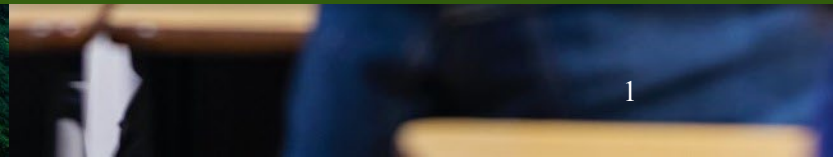




CALSTRS

# Proposed 2023–24 Operating Budget Concepts

September 1, 2022



# Three-year budget cycle history

Fiscal Years 2020–21, 2021–22, 2022–23

**2020–21:** State directive to reduce statewide expenditures.

- *CalSTRS withdrew 27 positions & \$3.9 million that were included in the Organizational Growth Budget Change Proposal (BCP).*

**2021–22:** State directive to mitigate and reduce costs.

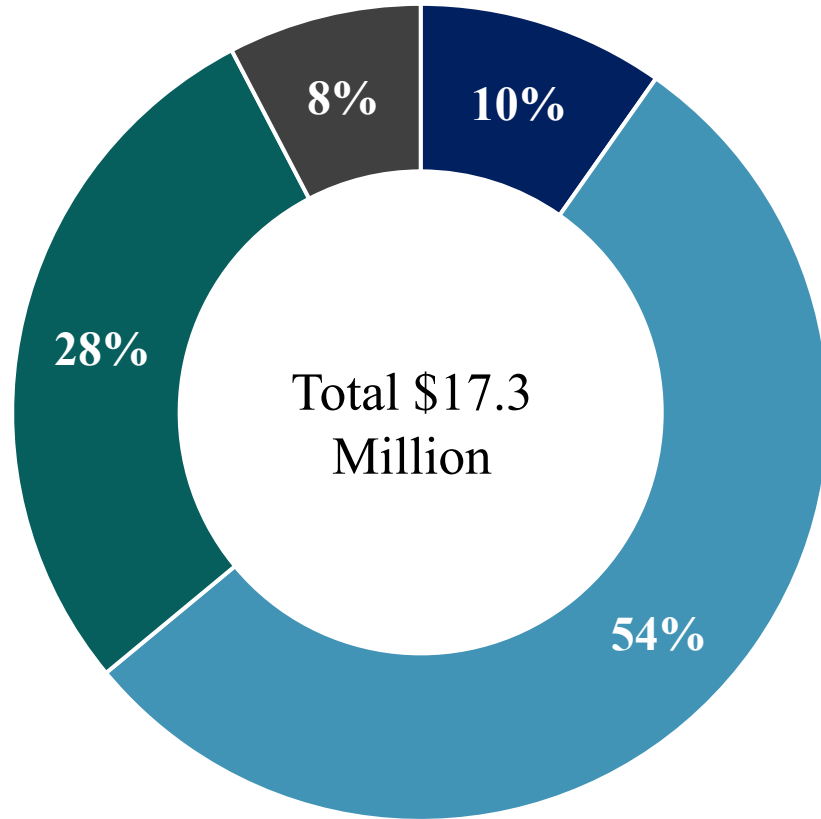
- *Only submitted the Multi-Year Internal Investment Management Plan BCP, in support of the Collaborative Model, to reduce costs by managing more assets internally.*

**2022–23:** State directive to remain fiscally prudent.

- *Submitted Operational Support & Management BCP:*
  - *Only requested 10 positions & \$1.6 million that were originally part of the Organizational Growth BCP, withdrawn in 2020–21.*
- *Submitted Budget Position Transparency BCP: Reclassification of 27 blanket positions to a permanent authorized status using existing budget authority.*

