



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE Washington, DC 20002

September 17, 2012

MEMORANDUM FOR BOARD MEMBERS KENNEDY, DUFFY, BILYEU,
JONES and MCCRAY

FROM: GREG LONG
Executive Director

SUBJECT: Fiscal Year 2013 Budget and Fiscal Year 2014 Budget Estimate

Background

Section 8472(i) of the Federal Employees' Retirement System Act of 1986 states:

The Board shall prepare and submit to the President, and, at the same time, to the appropriate committees of Congress, an annual budget of the expenses and other items relating to the Board which shall be included as a separate item in the budget required to be transmitted to the Congress [annually by the President].

Since inception, the TSP has consistently grown in assets and the number of participants serviced. The FRTIB has also regularly engaged in new initiatives to expand benefits and enhance plan services, many in response to legislative initiatives. As the Agency matures and the plan increases in complexity, it is increasingly important that the Agency distinguish baseline ("steady state") operations from efforts that represent new initiatives and significant enhancements. The Agency's strategic plan and budgeting process are now modified to segregate the work that supports the Agency's steady state operations from efforts that represent new initiatives. We are advancing on the business maturity lifecycle and transitioning from a start-up mind-set to become a more strategically focused entity in a growth phase. While we should have been growing in resources and capabilities over the last several years along with the growth in our customers and complexity, that growth in capabilities was delayed due to budgetary constraints. This budget and the work and expenditures it advocates are a demonstration of this evolution.

Attached is the Agency's proposed administrative budget for fiscal year 2013 and the estimate for fiscal year 2014. We also provide a first estimate of the budgets for years 2015-2017 to identify any large out-year expenditures. The figures are provided by the

Federal Government's prescribed budgeting "object classes" and by function, providing two different "looks" at the budget. Salient elements of the budgeted FY 2013 expenditures, and FY 2014 estimated expenditures are summarized below. This narrative can be most easily referenced by reviewing the budget report by function.

Following discussion and approval, the Agency's FY 2013 budget (together with the FY 2014 estimates) will be provided to the Congress and to OMB for inclusion in the President's budget.

Fiscal Year (FY) 2013

FY 2013 will be another year of significant change for both the TSP and the FRTIB. The most notable change to the budget process is the distinction between steady-state and new initiative related expenses.

The costs to maintain steady-state services translate to a FY 2013 budget of \$166.3 million, an increase of \$23.2 million from the budgeted FY 2012 amount of \$143.1 million. The increase in cost to maintain steady state operations is driven by several factors; 1) the Agency has been under-resourced for several years and effects of deficient support are becoming more apparent. The current budget baseline translates to an unsustainable workload and enhanced contractor support and staff augmentation is required to maintain adequate steady-state services; 2) the Plan continues to grow in size and complexity, leading to greater staffing needs, communications needs, systems utilization and security requirements; 3) baby boomers are hitting retirement and IRS tax levy legislation will likely become law shortly. These factors will drive increased volumes of labor intensive transactions; and 4) we must prepare and set aside funding to support the transition to the new Technology and Enterprise Support Services (TESS) contract.

Separately, we are planning several new initiatives to advance the Plan, starting in fiscal 2013. These new initiatives have been separately identified in the budget to accommodate ease of planning and review. If all new initiatives are pursued, the FY 2013 budget increases by \$9.1 million to a total of \$175.5 million. Overall this would represent an increase of \$32.4 million from the budgeted FY 2012 amount of \$143.1 million.

We expect the TSP to continue to grow in participants and assets. Using simple 10-year running averages, the plan will grow as follows.

	2012	2013 Steady State	2013 All Initiatives
Participants	4.6M	4.8M	4.8M
Assets	\$324B	\$353B	\$353B
Budget	\$143.1M	\$166.3M	\$175.5M

Implied Gross Expense Ratio (in basis points)	4.5bp	5.0bp	5.3bp
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Fiscal Year 2013 Steady State Budget

The principal components of the FY 2013 steady-state budget are:

- ▶ **Recordkeeping activities: \$124.7 million (\$20.8 million above the FY 2012 budget), consisting of the following:**
 - **\$44.6 million for TSP systems support and TSP systems software (an increase of \$7.9 million over the FY 2012 budget)**

Preparing for requisite transition activities and associated costs supporting the new Technology and Enterprise Support Services (TESS) contract results in an increase of \$5 million. TESS is the largest and most sophisticated strategic acquisition for the Board. To mitigate operational risks and ensure a seamless transition, it is prudent to set aside funding to support the transition costs to the new contract in FY 2014.

