

Pension Review Board Summary of Recommendations - Senate

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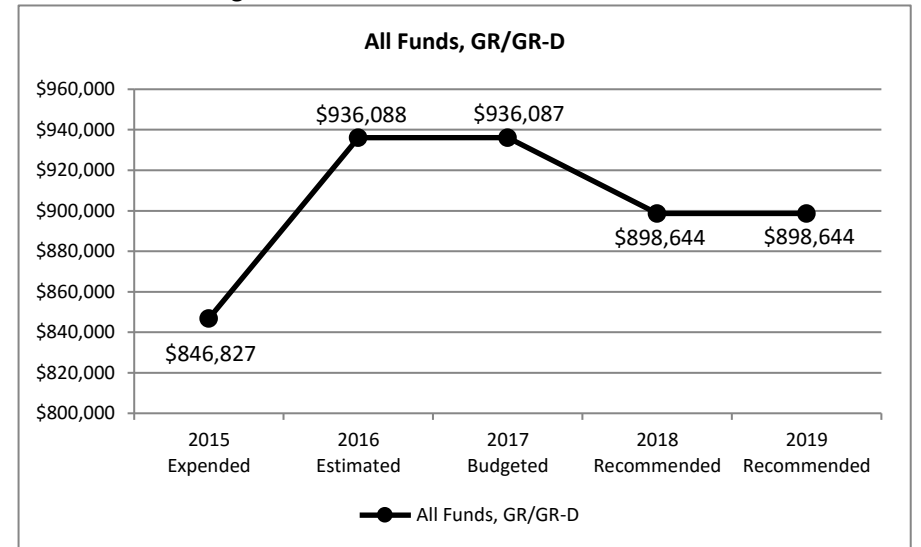
Anumeha, Executive Director

Katy Fallon, LBB Analyst

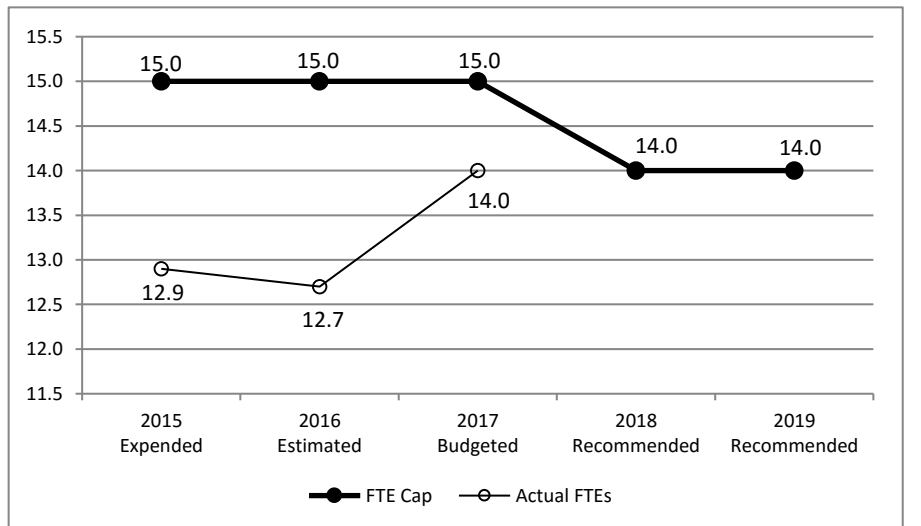
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,872,175	\$1,797,288	(\$74,887)	(4.0%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,872,175</i>	<i>\$1,797,288</i>	<i>(\$74,887)</i>	<i>(4.0%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$1,872,175	\$1,797,288	(\$74,887)	(4.0%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	14.0	14.0	0.0	0.0%

Historical Funding Levels



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Pension Review Board
Summary of Funding Changes and Recommendations - Senate

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
A)	Eliminate salary amounts unexpended in the 2016-17 biennium, included in agency's four percent base reduction.	(\$74,887)	\$0	\$0	\$0	(\$74,887)	A.1.1, A.2.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations		(\$74,887)	\$0	\$0	\$0	(\$74,887)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0	\$0	\$0	\$0	\$0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$74,887)	\$0	\$0	\$0	(\$74,887)	As Listed

**Pension Review Board
Selected Fiscal and Policy Issues - Senate**

1. **State Auditor's Office Report.** *An Audit Report on Financial Processes at the Pension Review Board* (Report No. 16-038, August 2016) found that the agency had significant weaknesses in succession planning, cross-training, and policies and procedures that put its financial operations at risk. In particular, the agency was unprepared to process expenditures when its accountant left in May 2015.

