

Introductory Section



Dome of the Capitol

Photo By: *Terry Way*
Provided by: *Commonwealth Media Services*

Chairman's Report



COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Telephone (717) 720-4749

Honorable Barbara Hafer, Chairman of the Board

December 1, 2003

The Honorable Edward G. Rendell
Governor of Pennsylvania

Members of the Legislature
Members of the Retirement System

Dear Governor Rendell, Legislators, and Members:

On behalf of the Board of Trustees of the Pennsylvania Public School Employees' Retirement System (the System, PSERS), I am pleased to present this eighty-fourth *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2003. The report provides an in-depth review of the financial, actuarial, and investment status of the Retirement Fund and the PSERS' postemployment healthcare programs.

The System is pleased to announce that as of June 30:

1. The funded status of the pension plan as reported in the System's June 30, 2002 Actuarial Valuation was 104.8%.
2. The net assets held in trust for pension benefits were \$42.3 billion at fair value.
3. Net assets held in trust for postemployment healthcare benefits were \$171.5 million at fair value.
4. The active contributing membership of the System numbered approximately 247,000.
5. The number of annuitants totaled over 145,000 and received in excess of \$3.0 billion in pension and postemployment healthcare benefits during the fiscal year.

The Board of Trustees is committed to prudent management of the System's assets for the benefit of the membership. At the same time, we are aware of our responsibilities to the Commonwealth, its taxpayers, and the System's employers.

The Board of Trustees appreciates the cooperation extended to it by the Governor's Office and the Legislature which enables and empowers us to meet the challenges which face us currently and make timely provisions for the challenges ahead.

The Board of Trustees pledges to continue to administer the affairs of the Pennsylvania Public School Employees' Retirement System in the most competent and efficient manner possible.

Barbara Hafer
Chairman
Board of Trustees

Mission Statement



The Board of Trustees and the employees of the Public School Employees' Retirement System serve the members and stakeholders of the System by:

- *Prudently investing the contributions of the Fund*
- *Maintaining a fully-funded, financially sound Fund*
- *Providing timely and accurate payment of benefits*
- *Clearly communicating members' and employers' rights and responsibilities, and*
- *Effectively managing the resources of the System*

adopted 5/25/2000

Letter of Transmittal



COMMONWEALTH OF PENNSYLVANIA

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Mailing Address
PO Box 125
Harrisburg PA 17108-0125

Toll-Free - 1-888-773-7748
(1-888-PSERS4U)
Local - (717) 787-8540

Building Location
5 North 5th Street
Harrisburg PA 17101

December 1, 2003

The Board of Trustees
Pennsylvania Public School Employees' Retirement System
Harrisburg, PA 17101

We are pleased to present the eighty-fourth edition of the *Comprehensive Annual Financial Report* for the Pennsylvania Public School Employees' Retirement System (the System, PSERS) for the year ended June 30, 2003. The management of the System is solely responsible for the accuracy and completion of this report, pursuant to section 24 Pa.C.S. §8502(n) of the Public School Employees' Retirement Code (Retirement Code).

The System was established on July 18, 1917 to provide retirement benefits to public school employees of the Commonwealth of Pennsylvania. The System has experienced various benefit modifications throughout its existence.

The members eligible to participate in the System include all full-time public school employees and part-time public school employees who render at least 80 days or 500 hours of service yearly in any of 726 reporting entities in Pennsylvania. As of June 30, 2003, the System had approximately 247,000 active members with an annual active payroll of \$10.2 billion.

The annuitant membership at June 30, 2003 was comprised of over 145,000 retirees and beneficiaries who receive nearly \$191 million each month. The average yearly benefit paid to annuitants is \$17,407. The average benefits for each option type are detailed in the **Statistical Section** of this report.

The System is a governmental cost-sharing multi-employer defined benefit pension plan, to which 726 reporting units contribute. PSERS is administered by a staff of 290. The System is headquartered in Harrisburg, Pennsylvania, and maintains eight field offices in strategic areas of the state to enable direct contact with the membership and the System's employers.

This report has been prepared in accordance with the principles of governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board (GASB). The report consists of five sections: the **Introductory Section** containing the Chairman's Report, the Transmittal Letter, and the Administrative Organizational Structure; the **Financial Section** containing the opinion of the independent certified public accounting firm, the financial statements of the System, and Management's Discussion and Analysis of the financial statements (MD&A); the **Investment Section** containing an overview of the System's investment activities; the **Actuarial Section** containing the opinion of the independent actuarial firm and the results of its latest actuarial valuation; and the **Statistical Section** containing significant data pertaining to the System.

