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BUDGET VS ACTUAL REVIEW – For the Year Ending June 30, 2020

BUDGET SUMMARY

Budget Summary							
For the Year Ending June 30, 2020							
As of the 3rd Quarter (3/31/20)							
	Annual Approved Budget	Approved Budget As of Quarter Ended 3/31/20	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ended 3/31/20	% of Qtr Budget	
Administrative Expenses	\$ 12,376,900	\$ 7,420,650	60.0%	\$ 6,636,791	\$ 783,859	89.4%	
Non-Administrative Expenses	\$ 12,886,598	\$ 7,569,581	58.7%	\$ 6,727,702	\$ 841,880	88.9%	
Total	\$ 25,263,498	\$ 14,990,231	59.3%	\$ 13,364,493	\$ 1,625,738	89.2%	

Overall, the costs are within expectations at the 3rd Quarter mark.

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ADMINISTRATIVE EXPENDITURES

Administrative Budget Detail						
For the Year Ending June 30, 2020						
As of the 3rd Quarter as of March 31, 2020						
	Annual Approved Budget	Approved Budget As of Quarter Ending 3/31/19	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 3/31/19	% of Qtr Budget
Personnel Costs						
Staff Salaries and Benefits	\$ 7,893,700	\$ 5,170,000	65.5%	\$ 4,699,001	\$ 470,999	90.9%
Board Members' Stipends	16,000	12,000	75.0%	6,300	5,700	52.5%
Total Personnel Costs	7,909,700	5,182,000	65.5%	4,705,301	476,699	90.8%
Professional Services						
Audit	65,000	65,000	100.0%	60,460	4,540	93.0%
Communication Consulting	60,000	45,000	75.0%	46,000	(1,000)	102.2%
County Services & COWCAP	95,000	71,250	75.0%	60,495	10,755	84.9%
Document Imaging	55,000	41,250	75.0%	36,590	4,660	88.7%
Hearing Officers	60,000	45,000	75.0%	8,310	36,690	0.0%
Medical Consultants	900,000	675,000	75.0%	540,609	134,391	80.1%
Miscellaneous	149,500	112,125	75.0%	90,454	21,671	80.7%
Transcribing	10,500	7,875	75.0%	1,582	6,294	20.1%
Total Professional Services	1,395,000	1,062,500	76.2%	844,500	218,000	79.5%
Operational Services & Supplies						
Building Rent	580,000	435,000	75.0%	445,742	(10,742)	102.5%
Claims/Judgements/Court Orders	75,000	-	0.0%	-	-	0.0%
County Garage	6,500	4,875	75.0%	3,921	954	80.4%
General Maintenance - Furniture/Equipment	14,500	3,200	22.1%	3,141	59	98.2%
Insurance	135,000	126,000	93.3%	125,632	368	99.7%
Memberships/Publications/Subscriptions	33,500	29,000	86.6%	28,450	550	98.1%
Office Expense	164,400	123,300	75.0%	93,655	29,645	76.0%
Postage & Handling	160,000	120,000	75.0%	107,917	12,083	89.9%
Printing	70,000	52,500	75.0%	33,755	18,745	64.3%
Rented Equipment	99,400	52,000	52.3%	51,346	654	98.7%
Staff Career Development Fund	15,000	11,250	75.0%	6,169	5,081	54.8%
Telephone	58,200	43,650	75.0%	32,245	11,405	73.9%
Training/Seminars/Conferences	88,400	35,000	39.6%	34,865	135	99.6%
Travel	100,000	53,000	53.0%	52,058	942	98.2%
Non-Capital - Furniture & Equipment	28,500	21,375	75.0%	3,051	18,324	14.3%
Total Operational Services & Supplies	1,628,400	1,110,150	68.2%	1,021,948	88,202	92.1%
Capital Expense	1,443,800	66,000	4.6%	65,043	957	98.5%
Total Administrative Expense	\$ 12,376,900	\$ 7,420,650	60.0%	\$ 6,636,791	\$ 783,859	89.4%

Overall, costs for Personnel, Operational Services & Supplies, and Capital Expense are within expectations for the 3rd Quarter mark.

Approximately 60.0% or \$7,420,650 of the total appropriations of \$12,376,900 have been allocated to 3rd Quarter expenses. After this allocation, expenses are 89.4% of overall expectations for the quarter. Actual expenses of \$6,636,791 represent 53.6% of the total approved appropriation of \$12,376,900.

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ADMINISTRATIVE EXPENDITURES (Continued)

Category Analysis

- Personnel Costs (Administrative staff salaries, benefits, and Board stipends)
 - At 90.9% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.
 - Board stipends are less than expected, mostly as a result of reimbursement request timing.
- Professional Services (costs for outside contractors and vendors)
 - At 79.5% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.
- Operational Services and Supplies (office rent, insurance, non-capital purchases, office expense, printing, training, travel, and depreciation)
 - At 92.1% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.
- Capital Expenditures (unit cost of \$25,000 or more)
 - At 98.5% as of the 3rd Quarter mark, majority of the funds have not been expended yet. Many of the projects are being proposed for carry over into the FY 20/21.