The FY 2013 estimate for the Systems Support contract is increased due to an increase in labor dedicated to the contract, a negotiated increase in labor rates, and increased project work. The total contractor work year equivalent (WYE) is increased from 140 to 146. The increase in staff is necessary to: 1) design a testing methodology and implement our new software regression testing process; and 2) strengthen the Production Support function's capability and reliability. A labor rate increase is appropriate based on prevailing wage rates. We are additionally covering the estimated costs to be incurred by new security clauses that have been added to the contract. The net increase in costs for 2013 is estimated to be \$4 million dollars.

As the Roth project is now complete, we turn our attention to a significant backlog of deferred projects. Below is a representative list of the steady state projects:

- Continued senior level Omni Pay support thru March 2013
- Software testing process improvements
- Planning and beginning the implementation for upgrade to the Omni Destination Release
- Interactive Voice Response (IVR) project completion
- IRS tax levy (pursuant to legislation)
- OCR form changes to include beneficiary designation and full withdrawal
- Accounting reports modernization
- Web-user authentication
- Redesign of court order/death processing systems

The increases in costs for our primary software support contract and TESS transition funding are partially offset by reductions in cost for ancillary accounting software and other software support functions.

- **\$49.2 million for the data and call centers (an increase of \$9.2 million over the FY 2012 budget)**

Net growth in Primary/Backup Data Center contractor support and hardware line items increase by \$7.7 million and have three principal causes:

1. Increased use of our mainframe and distributed systems platforms has resulted in increased demands on storage capacity and contractor support requirements. A review of the staffing and scope of responsibilities within this activity revealed significant shortfalls in contractor engineering depth and expertise across a range of IT responsibilities that continue to grow in complexity and importance. An increase in staffing for steady state operational requirements for the Data Center results in an increase of \$3.1 million.
2. Much of the hardware purchased as part of the IT Modernization effort is now coming off of warranty and we must incur associated maintenance costs. We have initiated and will now incur licensing costs for a Security Information and Event Management (SIEM) system to facilitate real-time analysis of security alerts. We have also increased funding for forecasted utility cost increases. These maintenance, licensing and utility costs result in an increase of \$2.9 million.
3. Preparing for requisite transition costs associated with the new Technology and Enterprise Support Services (TESS) contract result in a \$1.7 million increase to this budget item.

The total contractor work year equivalent (WYE) is increased from 43 to 64.

Costs for the contractor support at the Clintwood call center are modestly higher accounting for normal growth. Costs for the Frostburg call center are \$0.4 million below the previous year. The budgeted expense for Frostburg is lower in FY 2013 due to timing effects of contract actions. We negotiated a new contract in 2012 that included additional e-messaging support services and a service period that extended into FY 2013. We budgeted and funded some of this expense with funds from FY 2012.

- **\$30.8 million for benefit operations, system accounting, and notice/statement mailings (an increase of \$3.7 million over the FY 2012 budget)**

The benefit operations (in-bound mail processing, data entry, court order and death processing) costs are increased by \$3.6 million. This involves a modified

service bureau contract (in-bound mail) which includes new terms with additional staffing in 2012 and increases by \$1.0 million. The operations center which processes child support, court orders and death related transactions makes up the remaining \$2.7 million increase. This item ran substantially below its original 2012 budget projection and this budget was later reduced because we were able to fund approximately \$1 million of FY 2012 work with funds from FY 2011. This department saw a meaningful increase in activity and staffing related to child support orders. This year we are increasing that work further as we improve our court order and death processing systems to enhance security and processing efficiencies. The steady increase in money-out activities related with the baby-boom retirement wave will continue to grow this budget item.

The budget reflects a \$0.3 million decrease in TSP System Accounting costs as this unit is transitioned back in-house using a phased approach to be Federally staffed to provide enhanced oversight and streamlined efficiencies. This insourcing effort will reduce this budget item to zero by FY 2014. Budget reductions in this area are partially offset by increases to Agency staffing, but will result in significant net savings.