PSERS was established by law as an independent administrative board, directed by a governing board of trustees (Board) which exercises control and management of the System, including the investment of its assets. PSERS is considered a component unit of the Commonwealth of Pennsylvania as defined by the GASB. An annual audit of the System by a certified public accounting firm is required by the Retirement Code. PSERS has contracted with Clifton Gunderson LLP for this audit of its financial statements and has received an unqualified opinion as evidenced in the **Independent Auditors' Report** in the **Financial Section** of this report.

Economic Summary

Investment market conditions showed improvement during the fiscal year ended June 30, 2003 (FY2003) enabling PSERS' investment portfolio to generate a rate of return of 2.74%. Despite the positive investment returns, the total net assets of the System decreased from \$43.6 billion to \$42.5 billion from July 1, 2002 to June 30, 2003. The decrease is primarily attributable to the payment of pension benefits that exceeded the sum of member contributions, employer contributions and net investment income.

The Board has continued to fulfill its mission to maintain stability and the long-term optimum value of the Fund. This is evidenced in the long-term growth of the System's assets and the strength of the System with respect to its funding status. Of utmost importance to the Board is the assurance that required reserves are available for payment of current and prospective retirement benefits. PSERS maintains its position among the top twenty five largest public pension systems in the nation.

Major Initiatives

Pension Plan Amendment

Act 2002 - 38

On April 23, 2002 Governor Mark Schweiker signed into law an act containing major pension legislation (known as Act 2002 - 38) that amended the System's Code.

Specific information concerning Act 2002 - 38 is provided in the Management's Discussion and Analysis and the Notes to Financial Statements in the **Financial Section** of this report.

New Pension Administration System (NPAS)

PSERS' project to develop and implement a new pension administration system which began at the end of FY2002, progressed on time and within budget during FY2003. The first part of FY2003 was spent confirming system requirements and developing planning and methodology documents for various aspects of the project, including a Project Management Plan, Software Development Plan, Data Analysis and Cleansing Plan, Data Mapping, Cleansing, and Conversion Plan, Organizational Change Management Plan, Training Plan, System Architecture Design Document, Business Process Analysis Report, and a Concept of Operations Document. These activities and documents established a solid foundation for the complex activities to follow.

The second part of FY2003 was spent finalizing the design of the first release of NPAS, which is scheduled for a July 2004 implementation. Release 1 System Design Specifications and Data Mapping, Cleansing, Conversion, and Bridging Design Specifications were produced. Additionally, the System Test Plan and Training Curricula Design were completed.

The NPAS Team closed FY2003 by meeting with the System's employers, who are most affected with Release 1 of NPAS, to introduce them to the project, its benefits, and the anticipated changes required, and with starting the design of the second Release of NPAS, scheduled for June 2005.

Imagine PA Project

Imagine PA is the Commonwealth's multi-year project to modernize, streamline and standardize key business processes in accounting, budgeting, payroll, human resources and procurement. The aim of the project is to improve public services delivery by redesigning administrative functions and incorporating state-of-the art technology.

To improve its internal business operations, the Commonwealth will use mySAP.com as the Enterprise Resource Planning (ERP) software package to integrate these processes onto a single computer system. The Imagine PA project is being deployed to manage the accounting, budgeting, personnel, payroll, and purchasing functions for state agencies under the Governor's jurisdiction.

During FY2003 PSERS administrative staff involved in these functional areas participated in planning, training and implementation processes to enable PSERS to migrate to the Commonwealth's new ERP-based business information system. The Imagine PA functions are being implemented to affected State agencies over a phased multi-year step plan. PSERS "went live" on July 1, 2002 in the budgeting functional area and on October 1, 2002 in the functional areas of purchasing, and accounting. During the fiscal year ending June 30, 2004, the System is scheduled to begin using Imagine PA employee self-service processes related to employee human resource areas such as employee personal information, leave management, work scheduling, payroll and benefits administration.

Investment Accounting System and Independent Accounting Book of Record Projects

On August 1, 2002, the System entered into a contract with Financial Control Systems, Inc. (FCS) to provide a comprehensive multi-currency investment accounting system, and reconciliation and technology services to the System. Over the next two to three years, the System's investment accounting staff and FCS will implement an independent accounting book of record for the System's investment transactions. Currently, the System relies on the custodian bank and third-party service providers for the accounting of its investment activity and investment analytics.

