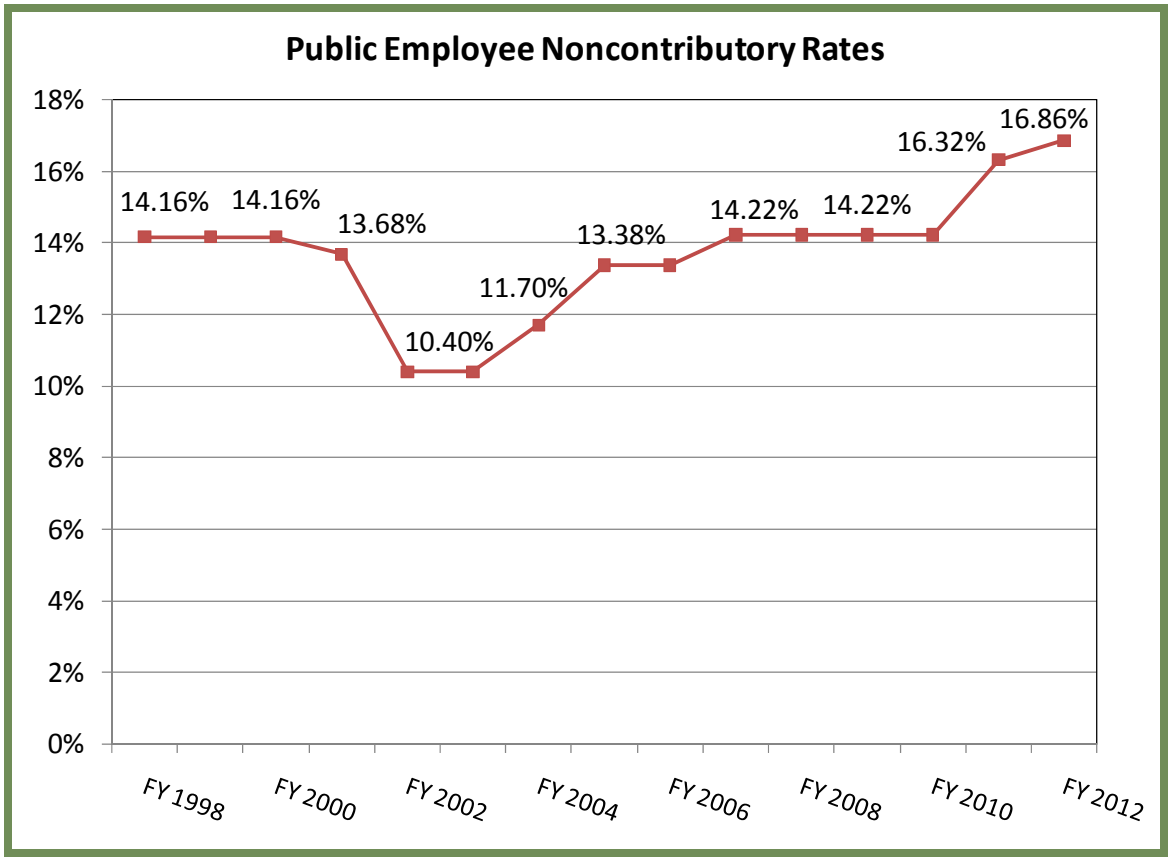


Figure 4

BUDGET DETAIL TABLE

Utah Retirement Systems

Sources of Finance	FY 2010 Actual	Change	FY 2011 Authorized	Change	FY 2012 Requested
Dedicated Credits	66,906,034	6,247,504	73,153,538	4,768,792	77,922,330
Total	$66,906,034	$6,247,504	$73,153,538	$4,768,792	$77,922,330
Programs					
Retirement Systems	10,718,720	1,380,184	12,098,904	(90,639)	12,008,265
Investments	49,140,436	4,595,993	53,736,429	4,814,721	58,551,150
Defined Contribution Plans	7,046,878	271,327	7,318,205	44,710	7,362,915
Total	$66,906,034	$6,247,504	$73,153,538	$4,768,792	$77,922,330
Categories of Expenditure					
Personnel Services	14,389,076	1,271,710	15,660,786	0	15,660,786
In-state Travel	34,283	17,272	51,555	810	52,365
Out-of-state Travel	90,959	100,374	191,333	5,355	196,688
Current Expense	51,281,566	4,586,799	55,868,365	4,775,176	60,643,541
DP Current Expense	836,108	145,508	981,616	3,584	985,200
Capital Outlay Expense	274,042	125,841	399,883	(16,133)	383,750
Total	$66,906,034	$6,247,504	$73,153,538	$4,768,792	$77,922,330