# Proposed 2023–24 Operating Budget concepts

Total by strategic plan goal and enterprise-wide growth



**Goal 1: Trusted stewards**  
*\$1.7 million*

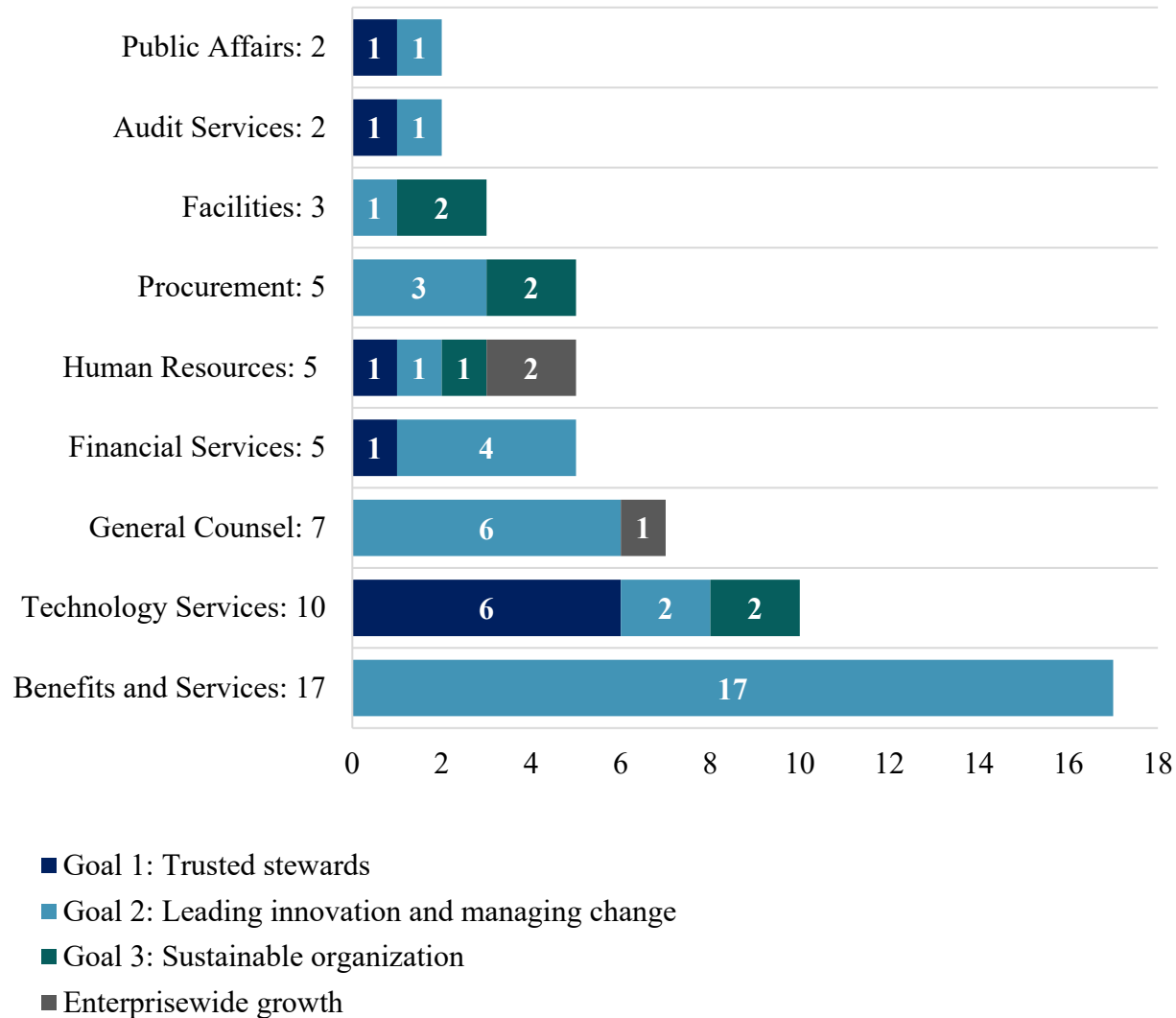
**Goal 2: Leading innovation and managing change**  
*\$9.4 million*

**Goal 3: Sustainable organization**  
*\$4.9 million*

**Enterprisewide growth**  
*\$1.3 million*

# Proposed 2023–24 Operating Budget concepts

Authorized position request by business area: 56 positions, \$8.6 million



## Key programs and initiatives

- Employer Reporting to Final Benefit project.
- Technology resources to support various efforts, including data warehouse platform, cybersecurity, systems management and compliance, and the Collaborative Model.
- Enhancing business resilience and building operations, organizational change management efforts and various compliance activities for procurement, legal, audit and accounting functions.

# Proposed 2023–24 Operating Budget concepts

Technology Service contracts: \$8.7 million



- Goal 1: Trusted stewards
- Goal 2: Leading innovation and managing change
- Goal 3: Sustainable organization
- Enterprise-wide growth

## Key projects and initiatives

- Cloud data center platform services.
- Various cybersecurity tools and infrastructure.
- Member call center system support.
- Various software license and subscription costs.

## Other budgetary changes: (\$2.2) million



### Investment management plan – \$9.9 million, 21 positions

- The third year of implementation

### State mandates – \$1.4 million

- Pro Rata – An assessment from the Department of Finance to contribute on a pro rata basis for the cost of shared administrative services.
- Employee compensation
  - 2.5% general salary increase and 5% merit salary adjustment for eligible employees.
  - \$4.0 million reduction for the \$260 monthly healthcare stipend for employees enrolled in a CalPERS health plan.

### Property management services – (\$13.5) million

- Reduction in one-time costs associated with the JLL facilities contract.

# 2022–23 and 2023–24 Operating Budget overview

*(dollars in millions)*

Budget Category	2022–23	2023–24	Change	% Change
Salaries	\$169.1	\$180.8	\$11.7	7%
Benefits	71.3	77.9	6.6	9%
Operating Expenses and Equipment	134.1	130.9	(3.2)	(2%)
<b>Total</b>	<b>\$374.5</b>	<b>\$389.6</b>	<b>\$15.1</b>	<b>4%</b>

Authorized Positions	2022–23	2023–24	Change	% Change
Total Authorized	1,293	1,370	77	6%

**Key highlights**

*Operating Budget: \$389.6 million*

- This represents a \$15.1 million, or 4% net increase compared to 2022–23.
  - \$17.3 million for Operating Budget Concepts
  - (\$2.2) million reduction for Other Budgetary Changes

*Authorized positions: 1,370*

- This represents an increase of 77 positions, or 6% compared to 2022–23.
  - 56 positions requested as part of the 2023–24 Operating Budget Concepts
  - 21 positions for the Investment Management Plan, previously approved by the board and the Legislature.



## **Additional budgetary considerations**

- *Pension Solution Project*
- *Assembly Bill 1667*





Questions?