



Preview of Fiscal 2012 Budget Estimate

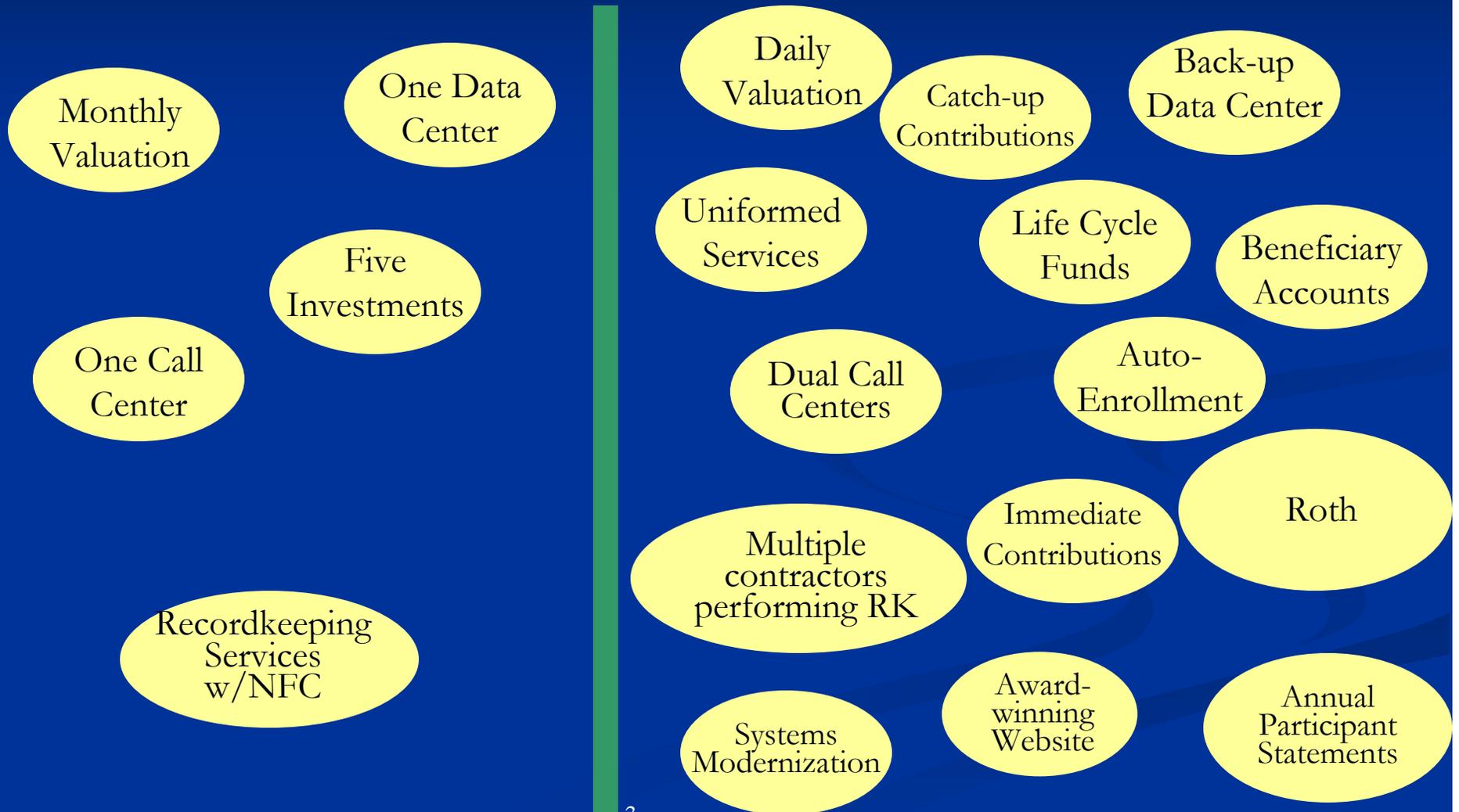
“We’re Busy!”

- Keeping the trains running!
- Roth, Roth, Roth!
- Move to 77K
- Succession planning
- Acquisition strategy for contract re-bids
- Project management at the agency level (audit finding)
- Strengthening of IT security program and documentation (audit finding)

