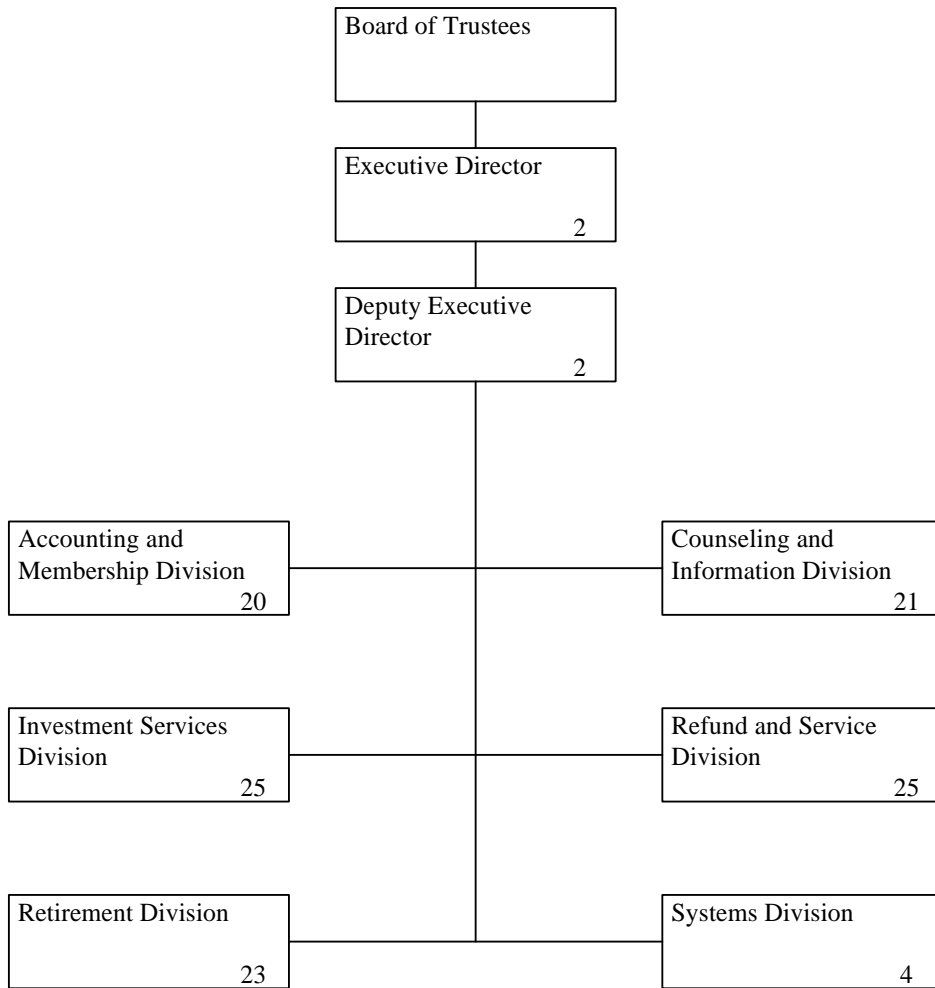


TEACHERS' RETIREMENT SYSTEM

Total Budgeted Positions -- 122



TEACHERS' RETIREMENT SYSTEM -- Financial Summary

Expenditures, Current Budget and Agency Requests

Budget Classes/Fund Sources	FY 1999 Expenditures	FY 2000 Expenditures	FY 2001 Current Budget	FY 2002 Agency Requests		
				Adjusted Base	Enhancements	Totals
Personal Services	5,917,906	7,122,503	8,527,740	8,650,640		8,650,640
Regular Operating Expenses	382,081	468,389	489,044	489,044		489,044
Travel	20,006	12,889	20,500	20,500		20,500
Motor Vehicle Purchases	19,484			25,000		25,000
Equipment	5,609	63,465	15,000	15,000		15,000
Real Estate Rentals	527,355	611,328	622,335	622,335		622,335
Per Diem, Fees & Contracts	409,748	500,032	425,000	425,000		425,000
Computer Charges	1,389,167	1,307,807	1,100,409	1,100,409		1,100,409
Telecommunications	233,848	341,539	359,698	359,698		359,698
COLA, Local Retirees	3,122,445	2,998,915	3,100,000	2,950,000		2,950,000
Floor Fund, Local Retirees	198,129	155,458	170,000	140,000		140,000
Total Funds	<u>\$12,225,778</u>	<u>\$13,582,325</u>	<u>\$14,829,726</u>	<u>\$14,797,626</u>		<u>\$14,797,626</u>
Less Other Funds:						
Other Funds	<u>8,905,204</u>	<u>10,427,952</u>	<u>11,559,726</u>	<u>11,707,626</u>		<u>11,707,626</u>
Total Other Funds	<u>\$8,905,204</u>	<u>\$10,427,952</u>	<u>\$11,559,726</u>	<u>\$11,707,626</u>		<u>\$11,707,626</u>
TOTAL STATE FUNDS	<u>\$3,320,574</u>	<u>\$3,154,373</u>	<u>\$3,270,000</u>	<u>\$3,090,000</u>		<u>\$3,090,000</u>
Positions	95	120	122	122		122
Motor Vehicles	2	2	2	2		2

TEACHERS' RETIREMENT SYSTEM -- Financial Summary

Current Budget and Governor's Recommendations

Budget Classes/Fund Sources	FY 2001 Current Budget	FY 2002 Governor's Recommendations				Totals
		Annualizers and Adjustments	Workload	Adjusted Base	Enhancements	
Personal Services	8,527,740	122,900		8,650,640		8,650,640
Regular Operating Expenses	489,044			489,044		489,044
Travel	20,500			20,500		20,500
Motor Vehicle Purchases						
Equipment	15,000			15,000		15,000