Financial Highlights

The System maintains a full accrual accounting system. More specific accounting information is detailed in the **Summary of Significant Accounting Policies (Note 2)** in the notes to the financial statements found in the **Financial Section** of this report.

The System has established policies and procedures for the review and verification of all payments made by PSERS.

The fair value of the System's net assets totaled \$42.5 billion as of June 30, 2003. The System is the 14th largest public pension fund in the nation and the 21st largest among public and corporate pension funds in the nation. More specific information on the System's assets is detailed in the Statements of Plan Net Assets included in the **Financial Section** of this report.

The System implemented GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments* (GASB 34), and GASB Statement No. 37, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments: Omnibus*, which amended certain provisions of GASB 34 for FY2002. The adoption of GASB 34 required the presentation of MD&A as required supplemental information preceding the financial statements in the **Financial Section** of this report.

The System's administrative budget request is appropriated by the Pennsylvania General Assembly and funded by the investment income of the System. For FY2003, the appropriation was \$42.1 million.

Funding

Funding is the process of specifically setting aside money for current and future use. Proper funding entails an actuarial examination of the fund balances to ensure money will be available for future and current benefit payments.

The results of the latest published actuarial valuation (as of June 30, 2002) indicated that the rates of contribution payable by the members and employers, when taken together with the current assets of the System, are adequate to fund the actuarial liabilities on account of all benefits payable under the System at that date. The actuarial valuation measures the progress toward funding pension obligations of the System by comparing the actuarial assets to the actuarial liabilities of the System. The funded status as of the latest actuarial valuation was 104.8%. Additional comparative information on the funded status of PSERS can be found in the **Actuarial Section** and MD&A in the **Financial Section** of this report.

Investments

Income from the investment portfolio represents the major source of revenue to the System, accounting for over 71% of total revenues over the period from FY1994 to FY2003. During FY2003 net investment income was \$1.0 billion. The investment portfolio totaled \$43.7 billion, at fair value, as of June 30, 2003. For FY2003, the time-weighted rate of return on the System's investments was 2.74%.

The investment portfolio is of high quality and well-diversified to emphasize a long-term investment approach. The overall investment objectives of the System are to: (i) preserve capital in real terms; (ii) maximize total returns while limiting the risk of volatility through diversification; (iii) achieve returns in excess of the System's investment policy index; and (iv) provide sufficient liquidity to meet the current operating needs of the System.

Additional information on the System's investments is contained in the **Investment Section** of this report.

Federal and State Tax Status

The System is a qualified trust fund under Section 401(a) of the Internal Revenue Code (IRC). As a result of the qualified status, the trust fund is entitled to an exemption, under Section 501(a) of the IRC, from federal income taxation on its investment earnings. Additionally, contributions made on behalf of the active members are tax deferred under Section 414(h) of the IRC. The trust fund and any benefits accruing to the members of PSERS are exempt from Pennsylvania state and municipal taxes.

Professional Services

Professional consultants are appointed by the Board of Trustees to perform services essential to the efficient operation of the System. An annual audit by an independent certified public accounting firm and annual valuation by an actuarial consultant attest to the financial and actuarial soundness of PSERS. The investment performance of the System is reviewed by an investment evaluation firm on a quarterly basis. The consultants providing services to the System are listed in the **Introductory Section** and **Investment Section** of this report.

Other Information

In compliance with the Retirement Code, actuarial tables and the computational procedures used by the System in calculating annuities and other benefits were published on April 7, 2001 in the *Pennsylvania Bulletin* (Vol. 31, No.14).

System Awards

Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to PSERS for its *Comprehensive Annual Financial Report* for FY2002. The *Certificate of Achievement* is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A *Certificate of Achievement* is valid for a period of one year only. PSERS has received a *Certificate of Achievement* for 20 consecutive years for FY1983 to FY2002. The System believes the current report continues to conform to the *Certificate of Achievement* program requirements, and will be submitting this report to GFOA to determine eligibility for the 2003 certificate.

A reproduction of this award appears in this **Introductory Section** of this report. Its attainment represents a significant accomplishment by the System, whose Office of Financial Management holds general responsibility for the compilation and validity of the financial data presented in the *Comprehensive Annual Financial Report*.