Specific findings include:

- Noncompliance with statutory requirements regarding contracting with a former employee,
- Unallowable advance payments of \$16,400 to the contracted former accountant,
- Lack of segregation of duties when processing expenditures,
- Unallowable travel expenditures of \$710, and
- Former employees still authorized to use and sign procurement cards.

The audit did find that the agency processed payroll and pay actions appropriately and auditors did not identify errors in the payroll expenditures tested.

As noted in the report, the agency created a Deputy Director position in October 2015 and has trained and assigned staff and responsibilities to perform backups for key roles.

Pension Review Board
Items Not Included in Recommendations - Senate

Section 5

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Critical agency operations. Funding request is for targeted salary increases to retain key employees in order to combat turnover and increase salary parity among peer agencies. Requested amount represents five percent of current staff salaries.	\$73,000	\$73,000	0.0	No	No	\$73,000
2)	List of scrutinized companies doing business in Iran. Funding request would allow the agency to hire an external vendor to compile the Iran List. Currently the agency provides the list by relying on publicly available information compiled by other entities.	\$40,000	\$40,000	0.0	No	No	\$40,000
3)	Development of online dashboard for public pension data. Funding would provide for the agency to contract with a vendor to develop an external interface to connect the public to the internal database, allowing the public to research pension data. Currently staff must respond to requests individually by reports from the database.	\$90,000	\$90,000	0.0	Yes	Yes	\$0

TOTAL Items Not Included in Recommendations	\$203,000	\$203,000	\$0			\$113,000
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Pension Review Board
Appendices - Senate

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* Appendix is not included - no significant information to report

Pension Review Board
Funding Changes and Recommendations - Senate, by Strategy -- GR & GR DEDICATED FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
RETIREMENT SYSTEM REVIEWS A.1.1	\$778,844	\$731,990	(\$46,854)	(6.0%)	Recommendations include reduction of \$46,854 for unfilled FTE position identified in four percent base funding reduction.
TECHNICAL ASSISTANCE AND EDUCATION A.2.1	\$1,093,331	\$1,065,298	(\$28,033)	(2.6%)	Recommendations include a decrease of \$28,033 indentified in four percent funding reduction for unpaid salary amounts.
Total, Goal A, SOUND RETIREMENT SYSTEMS	\$1,872,175	\$1,797,288	(\$74,887)	(4.0%)	
Grand Total, All Strategies	\$1,872,175	\$1,797,288	(\$74,887)	(4.0%)	

Pension Review Board
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	15.0	15.0	15.0	14.0	14.0
Actual/Budgeted	12.9	12.7	14.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 2	\$110,000	\$112,750	\$112,750	\$112,750	\$112,750

Notes:

- a) Fiscal years 2015 and 2016 actual FTE figures are less than FTE cap limits primarily due to staff turnover and vacancies. Cap was reduced in fiscal years 2018 and 2019 to align with four percent base reduction and historical vacancy in fifteenth position.
- b) The State Auditor's Office *Report on Executive Compensation at State Agencies* (Report No. 16-706, August 2016), indicates a market average salary of \$124,131 for the Executive Director position and recommends changing the classification for the position from Group 2 to 3. The agency is not requesting any changes to its exempt position.

Pension Review Board
Summary of Ten Percent Biennial Base Reduction Options Recommendations - Senate

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
1)	Elimination of One Staff Position	The first five percent reduction would eliminate one staff position. Currently 92 percent of the budget is dedicated to salary. Agency indicates that the loss of staff would exacerbate the attrition rate as well as reduce the agency's ability to conduct timely analysis of the state's public retirement systems and lessen the educational services provided by the agency.	\$89,865	\$89,865	1.0	\$0	5.0%	No
2)	Elimination of a Second Staff Position	The second five percent reduction would eliminate another staff position. Agency indicates that the impact would delay the implementation of services and jeopardize the ability of the agency to fulfill its mission.	\$89,864	\$89,864	1.0	\$0	5.0%	No
TOTAL, 10% Reduction Options			\$179,729	\$179,729	2.0	\$0		