Real Estate Rentals	622,335			622,335		622,335
Per Diem, Fees & Contracts	425,000			425,000		425,000
Computer Charges	1,100,409			1,100,409		1,100,409
Telecommunications	359,698			359,698		359,698
COLA, Local Retirees	3,100,000	(150,000)		2,950,000		2,950,000
Floor Fund, Local Retirees	170,000	(30,000)		140,000		140,000
Total Funds	\$14,829,726	(\$57,100)		\$14,772,626		\$14,772,626
Less Other Funds:						
Other Funds	11,559,726	122,900		11,682,626		11,682,626
Total Other Funds	\$11,559,726	\$122,900		\$11,682,626		\$11,682,626
TOTAL STATE FUNDS	\$3,270,000	(\$180,000)		\$3,090,000		\$3,090,000
Positions	122			122		122
Motor Vehicles	2			2		2

TEACHERS' RETIREMENT SYSTEM
FY 2002 Budget Summary

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET

FY 2001 STATE APPROPRIATIONS	3,270,000
Other Adjustments:	
1. Reduce funding for cost of living adjustments (COLA) for local system retirees.	(150,000)
2. Reduce funding for floor funds for local system retirees.	(30,000)
	\$3,090,000
ADJUSTED BASE	\$3,090,000
TOTAL STATE FUNDS	\$3,090,000
FY 2001 AGENCY FUNDS	11,559,726
Annualizers:	
1. Annualize the cost of the FY 2001 salary adjustment.	90,510
2. Adjust for DOAS rates.	32,390
	\$11,682,626
ADJUSTED BASE	\$11,682,626
TOTAL AGENCY FUNDS	\$11,682,626

RECOMMENDED APPROPRIATION: The Teachers' Retirement System is the budget unit for which the following State Fund Appropriation is recommended for FY 2002: \$3,090,000.

TEACHERS' RETIREMENT SYSTEM ROLES AND RESPONSIBILITIES

The Teacher's Retirement System (TRS) is a vehicle for collecting employee and employer contributions, investing accumulated funds, and disbursing retirement benefits to members and beneficiaries. As required by Georgia law, the system is examined on an annual basis by an independent actuarial firm that specializes in pension and retirement plans. The firm prepares a yearly valuation on the contingent assets and liabilities of the system, thus revealing its ability to meet future obligations. In addition, an independent accounting firm audits the system annually.