Respectfully submitted,



Jeffrey B. Clay
Executive Director



Arthur J. Granito
Chief Financial Officer

Administrative Organization PSERS Board of Trustees



Treasurer of the Commonwealth of Pennsylvania
Honorable Barbara Hafer
(ex officio)



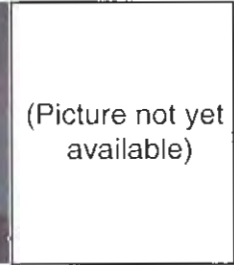
Secretary of Education
Honorable Vicki L. Phillips
(ex officio)



Executive Director Pennsylvania School Boards Association
Thomas J. Gentzel
(ex officio)



Two members appointed by the Governor
Thomas G. Paese **Tina S. Byles Poitevien**



(Picture not yet available)



One member elected by retired members
Sally J. Turley



Three members elected by active certified contributors
Gerald A. Katona



Roger H. May



Melva S. Vogler



One member elected by active noncertified contributors
Susan L. Clapper



Two members appointed by the Speaker of the Pennsylvania House of Representatives
Honorable Dwight Evans **Honorable Steven R. Nickol**



One member elected by members of Pennsylvania Public School Boards
Richard N. Rose



Two members appointed by the President Pro Tempore of the Pennsylvania Senate
Honorable Vincent J. Fumo **Honorable Roger A. Madigan**



PSERS Board of Trustees

as of July, 2003

Treasurer of the Commonwealth of Pennsylvania (ex officio)

Honorable Barbara Hafer, *Chairman*

Secretary of Education of the Commonwealth of Pennsylvania (ex officio)

Honorable Vicki L. Phillips

Executive Director of the Pennsylvania School Boards Association, Inc. (ex officio)

Mr. Thomas J. Gentzel

Two members appointed by the Governor of the Commonwealth of Pennsylvania

Mr. Thomas G. Paese (term expires 12/31/2003)

Ms. Tina S. Byles Poitevien (term expires 12/31/2005)

Three members elected from among the certified contributors of the System for a term of three years

Mr. Gerald A. Katona, (term expires 12/31/2004)

Mr. Roger H. May, *Vice-Chairman* (term expires 12/31/2003)

Ms. Melva S. Vogler (term expires 12/31/2005)

One member elected from among the noncertified contributors of the System for a term of three years

Ms. Susan L. Clapper (term expires 12/31/2003)

One member elected from among the annuitants of the System for a term of three years

Mrs. Sally J. Turley (term expires 12/31/2004)

One member elected by the members of Pennsylvania Public School Boards from among their number for a term of three years

Mr. Richard N. Rose (term expires 12/31/2005)

Two members appointed by the Speaker of the House from the Pennsylvania House of Representatives, one representing the Majority Party and one representing the Minority Party

Honorable Dwight Evans (term expires 11/30/2004)

Honorable Steven R. Nickol (term expires 11/30/2004)

Two members appointed by the President Pro Tempore of the Pennsylvania Senate, one representing the Majority Party and one representing the Minority Party

Honorable Vincent J. Fumo (term expires 11/30/2004)

Honorable Roger A. Madigan (term expires 11/30/2004)

2003 Board Committees

as of July 16, 2003

Appeals / Member Services

Ms. Clapper, Chair
 Mr. Gentzel
 Ms. Hafer
 Mr. Katona
 Mr. May
 Mr. Rose
 Mrs. Turley
 Rep. Nickol

Health Care

Mr. May, Chair
 Ms. Clapper
 Rep. Evans
 Mr. Gentzel
 Mr. Katona
 Rep. Nickol
 Mrs. Turley

Finance

Ms. Vogler, Chair
 Committee is comprised
 of all Board members.