STATUTORY LIMIT

The Statutory Limit for Administrative Expenses for the year ending June 30, 2020 is \$26,470,379. SBCERA's actual Administrative Expenses for the year ending June 30, 2020, as of March 31, 2020, are \$6,636,791, or 25.1% of the Statutory Limit and 53.6% of approved appropriations of \$12,376,900.

Calculation of Statutory Limit - Administrative Expenditure Budget		
AAL as of June 30, 2018 ¹	A	\$12,604,942,218
Basis points per GC §31580.2	B	0.0021
Statutory limit of 0.21% allowed per GC §31580.2	A*B=C	\$ 26,470,379

NON-ADMINISTRATIVE EXPENDITURES

ACTUARIAL

Non-Administrative Budget Detail: Actuarial						
For the Year Ending June 30, 2020						
As of the 3rd Quarter (3/31/20)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 3/31/20	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 3/31/20	% of Qtr Budget
Professional Services						
Actuarial Valuation/Experience Study	140,000	81,000	57.9%	80,510	490	0.0%
Actuarial Consulting	90,000	52,000	57.8%	51,459	541	99.0%
Actuarial Audit	-	-	0.0%	-	-	0.0%
Total Professional Services	230,000	133,000	57.8%	131,969	1,031	0.0%
Total Administrative Expense	230,000	133,000	57.8%	131,969	1,031	99.2%

Actuarial Expenses

- Professional Services (actuarial valuation, actuarial consulting, and actuarial audit)
 - At 99.2% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.

NON-ADMINISTRATIVE EXPENDITURES (Continued)

LEGAL

Non-Administrative Budget Detail: Legal						
For the Year Ending June 30, 2020						
As of the 3rd Quarter (3/31/20)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 3/31/20	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 3/31/20	% of Qtr Budget
Personnel Costs						
Staff Salaries and Benefits	1,495,250	1,046,438	70.0%	840,945	205,492	80.4%
Total Personnel Costs	1,495,250	1,046,438	70.0%	840,945	205,492	80.4%
Professional Services						
Outside Attorney Fees - Non Investment	250,000	150,000	60.0%	150,092	(92)	100.1%
Total Professional Services	250,000	150,000	60.0%	150,092	(92)	100.1%
Operational Services & Supplies						
General Maintenance - Furniture/Equipment	1,500	1,125	75.0%	-	1,125	0.0%
Memberships/Publications/Subscriptions	24,369	20,000	82.1%	19,574	426	97.9%
Office Expense	18,450	13,838	75.0%	3,967	9,871	28.7%
Software/Software Licensing & Support	3,200	2,690	84.1%	2,690	0	100.0%
Training/Seminars/Conferences	15,574	3,100	19.9%	3,087	13	99.6%
Travel	20,600	5,200	25.2%	5,171	29	99.4%
Non-Capital - Furniture & Equipment	5,000	-	0.0%	-	-	0.0%
Total Operational Services & Supplies	88,693	45,953	51.8%	34,489	11,464	75.1%
Total Administrative Expense	1,833,943	1,242,390	67.7%	1,025,526	216,864	82.5%

Legal Expenses

- Personnel Costs (legal salaries and benefits)
 - At 80.4% of the estimated expenses at the 3rd Quarter mark, this category is slightly lower than expected.
 - One vacancy (Staff Counsel) remains vacant as of the end of the 3rd Quarter.
- Professional Services (outside attorney fees or non-investment issues)
 - At 100.1% of the estimated expenses at the 3rd Quarter mark, this category is as expected.
 - The nature of such costs can fluctuate and are difficult to predict.
- Operational Services and Supplies (memberships, office expense, software, training, and travel)
 - At 75.1% of the estimated expenses at the 3rd Quarter mark, this category is slightly lower than expected.
 - Some savings in office expense due to fewer department members.
 - Travel was limited this fiscal year because of COVID-19.

