

PROGRAM FACT SHEET

Arizona State Retirement System

Services:

The Arizona State Retirement System (ASRS) provides pension, disability, survivor, and retiree health insurance benefits, and educational services for most public sector employers in Arizona, including state universities, community colleges, public school districts, local and county governments, and the State of Arizona. As of June 30, 2005, ASRS had over 400,000 members, including nearly 70,000 retirees. ASRS provides these services through four different programs:

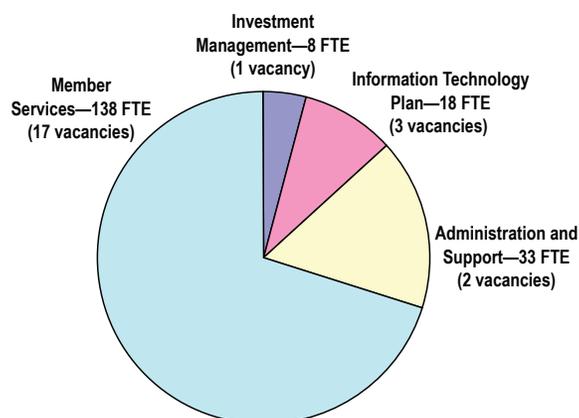
- Member Services** comprises the Member Services, Financial Services, and Information Services Divisions. These divisions are responsible for the core functions of ASRS including the calculation, disbursement, and coordination of retirement, retiree health insurance, disability, and survivor benefits as well as refunds of member contributions. Member Services also responds to telephone, Internet, and in-person inquiries and provides educational services to members throughout the State.
- Investment Management** is responsible for overseeing the investment of ASRS Retirement Fund (Fund) assets. ASRS manages 30 percent of the Fund internally and monitors the rest of the Fund's external management.
- Administration and Support** comprises the various administrative functions needed to support the agency. Its responsibilities include human resources, budgeting, internal auditing, and legal counsel.
- Information Technology Plan** is a business plan containing the development of the Public Employee Retiree Information System (PERIS), Internet Applications development, implementation of an Electronic Document Imaging Management System (EDIMS), and ongoing maintenance and upgrades to telephone and network technology.

Facilities and equipment:

ASRS owns two buildings: the 3300 Tower in Phoenix where ASRS' main offices are located, and the building where its Tucson offices are located. The 3300 Tower is a 360,000-square foot office building worth \$23.2 million. The building that ASRS owns in Tucson has nearly 53,000 square feet and is worth \$2.8 million. ASRS also owns typical office and call center equipment.

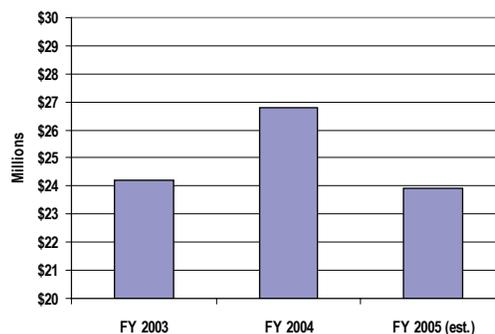
Program staffing:

197 FTEs as of June 30, 2005 (including 23 vacancies)



Program revenue:

\$23.9 million (fiscal year 2005, estimated)



ASRS board members:

ASRS is overseen by a board of directors that consists of nine members appointed by the Governor and confirmed by the Senate. Of the nine board members, four members must have substantial experience in economics, finance, or investment.

- Five of the board members must be ASRS members and must include an educator, a retired member, and employees of the State and a political subdivision.
- Four other members must represent the public and cannot be ASRS members.

Vision:

"For the benefit of our members, the Arizona State Retirement System will be a leading state benefit plan administrator in the areas of:

- Core Member Services
- Funded Status
- Investment Performance
- Operational Effectiveness

This will be accomplished while keeping program benefits and associated costs relatively aligned and maintaining actuarial and fiscal integrity."

Adequacy of goals and performance measures:

ASRS has 18 goals and 111 performance measures for its 4 programs. A review of ASRS' mission, goals, and performance measures indicates that they align with each other. ASRS includes all recognized performance measures: input, output, efficiency, and quality. The performance measures also cover areas central to ASRS' mission such as the timeliness and accuracy of refund calculations and payments, call center operations, and the performance of investments.

While ASRS' internal strategic plan includes goals for the time it takes to pay a new retiree his or her first check and for that first check's accuracy, it does not have externally reported performance measures in these areas. Since these are critical functions, ASRS should consider including measures of the timeliness and accuracy of its initial retirement benefit payments.

Source: Auditor General staff compilation of unaudited information obtained from the Arizona Financial Information System (AFIS) Accounting Event Transaction File for the years ended June 30, 2003 and 2004; agency-prepared financial estimates for the year ended June 30, 2005; Arizona Revised Statutes; and other information provided by ASRS.