Elections

Rep. Evans, Chair
 Ms. Clapper
 Ms. Phillips

Audit / Budget

Mr. Rose, Chair
 Rep. Evans
 Mr. Gentzel
 Sen. Fumo
 Sen. Madigan
 Ms. Vogler

Personnel

Mr. Gentzel, Chair
 Ms. Clapper
 Rep. Evans
 Ms. Hafer
 Sen. Madigan
 Ms. Poitevien

Bylaws / Policy

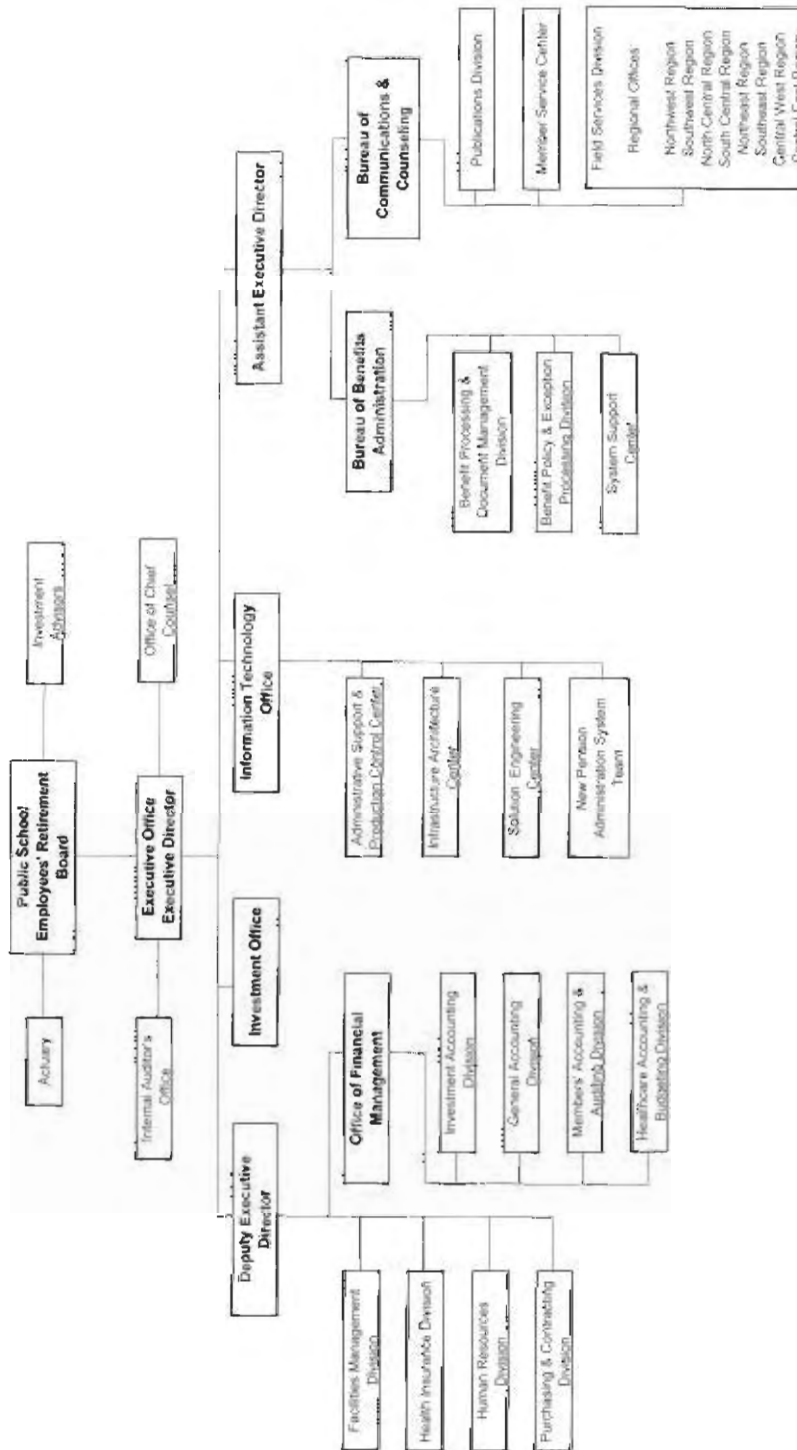
Rep. Nickol, Chair
 Rep. Evans
 Mr. Katona
 Sen. Madigan
 Ms. Poitevien
 Mrs. Turley
 Ms. Vogler

Technology Steering

Sen. Fumo, Chair
 Mr. Katona
 Mr. May
 Mr. Rose
 Ms. Vogler

NOTE: The chair of the Board of Trustees is a voting *ex-officio* member of all committees.