► **Participant communications: \$4.0 million (\$2.5 million higher than the FY 2012 budget):**

- Communication costs are up from last year primarily due to fact that the Roth TSP project focused the team's efforts on form, web content and brochure edits. This effort minimized our attention toward creation of new materials and direct mail. These budget dollars were then redirected to other activities, shrinking the FY 2012 Communications budget. Now that Roth has been launched, we turn our attention to the follow-on services and programs not identified as part of the initial Roth roll-out; i.e., annual statement redesign, forms redesign, calculators/wizards, and targeted mailings.

► **Agency staff: \$22.5 million (\$6.3 million above the FY 2012 budget)**

Deficiencies in steady-state staffing have been masked through exceptional efforts by managers to perform line functions to compensate for the lack of staff support. This is not a sustainable design. The issues are most acute within our Benefits, Communications and Technology teams. Within the Benefits and Communications teams, managers of key functions such as our loan, withdrawal, and account service programs are deeply involved in participant problem resolution and "fire-fighting" rather than focusing on managing their teams, overseeing contractors, managing budgets and driving innovation. Within the Information Technology team, we have multiple and varied duties assigned to a small staff which degrades support quality. We believe an effective and essential risk mitigation measure is to assign leads for each major IT infrastructure service category. This also ensures that governmental functions are led by civil

servants. Finally, the Department of Labor (DoL) has announced a substantial increase in the volume and scope of 2013 audits and this work will draw substantial resources from our Information Technology team. We have considered our staffing needs and also considered our ability to hire and accommodate a growing team. We have concluded that growth in approved full-time equivalent (FTE) headcount from 143 to 165 by the end of FY 2013 is prudent.

- The budget increase is driven primarily by the impact of a full year of expenditures for staff hired during FY 2012. We have 110 people currently on board and the increase in staff from last year is driving \$3.2 million of the increase.
- \$2.0 million of increase is due to the additional 33 staff we are currently in the process of hiring. We project nearing the current allotment of 143 (FTE) by December of 2012. This includes 5 additional FTE's for the Plan accounting group which will ensure Treasury mandated separation of duty requirements are fulfilled, while reducing our vendor expenses.
- There are 22 new positions budgeted for FY 2013 which are dedicated to steady-state work allowing for the much needed growth of our bench strength. This hiring action will be focused in the later half of 2013 and has an impact of \$1.1 million on the FY 2013 budget. These steady state positions are intended to return us to a posture of realistic sustainable workload and allow managers to manage their teams consistent with program management principles and to delegate work effectively. These positions are budgeted and expected to be filled at a pace of 7-8 personnel per quarter and will have a larger effect starting in fiscal year 2014 when the increased staffing levels are accounted for a full year.

► **Other Agency operations: \$15.2 million (\$6.4 million less than the FY 2012 budget) consisting of the following:**

Office Rent is increasing by \$0.8 million as we occupy additional space relative to our former headquarters.

IT hardware/software/services for FRTIB are reduced by \$1.2 million as new network, PC, printer and copier purchases decrease with the completion of the move to 77K.

We expect our costs for consulting assistance to decrease relative to FY 2012, as a number of consulting contracts were funded in FY 2012.

All contingency budgets within the individual offices have been eliminated. Unforeseen events will still occur and contingency funds are required. We will now group those at the agency-level and they will be authorized by the Executive Director and maintained

by the Office of Financial Management. The total contingency budget will be approximately 2% of the total budget or \$3.5 million.

Fiscal Year 2013 New Initiatives Budget

The 2013-2017 Strategic Plan defines our over-arching strategic goals to be:

- We help people retire with dignity
- We ensure that FRTIB is a great place to work
- We pursue flawless operations
- We maintain excellent relationships with entities that oversee, regulate, govern and influence the TSP

Within the 2013-2017 Strategic Plan, several key initiatives are defined. These initiatives all support the Agency's overall mission and strategic goals. In all circumstances it is recognized that the Agency must deliver reliable, high quality service and education to its participants.

The new initiatives under the FY 2013 budget total \$9.1 million. We prioritize these items into three categories: A) Mission Critical; B) Necessary; and C) Important initiatives. These initiatives are prioritized as follows:

Mission Critical (Priority A) Initiatives:

Mission critical items are of such importance that, were budget limitations to become apparent, we would seek to reduce steady-state services in order to accomplish these objectives.

A1. Implement Enterprise Information Security & Risk Management (EISRM):

Implement and fully comply with FISMA IT security requirements to ensure and enable secure operations and strengthen our IT risk management.

