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January 7, 2010

Senator Lavon Heidemann, Chairperson
Appropriations Committee
State Capitol, Room 1004
PO Box 94604
Lincoln, NE 68509

Dear Senator Heidemann:

This letter is written to inform the Appropriations Committee of our agency's plan to implement the budget reductions approved at the 2009 First Special Session. We have carefully examined our budget to determine ways we can reduce our costs for the fiscal years ending 2010 and 2011.

NPERS annual 2009-2010 base budget for operations (Program 41) was \$6,757,666. The 2.5% budget reduction for fiscal year end 2010 is \$168,942. Our annual 2010-2011 base budget is \$5,339,268. The lower base budget for 2010-2011 reflects paying off the master lease for the legacy PIONEER information technology system in 2010. The 5% budget reduction for fiscal year end 2011 is \$266,463.

It is our intent to avoid any employee layoffs or furloughs unless absolutely necessary. Our office is currently 100% staffed. If we have any resignations, we will seriously evaluate whether to fill the vacancy depending on the position.

It is our desire to maintain a quality service level for our members and employers. We are required to process retirements, refunds and benefits accurately and timely. We also maintain a call center for responding to inquiries about member accounts. These are core responsibilities of NPERS.

Retirement and financial planning education are required by statute, however it is an area where we are attempting to reduce costs. We are reducing our room charges, food, materials and speaker expenses. If necessary, we could reduce the number and locations of retirement seminars for our members. We are utilizing our website and education videos more to provide member educational services. We are reducing our printing and

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publication costs by making reports, booklets, and forms available online. NPERS is evaluating all technology software and hardware purchases to reduce unnecessary expenses.

We are implementing the following major reductions for FYE 2010 and FYE 2011:

- Tuition reimbursement for staff
- Publication and print expense
- Retirement seminars, materials, room and speaker expenses
- Software purchases, maintenance and support
- Office Supplies
- Non-capitalized equipment purchases
- Conference registration, lodging, and travel

NPERS does not receive any federal funds for our operations. We receive court fees for the Judges plan, none of which offset funds transferred to the General Fund.

If you need further details regarding our budget, please contact me.

Sincerely,



Phyllis G. Chambers
Director

c: Appropriations Committee Members
Kathy Tenopir, Legislative Fiscal Analyst
✓ Gary Bush, DAS Budget Analyst
Denis Blank, PERB Chairman