Organizational Chart of the Public School Employees' Retirement System



Organizational Structure of the Public School Employees' Retirement System

Executive Office

The Executive Office is responsible for the overall management of the Public School Employees' Retirement System (the System, PSERS) to achieve the primary objectives of the Fund as established by the Board of Trustees (Board.) Reporting directly to the Executive Director are the Deputy Executive Director, Assistant Executive Director, Chief Investment Officer, Internal Auditor and Chief Technology Officer. The Executive Director serves as chief executive officer responsible for the establishment, installation, and maintenance of modern management techniques to provide an efficient control of funds for and services to the active members and annuitants of the System. The Deputy Executive Director and the Assistant Executive Director provide administrative and managerial assistance in the overall management of the System.

The Executive Office monitors the operation of the investment portfolio and evaluates portfolio performance for consideration by the Board, certifies expenditures of the Fund, and measures performance of professional individuals or firms with whom the Board contracts for specialized services. The Executive Office also appraises the Board of any development that will in any way affect the System and its operation.

Investment Office

The Investment Office is responsible for the investment activities of the System. In compliance with the investment policy established by the Board, PSERS' investment assets are allocated to numerous outside professional investment advisors and internal investment professionals. Refer to the **Investment Section** Pages 72 to 76 for lists of professional investment advisors and Page 57 in the **Financial Section** for a summary of investment expenses.

Office of Chief Counsel

Legal services are provided by a team of professional personnel under the Governor's Office of General Counsel. The legal staff is responsible for representing the System in all administrative hearings and other litigation matters and providing counsel on a wide variety of matters including the interpretation of the Retirement Code, the form and legality of all System contracts, corporate governance issues and the structure and implementation of the System's varied financial investments.

Internal Auditor's Office

The Internal Auditor's Office performs systematic reviews of the various activities of PSERS, testing for compliance with applicable laws, policies and procedures. The Internal Auditor makes recommendations on the improvement of the System's internal control system.

Deputy Executive Director's Office

The Deputy Executive Director oversees the Office of Financial Management, Purchasing & Contracting Division and the Health Insurance Division. This position also oversees general administrative functions including the Human Resources Division, the Facilities Management Division and the Legislative Liaison.

Facilities Management Division

This division is responsible for the day-to-day management of the building and grounds for the agency, both at headquarters and at the regional locations. Leasing arrangements for regional locations are also initiated and managed within this division. Duties include disaster recovery planning, safety monitoring, Commonwealth automobile usage, mail services, grounds maintenance, parking and security, building maintenance and renovations.

Purchasing and Contracting Division

The division focuses on the procurement of materials, supplies and services needed to reach organizational goals. Duties include developing, monitoring, processing and evaluating contract usage in the agency.

Human Resources Division

This division is responsible for supporting and administering all personnel programs. Human Resources provides position development assistance and organizational support, and ensures compliance with labor law and Commonwealth regulations. Programs include recruitment and placement, training, payroll, transactions, time and attendance, employee benefits, wellness, labor relations, performance evaluation tracking, State Employee Combined Appeal and Savings Bond Drive Campaigns, employee recognition, classification, and programs such as Equal Employment Opportunities, American Disability Act, Aids/HIV, and Older Americans Act.

Health Insurance Division

This division is responsible for all aspects of the PSERS' Health Options Program (HOP) and administering PSERS' annuitants health insurance premium assistance benefits. HOP is a statewide plan that provides group health insurance coverage for school retirees and their eligible dependents. This is a voluntary plan and the participants pay for the cost of coverage. Premium assistance benefits provide up to \$100 per month effective January 1, 2002) to eligible retirees to help pay their out-of-pocket health insurance premium expenses.

Office of Financial Management

The Office of Financial Management has responsibility for planning, organizing and directing a complete accounting and financial reporting system in conformance with accounting principles generally accepted in the United States of America. Oversight is provided for new systems development and maintenance of existing systems, and ensuring appropriate accounting controls. The Office is the liaison for

other state and federal agencies, reporting units, financial consultants, actuaries, and investment advisors for all accounting matters. The Office is organized into four divisions: General Accounting, Members' Accounting and Auditing Services, Healthcare Accounting and Budget, and Investment Accounting.

General Accounting Division

The General Accounting Division has the responsibility of recording all financial transactions for the pension and health care operations of the system. It maintains PSERS' General Ledger, audits and processes administrative expenses, and prepares interim and annual financial statements.

It bills and collects contributions due to the Fund from its employers. It provides accounts receivable services to the System for member debts. It also interacts with the other divisions in the Office of Financial Management to assure that the basic financial statements of the System include all financial activity monitored and controlled by those accounting divisions.

