

District of Columbia Retirement Board

www.dcrb.dc.gov

Telephone: 202-343-3200

Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$18,211,849	\$30,622,200	\$30,338,398	-0.9
FTEs	36.9	47.6	47.6	0.0

The mission of the District of Columbia Retirement Board (DCRB) is to manage the assets of the Teachers' Retirement Fund and the Police Officers and Firefighters' Retirement Fund on an actuarially sound basis and to administer the retirement programs and post-employment health and life insurance benefits for retirees and their survivors.

Summary of Services

DCRB is an independent agency that has "exclusive authority and discretion to manage and control" the District's retirement funds for teachers, police officers, and firefighters (hereinafter referred to as the "Fund") pursuant to Section 1-711 (a) of the District of Columbia Official Code. In 2005, the responsibility of administering the teachers', police officers' and firefighters' retirement programs was transferred to DCRB.

The federal government assumed the District's unfunded liability for the retirement plans of teachers, police officers, firefighters and judges under provisions of the National Capital Revitalization and Self-Government Improvement Act of 1997. Under this law, the federal government pays the retirement benefits and death benefits, and a share of disability payments, for members for years of service earned up to the freeze date of June 30, 1997. The Government of

the District of Columbia is responsible for all subsequently earned benefits for the members of the retirement plans.

The proposed budget relies entirely on earnings from the Fund managed by DCRB and reimbursements received from the U.S. Department of the Treasury ("Treasury") for DCRB's administration of certain pension payments and other services for which the Treasury is responsible.

The DCRB Board of Trustees is comprised of 12 voting trustees: 3 appointed by the Mayor; 3 appointed by the District Council; and 6 elected by the employee participation groups. The District's Chief Financial Officer or his designee serves as a non-voting, ex-officio member of the Board.

The agency's FY 2011 proposed budget is presented in the following tables:

FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table DY0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table DY0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
General Fund						
Special Purpose Revenue Funds	20,943	18,212	30,622	30,338	-284	-0.9
Total for General Fund	20,943	18,212	30,622	30,338	-284	-0.9
Gross Funds	20,943	18,212	30,622	30,338	-284	-0.9

*Percent change is based on whole dollars

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80 Agency Summary by Revenue Source in the Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table DY0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type. It also provides FY 2008 and FY 2009 actual data.

Table DY0-2

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
General Fund						
Special Purpose Revenue Funds	44.3	36.9	476	476	0.0	0.0
Total for General Fund	44.3	36.9	476	476	0.0	0.0
Total Proposed FTEs	44.3	36.9	476	476	0.0	0.0

FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table DY0-3 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table DY0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 Regular Pay - Cont Full Time	2,457	2,748	3,837	3,938	101	2.6
12 Regular Pay - Other	188	140	120	140	20	16.7
13 Additional Gross Pay	111	132	524	206	-318	-60.7
14 Fringe Benefits - Curr Personnel	458	551	766	997	231	30.1
15 Overtime Pay	2	0	50	33	-16	-33.3
Subtotal Personal Services (PS)	3,215	3,572	5,297	5,314	17	0.3
20 Supplies and Materials	130	120	192	160	-32	-16.8
31 Telephone, Telegraph, Telegram, Etc.	33	17	26	21	-5	-19.7
32 Rentals - Land and Structures	1,282	1,379	1,406	1,552	146	10.4
34 Security Services	5	5	6	6	0	0.0
40 Other Services and Charges	13,753	12,903	22,268	21,610	-658	-3.0
41 Contractual Services - Other	2,393	154	1,127	1,249	122	10.9
70 Equipment and Equipment Rental	130	63	300	426	126	41.9
Subtotal Nonpersonal Services (NPS)	17,727	14,640	25,326	25,025	-301	-1.2
Gross Funds	20,943	18,212	30,622	30,338	-284	-0.9

*Percent change is based on whole dollars

Program Description

The District of Columbia Retirement Board operates through the following program:

DCRB Agency Management - provides administrative support and the required tools to achieve operational and programmatic results.

This program contains the following 7 activities:

- **Board of Trustees** - determines the overall investment strategy for the Fund and monitors staff implementation of the strategy. Board of Trustees activity expenses are paid from the earnings derived from the Fund DCRB manages;
- **Executive** - provides executive direction for all activities to achieve the mission of the agency. Executive activity expenses are budgeted using two sources: earnings derived from the Fund

DCRB manages and reimbursements from Treasury for services provided by DCRB for programs for which the federal government is responsible;

- **Investments** - manages all activities and resources dedicated to the investment of the assets of the Fund. Investment activity expenses are paid from the earnings derived from the Fund DCRB manages;
- **Benefits** - provides administrative services for members and for the timely and accurate payment of benefits to retirees and survivors. Benefits activity expenses are budgeted using 2 sources: earnings derived from the Fund DCRB manages and reimbursements from Treasury for services provided by DCRB for programs for which the federal government is responsible;
- **General Counsel** - provides legal support to the

agency. General Counsel activity expenses are paid from the earnings derived from the Fund DCRB manages;

- **Operations** – provides operational and accounting support. Operations activity expenses are budgeted using two sources: earnings derived from the Fund DCRB manages and reimbursements from Treasury for services provided by DCRB for programs for which the federal government is responsible; and
- **Information Technology** - provides technology

systems support to achieve programmatic results. Information Technology activity expenses are paid from the earnings derived from the Fund DCRB manages.