Implementing the EISRM directive and the 19 related policies will encumber substantial resources both internally and with our contractors. In 2012, we allocated funding for consultant assistance toward system authorization and accreditation. To ensure compliance with these policies, contractor provided support staff will need to be augmented. We intend to modify existing Data Center and Infrastructure Support contracts to increase the scope of work, to include the creation of a security and network operations team with the capability to detect, track and react to threats to our security and network operations. The total contractor WYE will be increased by 13. Further, we intend to award an independent support contract for the Chief Information Security Officer. These changes will increase recordkeeping costs by \$3.6 million for this fiscal year.

Internally, we expect to enhance our ability to comply with FISMA and the Privacy Act by adding three additional employees in FY13, one on our Information Security team, one Specialist within Software Tech Review and a dedicated Privacy Act specialist within our General Counsel's office. One part of system certification and accreditation requires a privacy impact assessment with each system. Also, we will increase our commitment to privacy act training and dedicate \$250,000 towards enhanced training for employees and contractors on best practices for handling and disseminating personally identifiable information (PII) and role-based training for those with significant information security responsibilities.

Costs for contractor and federal staffing (as represented in 2014) will continue for all out-years.

A1	2013	2014
Recordkeeping	\$3,750,000	\$3,750,000*
Communications		
Personnel	\$137,185	\$385,973
Other	\$100,000	\$15,000
Total	\$3,987,185	\$4,150,973*

*\$2.6M is shown as steady state in FY 2014 budget exhibit.

A2. Human Capital Management: Meeting our strategic goals requires the successful implementation of a robust Human Capital Plan. Integral to this initiative is scaling up the Human Resources staff, and building staff and management development and training. This effort started in 2012 with the creation of an HR strategy specialist (filled) and personnel officer (pending hire). As part of the Human Capital Initiative we plan to hire a Training and Development specialist dedicated to formulating, overseeing and evaluating the training programs for the Agency. We intend to hire a permanent records management coordinator in 2014. We also anticipate hiring two temporary part-time employees to serve as historians, initiate knowledge management efforts through creation of a library of TSP case studies and to conduct staff training. Cost for temporary employees will expire after 2014. Cost for permanent hires will continue for all out-years.

A2	2013	2014
Recordkeeping		
Communications		
Personnel	\$152,505	\$382,514
Other		
Total	\$152,505	\$382,514

Necessary (Priority B) Initiatives:

B1. Develop and implement an Integrated Acquisition Strategy: This involves establishing acquisition policies, planning, procedures, and governance to ensure best practices. As part of the Acquisition Strategy initiative we intend to hire two new employees; one dedicated to perform as the Agency’s Federal Acquisition Program and Project Manager and a Chief Contracting Officer. These two employees would work closely together and with other offices to ensure alignment between strategic planning, project prioritization, budgeting, resource management and acquisition planning. All expenses will continue in out-years.

B1	2013	2014
Recordkeeping		
Communications		
Personnel	\$168,673	\$337,346
Other		
Total	\$168,673	\$337,346

B2. Develop and implement a formal, integrated Enterprise Risk Management strategy (ERM): The goal is to build the capacity to proactively identify and address enterprise level risks and opportunities. In 2012, we created the ERM office and an action to fill the permanent ERM Director position is now on the street. Also in 2012, we allocated significant funding toward consultant support for assistance with design and formulation of strategic risk and internal control polices and tools. The staff and capabilities of this office are anticipated to grow with one add to staff budgeted in FY 2013 and three in FY 2014. In 2013, we have earmarked \$250,000 for additional auditor support toward the establishment and operation of an internal audit function and \$15,000 to establish a fraud hotline capability. All expenses would continue for all out-years.

B2	2013	2014
Recordkeeping		
Communications		
Personnel	\$91,169	\$361,014
Other	\$265,000	\$260,000
Total	\$356,169	\$621,014

B3. IT Architecture of the Future: Define and design the future of our IT architecture to maintain reliable operations and strengthen our IT risk management. As part of the initiative described in a July 2012 presentation to Board members, we intend to:

1. Move to a diverse computing digital ecosystem for Board staff over a period of 5 years to improve productivity and system resiliency. Cost will be \$0.3 million per year over 5 years.
2. Execute a call center transformation to a more secure and efficient virtual desktop infrastructure where all programs, applications and data are maintained and processed at our data center (not on individual PC’s). Additionally, we will

centralize telephony systems with enhanced capabilities. The cost is \$5 million in two phases in FY 2013 and FY 2014.