Members' Accounting and Auditing Services Division

The Members' Accounting and Auditing Services Division has responsibility for collecting and accounting for member contributions reported by reporting entities and for maintaining the member contribution accounts. It also performs specialized member data analysis for the System.

Healthcare Accounting and Budget Division

The Healthcare Accounting and Budget Division has the responsibility of monitoring and recording Postemployment Healthcare transactions. It reconciles and monitors the financial activities of the third party administrator of the Health Options Program. Additionally, the Division is responsible for developing and monitoring the System's annual budget.

Investment Accounting Division

The Investment Accounting Division (IAD) has responsibility for processing, monitoring, and recording all investment transactions. It contracts

with a third-party application service provider to assist with monitoring the overall internal control structure for investments and assure adequate custody of all investment assets. It serves as intermediary with the custodian bank, the State Treasury Department, brokers, investment managers, the investment evaluator, and investment consultants. It audits and approves investment expenses, prepares monthly investment financial reports and processes all investment funding allocations.

The IAD is also responsible for directing and administering the Class Action Revenue Recovery, the Foreign Cash Overdraft and the Foreign Tax Reclaim Collection programs as part of PSERS' investment activities. It also supports PSERS' Investment Office and the Board in achieving investment objectives and monitoring compliance with investment policy. The Division is comprised of the Public Market Reporting and Analysis, Special Investment Reporting and Analysis, and Treasury and Manager Administration sections.

Assistant Executive Director's Office

The Assistant Executive Director has responsibility for managing the Bureau of Benefits Administration (BBA) and the Bureau of Communications & Counseling.

Bureau of Benefits Administration

The Bureau of Benefits Administration provides professional and technical service to the System's active members and retirees from the moment of enrollment through the process of retirement. The Bureau administers the monthly annuitant payroll. It has three major components, the Benefits Processing and Document Management Division, the Benefits Policy and Exception Processing Division, and the System Support Center.

Benefits Processing and Document Management Division

The Benefits Processing and Document Management Division is responsible for the processing of high volume file changes and benefit requests such as active member name and address changes, enrollments, nomination

of beneficiary, purchase of service requests, refunds, retirements, death benefits and payroll changes. The Division is divided into four Centers - the Purchase of Service and Refund Center, Retirement Processing Center, Payroll and Death Benefits Center, and Document and Imaging Center.

Benefits Policy and Exception Processing Division

The Benefits Policy and Exception Processing Division is responsible for the development of benefit policies and procedures as well as benefit requests, which are time-sensitive, financially significant, and more complex and/or require special handling. The Division is also responsible for the administrative appeal process. Processing includes multiple service, divorce, disabilities, and death benefits. The division has four major areas - benefit policy development and administration, the member appeal process, exception processing and specialized benefit processing. The Division also provides auditing services for retirement, refund and death benefit calculations.

System Support Center

The System Support Center serves as the bureau's link to the Information Technology Office (ITO). The analysts perform workflow analysis and work with the ITO staff on mainframe and PC system enhancements and problem resolution. This area's primary responsibility is to work with outside contractors and technical staff in the Office to enhance the electronic imaging system and to design and develop new PC and mainframe application systems. This involves workflow analysis, business and functional requirements definition, testing, training and implementation. In addition, the area is responsible for the enhancements to the existing systems when legislation, court decisions and board decisions are implemented. The analysts also produce ad hoc statistical reports and serve as security administrators for BBA users.

Bureau of Communications & Counseling

The Bureau of Communications & Counseling is responsible for ensuring that effective communication takes place with the members, the employers, the Legislature, the Governor's Office, other government organizations, professional organizations, and the public.

Field Services Division

The Field Services Division provides services to both active and retired PSERS' members through eight regional offices located throughout the Commonwealth of Pennsylvania. Each field representative is a liaison of PSERS with the members and the System's employers.

Member Service Center

The Member Service Center handles the majority of phone and general correspondence inquiries relative to a member's record in the System. This center answers the PSERS' toll-free telephone number and is a vital link between PSERS and reporting entities, members, the State Employees' Retirement System and other retirement systems.

Publications Division

The Publications Division is responsible for the development, production, and distribution of all printed and audiovisual materials for the System. Publications include newsletters, handbooks, pamphlets, annual reports, and presentation handouts.