Program Structure Change

The proposed program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table DY0-4 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget. It also provides the FY 2009 actual data.

Table DY0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(1000) DCRB Investments								
(1100) DCRB	12,031	19,151	0	-19,151	6.8	9.0	0.0	-9.0
Subtotal (1000) DCRB Investments	12,031	19,151	0	-19,151	6.8	9.0	0.0	-9.0
(2000) DCRB Benefits Administration								
(2100) DCRB Benefits Administration	1,788	2,809	0	-2,809	15.5	18.0	0.0	-18.0
Subtotal (2000) DCRB Benefits Administration	1,788	2,809	0	-2,809	15.5	18.0	0.0	-18.0
(3000) DCRB Agency Management								
(3001) Executive	0	0	1,095	1,095	0.0	0.0	6.0	6.0
(3002) Investments	0	0	16,572	16,572	0.0	0.0	4.0	4.0
(3003) Trustees	0	0	555	555	0.0	0.0	1.0	1.0
(3004) General Counsel	0	0	1,200	1,200	0.0	0.0	4.0	4.0
(3005) Benefits	0	0	2,273	2,273	0.0	0.0	18.0	18.0
(3006) Operations	0	0	1,997	1,997	0.0	0.0	10.6	10.6
(3007) Information Technology	0	0	6,647	6,647	0.0	0.0	4.0	4.0
(3100) DCRB Agency Management	4,394	8,663	0	-8,663	14.6	20.6	0.0	-20.6
Subtotal (3000) DCRB Agency Management	4,394	8,663	30,338	21,676	14.6	20.6	47.6	27.0
Total Proposed Operating Budget	18,212	30,622	30,338	-284	36.9	47.6	47.6	0.0

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see Schedule 30-PBB Program Summary By Activity in the FY 2011 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Budget Changes

Intra-Agency Adjustment: A net reduction of \$283,804 across multiple programs, which includes the following:

A \$16,976 net increase in salary and benefits due to the expectation to fill all vacancies, increases in benefits, and a decrease in overtime based on prior year actual expenditures; a \$32,252 decrease in supplies based on prior year actual expenditures; a decrease of \$5,159 in telephones; and an increase of \$146,197 in rent due to scheduled rent increase; a net decrease of \$657,682 in Other Services and Charges for invest-

ment managers fees due to downward revisions to the median long-term return expectations for most asset classes; an increase of \$122,286 in Contractual Services for the Retirement Information System to automate benefits administration functions, and reimbursements to the U.S. Department of the Treasury for the cost of, and potential upgrade to, the System to Administer Retirement; and an increase of \$125,833 in equipment for the Retirement Information System, a multi-year upgrade to automate benefits administration functions and provide enhanced services to members.

FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table DY0-5 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

Table DY0-5

(dollars in thousands)

	Program	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE		30,622	47.6
Cost Decrease: Decrease in OCTO Telephone Assessment	DCRB Agency Management	-5	0.0
Enhance: Net effect of salary and benefits changes – Increase in personal services due to expectation to fill all vacancies, increases in benefits and a decrease in overtime based on prior year actual expenditures.	DCRB Agency Management	17	0.0
Reduce: Decrease in supplies based on prior year actual expenditures	DCRB Agency Management	-32	0.0
Cost Increase: Increase in fixed cost estimates for multiple commodities	DCRB Agency Management	146	0.0
Reduce: Reduction in Other Services and Charges for investment managers fees due to downward revisions to the median long-term return expectations for most asset classes.	DCRB Agency Management	-658	0.0
Enhance: Increase in Contractual Services for the Retirement Information System to automate benefits administration functions, and reimbursements to the U.S. Department of the Treasury for the cost of, and potential upgrade to, the System to Administer Retirement	DCRB Agency Management	122	0.0
Enhance: Increase in equipment for the Retirement Information System, a multi-year upgrade to automate benefits administration functions and provide enhanced services to members.	DCRB Agency Management	126	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE		30,338	47.6
Gross for DY0 - District of Columbia Retirement Board		30,338	47.6

Agency Performance Plans

The agency's performance plan has the following objectives for FY 2011:

Objective 1: Improve communications to plan members.

Objective 2: Reduce the amount of time from a member's retirement date to the receipt of their first retirement payment.

Objective 3: Continue to automate and streamline Benefits Administration Operations.

Objective 4: Control costs.

Objective 5: Reduce risk.

Agency Performance Plan

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual*	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Achieve a long-term, 10-year annualized rate of return in excess of the actuarially assume rate of return.	5.7	7.00	3.71	7.00	7.00	7.00
Percentage of benefit payments made within 90 days.	69%	70%	69%	70%	70%	70%
Percentage of monetary, process, and documentation errors.	11%	<10%	<10%	<10%	<10%	<5%
Percentage of vendor payments made on a timely basis to minimize interest penalties.	95%	95%	95%	95%	95%	95%

*Information is gathered annually.