3. Perform a comprehensive Enterprise Platform and availability study in FY 2014. The purpose of this study is to 1) identify viable platforms for the Recordkeeping systems (alternative to the mainframe); 2) design platforms to meet Recovery Point Objectives and Recovery Time Objectives established by conducting a Business Impact Assessment (BIA). The cost is \$2.0 million in FY 2014.

We intend to hire three people in our IT area to support these transition and research efforts.

B3	2013	2014
Recordkeeping	\$2,750,000	\$4,750,000
Communications		
Personnel	\$146,325	\$292,649
Other		
Total	\$2,896,325	\$5,042,649

B4. Smarter Decision Making: Our current analytical tools provide a limited ability to learn from TSP and marketplace activity and data to project future behavior. We will procure automated tools to acquire greater business intelligence, pair it with benchmarking data and acquire the skills to use these resources. These efforts will lead to better understanding of our benchmarking universe, participant behavior and will foster better decisions. The cost of this initiative includes \$1.75 million for TSP systems purchase and integration and ongoing systems support cost of \$0.25 million annually. We intend to hire a data scientist and a research analyst dedicated to increasing our understanding of our benchmarking universe, participant behavior, and projecting future TSP activity. A benchmarking study was recently initiated and funded from FY 2012 and follow-on benchmarking support is estimated at \$90,000 in FY 2014. Costs for software support and staffing will remain in all out-years.

B4	2013	2014
Recordkeeping	\$1,750,000	\$250,000
Communications		
Personnel	\$111,604	\$223,207
Other		\$90,000
Total	\$1,861,604	\$563,207

Important (Priority C) Initiatives:

C1. Study Financial Management Information System (IFMIS): The Office of Financial Management currently utilizes 8 separate financial software systems and links with 17 separate Treasury systems. The Office of Financial Management's current systems environment is a disparate mix of both custom and COTS (Commercial-off-the-shelf) legacy software solutions. Significant manual effort is required to ensure these

systems can work effectively together. The office also maintains separate ledger systems for plan and Agency accounting. This design is inefficient and creates some level of risk. The IFMIS initiative is, at this point, solely a research effort. We dedicated \$1.0 million in FY 2012 to fund an in-depth review and cost/benefit analysis of options to improve governance of financial information and more effectively administer programs and manage resources. Thus, the cost of phase 2 which is an additional \$0.5 million of this extensive study is not expected to be initiated until fiscal year 2014. Costs to implement any recommended actions are not considered here; this is “study money”.

C1	2013	2014
Recordkeeping		
Communications		
Personnel		
Other		\$500,000
Total		\$500,000

C2. New Media Communications: For years, the TSP has relied heavily on print and web for delivering our messages to the participants. We understand that technology, demographics and participant expectations are changing. We need to adapt to a participant base that seeks greater engagement through e-mail, text, and social media. This audience is more likely to respond to video messaging than to read a brochure and often needs actionable messaging that fits on a handheld screen. In 2012, we initiated small steps in this area as we develop skills and test the results. However, a robust new media initiative will require dedicated resources and staffing. This initiative presumes that we hire a New Media Program Manager in 2013 to develop a comprehensive new media strategy designed to ensure the TSP delivers compelling educational messaging through new media. Following the development of the strategy, we will require staffing to manage these functions. This initiative presumes hiring a social media coordinator in FY 2014. The costs would continue in all out-years.

C2	2013	2014
Recordkeeping		
Communications		
Personnel	\$77,505	\$220,597
Other		
Total	\$77,505	\$220,597

C3. Retirement Income Strategy: We will evaluate the tools participants use in planning for retirement and the withdrawal options (to include annuities) available to them and recommend appropriate enhancements. The requested amount will allow the Office of Benefits to hire a Withdrawal Assessment Consultant to study current withdrawal options, compare them to options available in other defined contribution plans and options that have been considered by other defined contribution plans, and determine whether existing options are adequate for TSP participants.

C3	2013	2014
Recordkeeping		
Communications		
Personnel		
Other	\$150,000	
Total	\$150,000	

Agency Fiscal Year 2014 Steady-State Budget Estimate

The initial steady-state budget estimate for FY 2014 is \$202.7 million, or \$35.7 million above the FY 2013 steady-state budget. This steady-state budget assumes none of the new initiatives for fiscal year 2013 are adopted. If these initiatives were all adopted, the steady state budget would increase to \$211.2 million.