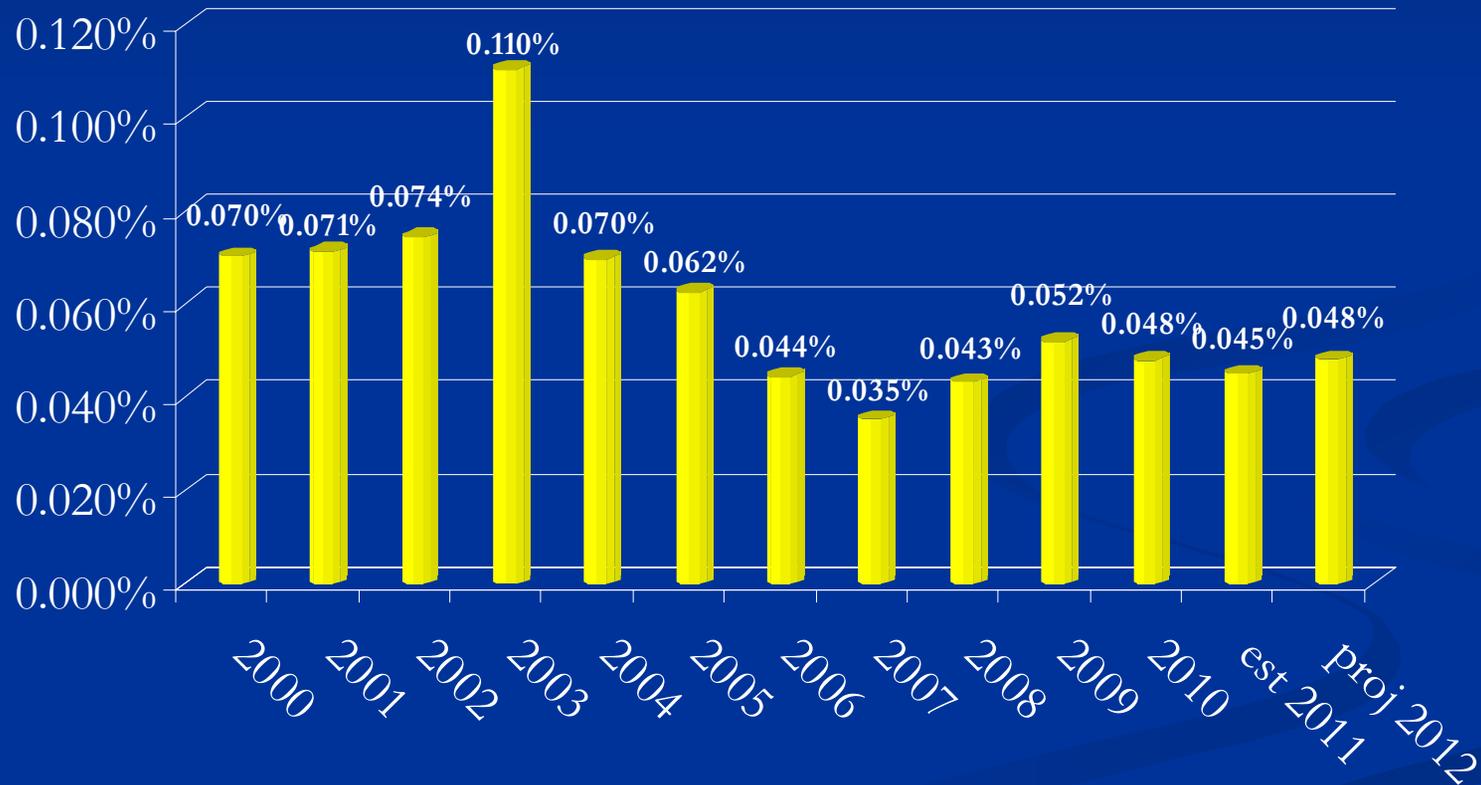
The TSP

Then (2001)