Information Technology Office

The Information Technology Office (ITO) has the responsibility for planning, administering, and controlling all information technology and systems activities and resources within PSERS. Additionally, the Office implements agency policies and objectives across all information systems activities by providing professional services for feasibility studies, systems development, application training, voice and data communications, information management,

automated technology resource selection, and data center scheduling and monitoring. The Office also formulates short-term and long-range automated technology plans to permit the agency to meet directed missions. The Office is organized into three Centers: Administration, Customer Service and Production Control; Infrastructure Architecture; and Solution Engineering.

Administrative Support and Production Control Center

The Administrative Support and Production Control Center is responsible for providing administrative, budgetary, and contract management support for the Office, production scheduling and monitoring of Service Level Agreements associated with Data Center operations, and providing a combination of on-site and telephone "help desk" services (installation, troubleshooting, and training) for information technology to internal PSERS' clients.

Infrastructure Architecture Center

The Infrastructure Architecture Center contains the Application, Web Server, and Data Base Administration unit and the Network Architecture, Administration, and Operation unit. It is responsible for the management of resources relating to the planning, design, deployment, and operations of PSERS' Heterogeneous Database Management Systems, Web and Application Servers, and Network Servers, Operating Systems and associated Hardware Components.

Solution Engineering Center

The Solution Engineering Center contains the Custom Solutions Maintenance unit, the Solution Architects unit, and the Custom Solutions and Commercial-Off-The-Shelf (COTS) Support unit. It is responsible for the design, development, implementation, and maintenance of information technology solutions required to support the business processes of the agency. Additionally, the Center is responsible for the support of the various information technology COTS products deployed throughout the agency.

Administrative Staff



Jeffrey B. Clay
Executive Director



Donald J. Halke, II
Internal Auditor



Alan H. Van Noord
Chief
Investment Officer



Gerald Gornish
Chief Counsel



Terrill J. Savldge
Chief
Technology Officer



Veronica P. Thomas
Assistant Executive
Director



Douglas A. Bonsall
Director of
Communications &
Counseling



Arthur J. Granito
Chief
Financial Officer



Helen D. Hosler
Director of Benefits
Administration

PSERS REGIONAL OFFICES

NORTHWEST

Penn Wood Center, Suite C
464 Allegheny Blvd.
Franklin, PA 16323-6210
Local (814) 437-9845
FAX (814) 437-5826
Toll Free 1-888-773-7748 ext. 5175

NORTHCENTRAL

Suite 201
300 Bellefonte Avenue
Lock Haven, PA 17745-1903
Local (570) 893-4410
FAX (570) 893-4414
Toll Free 1-888-773-7748 ext. 5275

NORTHEAST

Market Street Victorian Square
33 S Wilkes Barre Blvd., Suite 20
Wilkes Barre, PA 18702-5144
Local (570) 826-2003
FAX (570) 820-4868
Toll Free 1-888-773-7748 ext. 5375

SOUTHWEST

900 Sarah Street, Suite 208
Pittsburgh, PA 15203-1106
Local (412) 488-2031
FAX (412) 488-2338
Toll Free 1-888-773-7748 ext. 5775

SOUTHEAST

605 Louis Drive, Suite 500
Warminster, PA 18974-2825
Local (215) 443-3495
FAX (215) 443-3487
Toll Free 1-888-773-7748 ext. 5575

CENTRALWEST

636 Scalp Avenue
Johnstown, PA 15904-1640
Local (814) 262-7715
FAX (814) 262-7625
Toll Free 1-888-773-7748 ext. 5875

SOUTHCENTRAL

Three Crossgate Drive, Suite 101
Mechanicsburg, PA 17050-2459
Local (717) 795-9270
FAX (717) 795-9281
Toll Free 1-888-773-7748 ext. 5675

CENTRALEAST

110 West Arch Street, Suite 204
Fleetwood, PA 19522-1321
Local (610) 944-9113
FAX (610) 944-9275
Toll Free 1-888-773-7748 ext. 5475



PSERS Headquarters Building



The headquarters of the Public School Employees' Retirement System is located at 5 North Fifth Street in downtown Harrisburg, Pennsylvania near the State Capitol complex. Regional field offices are also maintained in Fleetwood, Franklin, Johnstown, Lock Haven, Mechanicsburg, Pittsburgh, Warminster and Wilkes Barre.

The building was built and first occupied by the Retirement System in 1987 and is its first home built specifically for its use. It is owned by the Five North Fifth Street Corporation, a holding entity formed by PSERS, and is managed by Property Management Inc.