Three very significant technology related events will occur in FY 2014:

1. TESS is fully deployed.
2. We will purchase and install new mainframes in both data centers.
3. We will transition our primary recordkeeping software and multiple supporting software systems to SunGard OMNI Destination Release.

As the 2014 budget estimates includes government cost estimate data that is procurement sensitive, we have limited disclosure to summary items only.

The major programs and changes from the FY 2013 operating plan reflected in these estimates are:

► **Recordkeeping activities: \$156.4 million (\$31.7 million above the FY 2013 budget)**

- We anticipate significant increases due to: 1) one-time cost for a technology refreshment of the recordkeeping mainframe which has reached end-of-life; 2) on-going mainframe hardware and software maintenance associated with the new acquisition; 3) increase in data center hardware and software maintenance costs; and 4) costs associated with contracted support for systems and infrastructure (estimated to increase due to increased system complexity and process improvements, security enhancements, scope of work, systems engineering, and inclusion of funding for significant projects).

► **Participant communications: \$3.9 million (a decrease of \$0.1 million from the FY 2013 budget)**

- Costs remain largely unchanged.

► **Agency staff: \$25.9 million (\$3.4 million above the FY 2013 budget)**

- Increases are estimated based on the number of staff hired during FY 2013 and the full year salary and benefits costs for those positions. There are approximately 13 new positions currently budgeted for mid-year hiring in FY 2014.

► **Other Agency operations: \$15.9 million (\$0.7 million above the FY 2013 budget)**

- The most significant drivers of the projected increase are attributable to the implementation of a robust agency management development training program and exercising the cost benchmarking task option in an existing contract.
- We expect to fill our current space and will seek to occupy additional space in FY 2014.

Initial Estimate for Fiscal Years 2014-2017 Steady-State Budget

FY 2015 - \$195 million

Costs for mainframe purchase, Omni conversion and TESS transition will be behind us. Support costs will be significant but no major steady state increases are foreseen. Costs related to new initiatives such as IFMIS could be large if adopted but are not considered here.

FY 2016 - \$205 million

Support costs will be significant but no major steady state increases are foreseen. Costs related to new initiatives such as the Enterprise Platform Study related to the IT Architecture of the Future could be large if adopted but are not considered here.

FY 2017 - \$215 million

Support costs will be significant but no major steady state increases are foreseen. Costs related to new initiatives such as the Enterprise Platform Study related to the IT Architecture of the Future could be large if adopted but are not considered here.

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

STEADY STATE SELECTED SUMMARIES OF INTEREST	FY 2012	FY 2013		FY 2014	
	Current Budget	Budget	vs. FY2012 Current Budget	Budget Estimate	vs. FY2013 Budget
Recordkeeping					
TSP system contractor support & maintenance	36,740,353	44,643,495	7,903,142		
Subtotal TSP Systems	36,740,353	44,643,495	7,903,142		
Primary Data Center contractor support & Data Security	11,345,583	17,037,000	5,691,417		
Primary Data Center hardware & software	8,366,405	9,408,001	1,041,596		
Backup Data Center contractor support	2,435,517	2,915,000	479,483		
Backup Data Center hardware & software	836,088	1,354,001	517,913		
Clintwood Call Center contractor support	5,254,248	5,588,000	333,752		
Clintwood Call Center hardware, software, and lease direct charges	1,150,995	1,117,000	(33,995)		
Frostburg call center	6,400,000	5,976,035	(423,965)		
Communications lines for data and call centers	4,216,980	5,837,000	1,620,020		
Subtotal Data and Call Centers	40,005,816	49,232,037	9,226,221		
Benefit Operations (inbound mail, data entry, etc.)	15,135,092	18,748,000	3,612,908		
System Accounting	3,174,769	2,900,000	(274,769)		
Notices/Statements and Postage/Printing	8,806,040	9,171,000	364,960		
Subtotal Operations, Accounting & Postage	27,115,901	30,819,000	3,703,099		
Total Recordkeeping	103,862,070	124,694,532	20,832,462	156,364,444	31,669,912
Communications					
Brochures Printing	552,337	538,000	(14,337)		
Other Communication	685,228	2,414,000	1,728,772		
Forms	103,093	167,000	63,907		
Subtotal Print Materials	1,340,658	3,119,000	1,778,342		
Distribution and Fulfillment	157,715	192,000	34,285		
Postage (Discretionary Mailings)	0	671,000	671,000		
Subtotal Distribution and Postage	157,715	863,000	705,285		
Total Communications	1,498,373	3,982,000	2,483,627	3,859,500	(122,500)
Personnel salaries and benefits	16,163,013	22,480,037	6,317,024	25,899,312	3,419,275
Other Agency Operations					
Office Rent	3,248,640	4,024,000	775,360		
IT hardware/software/services (Agency)	2,218,065	1,001,000	(1,217,065)		
All other expenses (eg. supplies, training)	5,191,726	4,639,001	(552,725)		
77 K move	3,592,000	0	(3,592,000)		
Consultant Services	6,866,481	2,006,000	(4,860,481)		
Contingency Funding	485,632	3,500,000	3,014,368		
Total Other Agency Operations	21,602,544	15,170,001	(6,432,543)	15,884,301	714,300
GRAND TOTAL	143,126,000	166,326,570	23,200,570	202,007,557	35,680,987