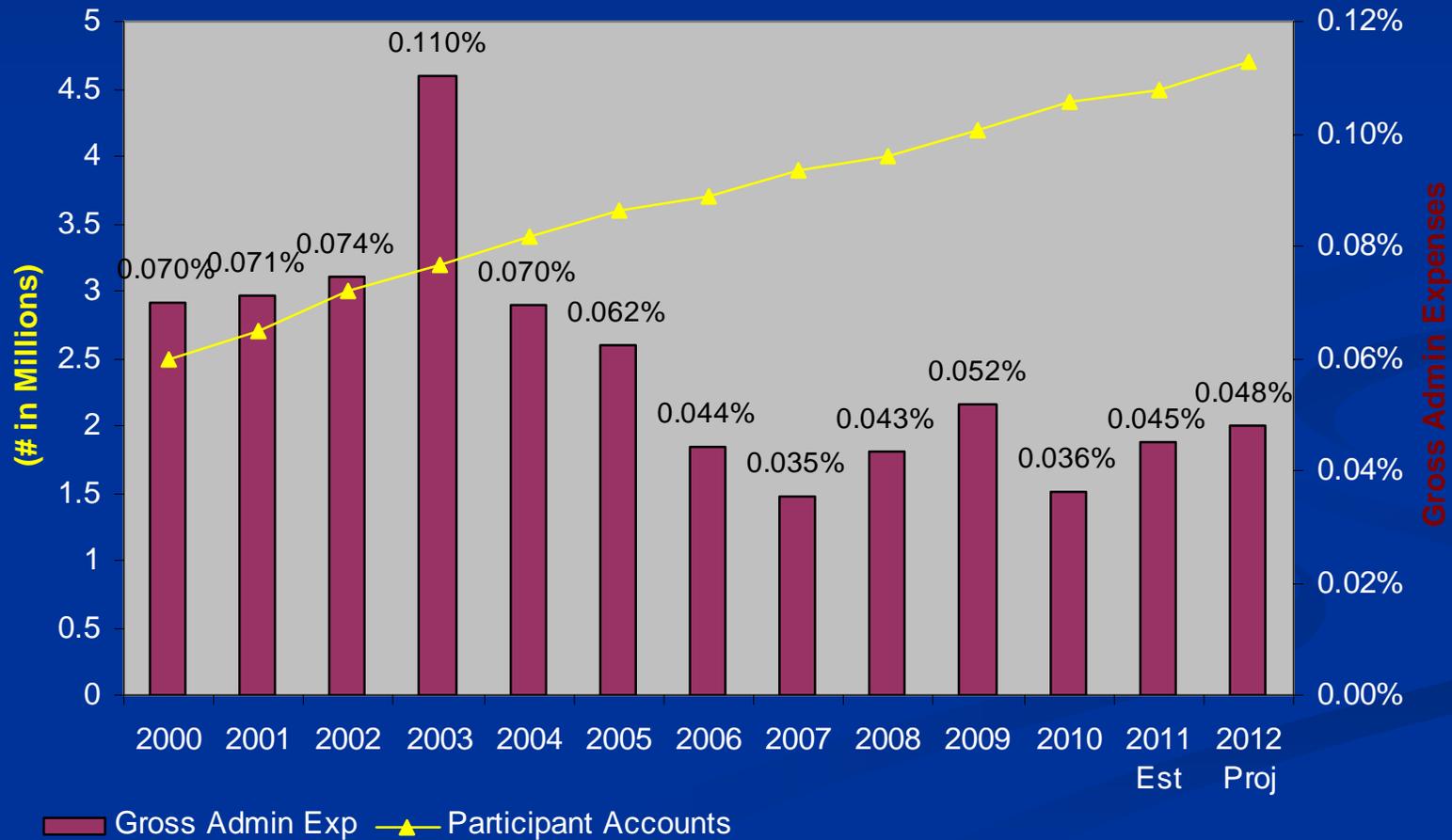
Now (2011)



Annual Gross Administrative Expenses



Participant Accounts vs. Gross Administrative Expenses



A Look back to FY 2011

- FY 2011 budget frozen at FY 2010 level
 - \$130.3 million (\$1.5 mm later added for test tools)
- Reductions from FY2011 budget proposal:
 - Technical refresh for data centers
 - All discretionary participant communications (excluding the DVD)
 - All of operational contingency funds except \$100,000, which has been exhausted
- Actual FY 2011 expenses are expected to closely approximate budget (\$131.8 mm)

FY 2012: A Year of Change

- Roth TSP – virtually all Agency functions are affected
- Re-compete of record keeping and other operating contracts
- Re-bid of the investment management contract
- Move to new offices (near Union Station)
- Possible Agency restructuring

Preliminary FY 2012 Budget Estimate

	FY 2011	FY 2012	
	Budget	May Budget Estimate	Revised Estimate
Record Keeping			
TSP system contractor support & maintenance	36,736,313	37,378,000	36,838,000
Subtotal Data, Recovery, and Call Centers	33,624,955	38,521,000	38,171,000
Subtotal Operations, Accounting, Communications, & Postage	34,011,382	35,614,500	35,264,500
Total Record Keeping	104,372,650	111,513,500	110,273,500
Total Communications	2,603,000	4,112,000	4,112,000
Personnel salaries and benefits	13,974,700	17,628,400	17,096,000
Total Other Agency Operations	10,879,650	13,957,000	14,054,000
GRAND TOTAL	131,830,000	147,210,900	145,535,500

FY 2012 Estimate Over FY2011

- Increase budget from \$131.8 mm to \$147.2 mm (or a 12% increase)

\$ 3.6	Information technology refresh of data centers
3.6	Increased operations costs
0.6	Increased contractor costs (inflation-indexed)
0.8	Principally Roth-related participant communications
2.7	Personnel
4.0	Principally build-out and moving to new office space* (committed)

* Net Present Value of remaining in current space was in excess of NPV of moving to new office space (incl. build-out costs)

Reduction to Original FY 2012 Budget Estimate (presented May 2011)

- Budget decreased from \$147.2 mm to \$145.6 (\$1.7 mm or 1.1%) Listed in lowest to highest risk level:

\$0.2	Move invoicing in-house
0.5	Web content management tool
0.2	Separate Participant Communications office
0.1	IT Security Professional
0.3	60% reduction in IT contingency for failures, projects & services
0.4	Contingency for increase in participant notices & statements
0.2	Separate Enterprise Risk Management office
0.1	Website vulnerability assessment tools & service
0.1	HR Professional

Summary

- Agency is maturing and must address its internal capacity building needs, as well as those of its participants
- Believe original May 2012 budget estimate was prudent and appropriate
- *We must keep the trains running!*