Administration of the system is ultimately the responsibility of the TRS Board of Trustees, while daily management of system operations is the responsibility of the Executive Director. The Executive Director is appointed by the board and serves at the pleasure of its members. The board consists of 10 members as follows:

- State Auditor, ex officio;
- Director, Office of Treasury and Fiscal Services, ex officio;
- Two classroom teachers (both active members of TRS) appointed by the Governor;
- One school administrator (an active member of TRS) appointed by the Governor;
- One Board of Regents employee (an active member of TRS) appointed by the Board of Regents;
- One trustee appointed by the Governor who must be an active member of TRS;
- One trustee appointed by the Governor;
- One retired member of TRS elected by the trustees;
- One citizen (not a TRS member) experienced in the investment of moneys elected by the trustees.

The members who are not ex officio members serve 3-year terms. Board members convene bimonthly to review investment performance, retirement statistics, the system budget, and various other issues.

MEMBERSHIP

All individuals employed one-half time or more in covered positions of the state's public school systems, regional libraries, county libraries, and regional educational service agencies are required to be TRS members as a condition of employment. Similarly, employees in covered positions of the University System of Georgia are required to be TRS members unless eligible for participation in an optional retirement plan administered by the University System's Board of Regents.

Covered positions include teachers, administrators, supervisors, clerks, teacher aides, secretaries, public school nurses, paraprofessionals, and employees of the Agricultural Extension Service. Also eligible for TRS membership are certain employees of the State Department

of Education and the Department of Technical and Adult Education, along with public school lunchroom, maintenance, warehouse, and transportation managers and supervisors.

Public school personnel who are ineligible for TRS membership include maintenance and custodial employees, school bus drivers, and cafeteria workers. Temporary or emergency employees are also ineligible for membership. In addition, certain teachers who are at least age 60 at the time they become employed in a covered position may decline TRS membership.

INVESTMENTS

TRS has its own "in-house" Investment Services Division, which handles day-to-day investment transactions. Securities lending and portfolio officers, securities and investment analysts, and investment assistants are all part of the TRS investment team that manages over \$50 billion in pension funds. Six members of the TRS Board of Trustees along with the Executive Director comprise the Investment Committee. Committee members convene with the directors of the Investment Services Division and hear recommendations from outside investment advisors at monthly meetings. Investment recommendations made by the committee require approval by the entire board.

FLOOR FUNDS FOR LOCAL SYSTEM RETIREES

Any teacher who has retired from a local retirement system (Atlanta City Schools, Chatham County Schools, Fulton County Schools, and Rome City Schools) shall receive a minimum allowance upon retirement of not less than \$17.00 per month for each year of creditable service, not to exceed 40 years of service. These funds are appropriated to TRS annually. As of November 2000, there were 121 retirees receiving floor funds to achieve this minimum allowance.

COLA FUNDS FOR LOCAL SYSTEM RETIREES

Any teacher who retired prior to July 1, 1978 from a local retirement system (Atlanta City Schools, Chatham County Schools, Fulton County Schools, and Rome City Schools) shall receive a post-retirement cost of living adjustment (COLA) to their monthly benefit whenever such adjustment is granted to teachers who retire under the TRS. These funds are appropriated to TRS annually. As of November 2000, there were 363 retirees receiving COLA funds.

AUTHORITY

Title 47, Chapter 3 of the Official Code of Georgia Annotated.

TEACHERS' RETIREMENT SYSTEM

Results-Based Budgeting

Purpose: To provide all personnel in covered positions of the state's public school systems, vocational-technical schools, regional education services, and all colleges and universities of the University System of Georgia and their families a primary source of income relative to their service and compensation in the event of their retirement, death, or disability.

Goal: Ensure adequate financing for future benefits due and other obligations of the retirement system by investing prudently the retirement system assets, using a conservative long-term philosophy. - The retirement system's Unfunded Actuarial Accrued Liability (UAAL) will liquidate between 15 and 25 years. [1]	FY 2000 Desired	FY 2000 Actual	FY 2001 Desired	FY 2002 Desired
	15 - 25 years	7 years	15 - 25 years	15 - 25 years
Program Fund Allocation -- Total Funds		\$13,582,325	\$14,829,726	\$14,772,626
State Funds		\$3,154,373	\$3,270,000	\$3,090,000

Note

1 - This is a measure of the retirement system's financial soundness and means that, using current actuarial assumptions and funding strategies, within 15 to 25 years the retirement plan will be fully funded.

TOTAL - All Programs		\$13,582,325	\$14,829,726	\$14,772,626
Total Funds		\$3,154,373	\$3,270,000	\$3,090,000
State Funds				