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD BUDGET

NEW INITIATIVES SELECTED SUMMARIES OF INTEREST	FY 2013	FY 2014	
	Budget	Budget Estimate	vs. FY2013 Budget
Recordkeeping			
Subtotal TSP Systems	0	0	0
Primary Data Center contractor support & Data Security	2,750,000	2,155,000	(595,000)
Primary Data Center hardware & software	3,750,000	2,750,000	(1,000,000)
Subtotal Data and Call Centers	6,500,000	4,905,000	(1,595,000)
Subtotal Operations, Accounting & Postage	0	0	0
Total Recordkeeping	6,500,000	4,905,000	(1,595,000)
Communications			
Subtotal Print Materials	0	0	0
Subtotal Distribution and Postage	0	0	0
Total Communications	0	0	0
Personnel salaries and benefits	884,963	2,203,298	1,318,335
Other Agency Operations			
IT hardware/software/services (Agency)	250,000	250,000	0
All other expenses (eg. supplies, training)	115,000	25,000	(90,000)
Consultant Services	1,400,000	1,840,000	440,000
Total Other Agency Operations	1,765,000	2,115,000	350,000
GRAND TOTAL	9,149,963	9,223,298	73,335

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

ALL SELECTED SUMMARIES OF INTEREST	FY 2012	FY 2013		FY 2014	
	Original Budget	Budget	vs. FY2012	Budget Estimate	vs. FY2013 Budget
			Current Budget		
Recordkeeping					
TSP system contractor support & maintenance	37,033,000	44,643,495	7,903,142		
Subtotal TSP Systems	37,033,000	44,643,495	7,903,142		
Primary Data Center contractor support & Data Security	10,962,000	19,787,000	8,441,417		
Primary Data Center hardware & software	9,085,000	13,158,001	4,791,596		
Backup Data Center contractor support	2,300,000	2,915,000	479,483		
Backup Data Center hardware & software	1,930,000	1,354,001	517,913		
Clintwood Call Center contractor support	5,500,000	5,588,000	333,752		
Clintwood Call Center hardware, software, and lease direct	905,000	1,117,000	(33,995)		
Frostburg call center	6,400,000	5,976,035	(423,965)		
Communications lines for data and call centers	4,693,000	5,837,000	1,620,020		
Subtotal Data and Call Centers	41,775,000	55,732,037	15,726,221		
Benefit Operations (inbound mail, data entry, etc.)	20,175,000	18,748,000	3,612,908		
System Accounting	3,000,000	2,900,000	(274,769)		
Notices/Statements and Postage/Printing	7,283,000	9,171,000	364,960		
Subtotal Operations, Accounting & Postage	30,458,000	30,819,000	3,703,099		
Total Recordkeeping	109,266,000	131,194,532	27,332,462	161,269,444	30,074,912
Communications					
Brochures Printing	1,051,000	538,000	(14,337)		
Other Communication	1,725,000	2,414,000	1,728,772		
Forms	284,000	167,000	63,907		
Subtotal Print Materials	3,060,000	3,119,000	1,778,342		
Distribution and Fulfillment	372,000	192,000	34,285		
Postage (Discretionary Mailings)	770,000	671,000	671,000		
Subtotal Distribution and Postage	1,142,000	863,000	705,285		
Total Communications	4,202,000	3,982,000	2,483,627	3,859,500	(122,500)
Personnel salaries and benefits	16,118,000	23,365,000	7,201,987	28,102,610	4,737,610
Other Agency Operations					
Office Rent	3,250,000	4,024,000	775,360		
IT hardware/software/services (Agency)	1,915,000	1,251,000	(967,065)		
All other expenses (eg. supplies, training)	4,315,000	4,754,001	(437,725)		
77 K move	3,367,000	0	(3,592,000)		
Consultant Services	693,000	3,406,000	(3,460,481)		
Contingency Funding	0	3,500,000	3,014,368		
Total Other Agency Operations	13,540,000	16,935,001	(4,667,543)	17,999,301	1,064,300
GRAND TOTAL	143,126,000	175,476,533	32,350,533	211,230,855	35,754,322