NON-ADMINISTRATIVE EXPENDITURES (Continued)

INVESTMENT

Non-Administrative Budget Detail: Investment						
For the Year Ending June 30, 2020						
As of the 3rd Quarter (3/31/20)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 3/31/20	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 3/31/20	% of Qtr Budget
Personnel Costs						
Staff Salaries and Benefits	2,522,600	1,678,000	66.5%	1,593,118	84,882	94.9%
Total Personnel Costs	2,522,600	1,678,000	66.5%	1,593,118	84,882	94.9%
Professional Services						
Attorney Fees	225,000	168,750	75.0%	102,921	65,829	61.0%
Consulting	2,478,500	1,200,000	48.4%	1,158,117	41,883	96.5%
Custodian Fees	800,000	600,000	75.0%	600,000	-	100.0%
Miscellaneous	3,500	3,500	100.0%	3,500	-	0.0%
Total Professional Services	3,507,000	1,972,250	56.2%	1,864,537	107,713	94.5%
Operational Services & Supplies						
Building Rent	134,900	101,175	75.0%	95,227	5,948	94.1%
General Maintenance - Furniture/Equipment	2,500	2,100	84.0%	2,082	18	0.0%
Memberships/Publications/Subscriptions	5,800	5,800	100.0%	5,830	(30)	100.5%
Office Expense	19,100	14,325	75.0%	9,471	4,854	66.1%
Software/Software Licensing & Support	110,800	83,100	75.0%	45,045	38,055	54.2%
Training/Seminars/Conferences	10,600	1,000	9.4%	925	75	92.5%
Travel	51,700	10,000	19.3%	7,889	2,111	78.9%
Non-Capital - Furniture & Equipment	5,000	-	0.0%	-	-	0.0%
Total Operational Services & Supplies	340,400	217,500	63.9%	166,469	51,031	76.5%
Total Administrative Expense	6,370,000	3,867,750	60.7%	3,624,125	243,625	93.7%

Investment Expenses

- Personnel Costs (Investment salaries and benefits)
 - At 94.9% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.

- Professional Services (investment attorney issues, consulting, and custodian fees)
 - At 94.5% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.

- Operational Services and Supplies (memberships, office expense, software, training, travel, and due diligence travel)
 - At 76.5% of the estimated expenses at the 3rd Quarter mark, this category is slightly lower than expected.
 - The timing of training and travel expenses fluctuates and was limited because of COVID-19 restrictions.

NON-ADMINISTRATIVE EXPENDITURES (Continued)

TECHNOLOGY

Non-Administrative Budget Detail: Technology						
For the Year Ending June 30, 2020						
As of the 3rd Quarter (3/31/20)						
	Annual	Approved	% of	Actual Expense	Under (Over)	% of Qtr
	Approved Budget	Budget As of	Total	as of 9/30/19	Budget Quarter	Budget
		12/31/19	Budget		Ending 12/31/19	
Personnel Costs						
Staff Salaries and Benefits	1,218,449	820,087	67.3%	719,899	100,188	87.8%
Total Personnel Costs	1,218,449	820,087	67.3%	719,899	100,188	87.8%
Professional Services						
Consulting Services	515,000	-	0.0%	-	-	0.0%
Total Professional Services	515,000	-	0.0%	-	-	0.0%
Operational Services & Supplies						
Data Processing & Equipment	290,500	160,000	55.1%	159,246	754	99.5%
General Maintenance - IT Hardware & Software	-	-	0.0%	-	-	0.0%
Software/Software Licensing & Support	1,166,900	800,000	68.6%	800,482	(482)	100.1%
Non-Capital - IT Hardware & Software	461,806	346,355	75.0%	65,755	280,599	19.0%
Total Operational Services & Supplies	1,919,206	1,306,355	68.1%	1,025,484	280,871	78.5%
Capital Expense	800,000	200,000	25.0%	200,700	(700)	100.4%
Total Administrative Expense	4,452,655	2,326,441	52.2%	1,946,082	380,359	83.7%

Technology Expenses

- Personnel Costs (Technology salaries and benefits)
 - At 87.8% of the estimated expenses at the 3rd Quarter mark, this category is within expectations.
- Professional Services (consulting and auditing services related to technology)
 - As of the 3rd Quarter mark, no expenses have been incurred. These items have been consciously deferred to the fourth quarter or the next fiscal year.
- Operational Services and Supplies (data processing, software, non-capital purchases)
 - At 78.5% of the estimated expenses at the 3rd Quarter mark, this category is lower than expected.
- Capital Expenditures (unit cost of \$25,000 or more)
 - Expenses incurred as of the 3rd Quarter mark are for the Internet Project, as identified in the Triennial Strategic Plan. The remainder of this project and the others are expected to be incurred in the fourth quarter or next fiscal year.

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PAYMENTS NOT INCLUDED IN EXPENDITURE BUDGET

Payments made to members and beneficiaries for benefits and refunds are not discretionary and are paid pursuant to Plan requirements. These payments are not included in the expenditure budget but are presented below for informational purposes only.

Benefit Payments & Refunds (Not included in the Budget)						
For the Year Ending June 30, 2020						
As of the 3rd Quarter (3/31/20)						
(in Thousands)						
FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20 (Projected)	FY 19/20 YTD	% of Projected Amount
\$ 464,068	\$ 497,904	\$ 539,297	\$ 578,508	\$ 608,300	\$ 448,871	73.8%