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD BUDGET

	FY 2012	FY 2013		FY 2014	
	Current Budget	Budget	vs. FY2012 Current Budget	Budget Estimate	vs. FY2013 Budget
SUMMARY - OBJECT CLASS TOTALS					
11.0 PERSONNEL COMPENSATION					
11.1 Full-Time Permanent Salaries	11,657,668	17,368,100	5,710,432	20,642,400	3,274,300
11.3 Other than full-time permanent	568,253	634,000	65,747	582,000	(52,000)
11.5 Other Compensation	27,000	47,000	20,000	48,000	1,000
Total 11.0 PERSONNEL COMPENSATION	12,252,920	18,049,100	5,796,180	21,272,400	3,223,300
12.0 PERSONNEL BENEFITS	3,910,092	5,315,900	1,405,808	6,830,210	1,514,310
21.0 TRAVEL AND TRANSPORTATION OF PERSONS	408,468	714,250	305,782	746,500	32,250
22.0 TRANSPORTATION	0	75,000	75,000	78,000	3,000
23.0 RENT, COMMUNICATIONS, AND UTILITIES					
23.1 Rental Payments to others	3,644,242	4,229,000	584,758	4,380,000	151,000
23.3 Communications, Utilities, and Misc. Charges	11,406,077	13,211,000	1,804,923	14,795,000	1,584,000
Total 23.0 RENT, COMMUNICATIONS, AND UTILITIES	15,050,319	17,440,000	2,389,681	19,175,000	1,735,000
24.0 PRINTING AND REPRODUCTION					
Printing of Participant Communications Materials	1,340,658	2,719,000	1,378,342	2,422,500	(296,500)
Warehouse and Distribute. of Partic. Communications Materials	2,357,715	192,000	(2,165,715)	206,000	14,000
Other Printing	46,634	37,000	(9,634)	38,000	1,000
Total 24.0 PRINTING AND REPRODUCTION	3,745,006	2,948,000	(797,006)	2,666,500	(281,500)
25.0 OTHER CONTRACTUAL SERVICES					
25.1 Advisory and Assistance Services	5,541,481	2,656,000	(2,885,481)	2,871,000	215,000
25.2 Other Commercial Services					
Training	621,316	1,855,000	1,233,684	1,804,300	(50,700)
Commercial Contracts and Other Expenses	88,703,788	107,018,780	18,314,992	124,254,942	17,236,162
Subtotal 25.2 Other Commercial Services	89,325,105	108,873,780	19,548,675	126,059,242	17,185,462
25.3 Services from other Government Agencies	1,440,988	1,141,001	(299,987)	1,174,001	33,000
Total 25.0 OTHER CONTRACTUAL SERVICES	96,307,573	112,670,781	16,363,208	130,104,243	17,433,462
26.0 SUPPLIES AND MATERIALS					
Office and ADP Supplies	385,263	212,000	(173,263)	225,000	13,000
Subscriptions and Publications	55,546	159,000	103,454	177,000	18,000
Total 26.0 SUPPLIES AND MATERIALS	440,809	371,000	(69,809)	402,000	31,000
31.0 EQUIPMENT					
ADP Software	9,407,110	9,159,500	(247,610)	14,021,000	4,861,500
ADP Hardware	623,810	8,597,002	7,973,192	15,790,002	7,193,000
Office Equipment	227,500	71,000	(156,500)	78,000	7,000
Office Furniture	752,391	65,000	(687,391)	67,000	2,000
Total 31.0 EQUIPMENT	11,010,811	17,892,502	6,881,691	29,956,002	12,063,500
GRAND TOTAL	143,126,000	175,476,533	32,350,533	211,230,855	35,754,322
Fiduciary Insurance	500,000	500,000	0	500,000	0