

April 16, 2021

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
88 E. Broad St., Suite 1175
Columbus, OH 43215



**STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO**

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Dear Ms. Rhodes:

In accordance with Section 3307.041, Revised Code, STRS Ohio is submitting its proposed fiscal 2022 budgets. The attached information is composed of the following:

- Page 1 is a statement of planned operating expenditures, including comparisons to the fiscal 2021 budget.
- Page 2 is a statement of capital expenditures, including comparisons to the fiscal 2021 budget and summary of investment assets and related management costs for fiscal 2020 including comparisons to fiscal 2019.
- Page 3 is a schedule of retirement board-related expenses for the last 10 years and a 10-year trend chart.
- Page 4 is a summary of staff training and travel expenses, including comparisons to the fiscal 2021 budget.
- Page 5 is supplementary statistical information for fiscal years 2016–2020.

The proposed operating budget total for the fiscal year ended June 30, 2022, reflects an increase of 2.6% from the current year budget. This includes an increase of \$900,000 in Ohio Retirement Study Council expenses to cover the upcoming fiduciary and actuarial audits conducted under the oversight of the Council. The proposed budget also includes increases for the actuary and investment consultants to conduct the upcoming five-year experience review and asset-liability study. The proposed budget includes an increase in personnel costs and other consulting services that includes expansion of cloud backup of data to enhance disaster recovery capabilities and lower future costs in this area. The proposed budget reflects a decrease in staff and board travel as travel is not expected to resume to a more normalized level until midyear. Printing and postage decreases reflect continued emphasis on electronic communications.

The proposed capital budget for fiscal year 2022 includes information processing and computer software costs to replace the system's 25-year-old investment accounting system. The proposed capital budget also includes costs for computer equipment, capitalized software, and building improvements and maintenance.

Overall, the proposed budgets continue to provide the resources we need to pay timely and accurate pension and health care benefits to members, successfully manage investment assets, and ensure we meet all fiduciary responsibilities and legal requirements. Additionally, the proposed budgets comply with all Retirement Board policies and demonstrate to members that STRS Ohio is managing operating expenses prudently.

These proposed fiscal year 2022 budgets were provided to the Retirement Board this month to review. Please feel free to contact me if you need additional information.

Sincerely,

A handwritten signature in black ink that reads "William J. Neville".

William J. Neville
Executive Director

State Teachers Retirement System of Ohio
2022 ORSC Budget Presentation

FY2021 to FY2022 Operating Budget and Increases (Decreases)

Budget Category	Fiscal 2022 Budget	Fiscal 2021 Budget	Fiscal 2021 Estimated Actual	Fiscal 2022 Increase (Decrease)	Percent Increase/ Decrease
Personnel	\$ 81,617,700	\$ 80,154,100	\$ 80,598,200	\$ 1,463,600	1.8%
Salaries and Wages	63,565,400	62,473,200	63,283,900	1,092,200	1.7%
OPERS Contributions	8,529,800	8,387,200	8,366,600	142,600	1.7%
Health Insurance	8,445,300	8,215,400	8,192,700	229,900	2.8%
Miscellaneous Expenses	1,077,200	1,078,300	755,000	(1,100)	-0.1%
Professional Services	11,803,600	11,132,300	10,346,000	671,300	6.0%
Actuarial	347,000	216,000	199,300	131,000	60.6%
Audit	164,700	180,000	168,900	(15,300)	-8.5%
Custodial Banking Fees	2,200,000	2,200,000	2,064,700	0	0.0%
Investment Consulting	6,726,300	6,458,600	6,147,000	267,700	4.1%
Other Consulting	2,150,600	1,877,700	1,551,000	272,900	14.5%
Banking Expense	215,000	200,000	215,100	15,000	7.5%
Communications Expense	1,883,200	2,142,200	1,900,100	(259,000)	-12.1%
Printing and Postage	1,420,100	1,665,200	1,562,700	(245,100)	-14.7%
Telecommunications	390,000	340,000	336,400	50,000	14.7%
Member/Employer Education	73,100	137,000	1,000	(63,900)	-46.6%
Other Operating Expense	9,599,100	8,800,100	7,621,200	799,000	9.1%
Conferences and Education	324,600	347,100	184,500	(22,500)	-6.5%
Travel	549,100	858,300	17,600	(309,200)	-36.0%
Computer Technology	5,493,100	5,304,900	5,470,300	188,200	3.5%
Other Operating	1,969,300	1,926,800	1,650,200	42,500	2.2%
Ohio Retirement Study Council	1,200,000	300,000	236,900	900,000	300.0%
Treasury of State Warrant Clearing Charges	3,000	3,000	1,700	0	0.0%
Attorney General Charges	60,000	60,000	60,000	0	0.0%
Net Building Expense	2,373,500	2,358,600	2,197,700	14,900	0.6%
Total Operating Budget	\$ 107,277,100	\$ 104,587,300	\$ 102,663,200	\$ 2,689,800	2.6%
Full-time Equivalent (FTE) Associates	530	530			

State Teachers Retirement System of Ohio
2022 ORSC Budget Presentation
FY2021 to FY2022 Capital Budget

	Fiscal 2022 Budget (Does not include carryover from previous years)	Fiscal 2021 Budget (Does not include carryover from previous years)	Fiscal 2021 Projected Actual (Does not include payments for carryover from previous years)
Total Capital Budget	\$ 9,096,900	\$ 5,155,200	\$ 4,235,300
Building Improvements	2,585,000	529,000	387,600
Building Maintenance Equipment	517,000	303,800	448,700
Infrastructure and Upgrades	5,898,000	4,258,500	3,364,400
General Capital	96,900	63,900	34,600

Investment Expenses

	Fiscal 2020 Actual	Fiscal 2019 Actual	Percent Change 2019 to 2020
Total Investment Assets*	\$ 77,713,332,000	\$ 79,030,693,000	-1.7%
Total Internally Managed Assets	\$ 54,269,522,000	\$ 56,748,375,000	-4.4%
Total Externally Managed Assets	\$ 23,443,810,000	\$ 22,282,318,000	5.2%
Total Investment Expenses	\$ 296,551,000	\$ 293,071,600	1.2%
Total Internal Investment Expenses	\$ 38,904,400	\$ 38,524,200	1.0%
Total External Investment Expenses	\$ 234,979,300	\$ 233,098,600	0.8%
Investment Consulting	\$ 760,600	\$ 761,600	-0.1%
Brokerage/Commissions - Internal	\$ 14,470,900	\$ 13,582,600	6.5%
Brokerage/Commissions - External	\$ 5,615,900	\$ 5,323,100	5.5%
Custodian Fees	\$ 1,819,900	\$ 1,781,500	2.2%
Total Investment Expenses as a Percent of Total Investment Assets	0.38%	0.37%	2.9%
Expenses as Percent of Internally Managed	0.55%	0.52%	5.8%
Expenses as Percent of Externally Managed	1.26%	1.32%	-3.8%

*Investment assets are net of real estate debt.

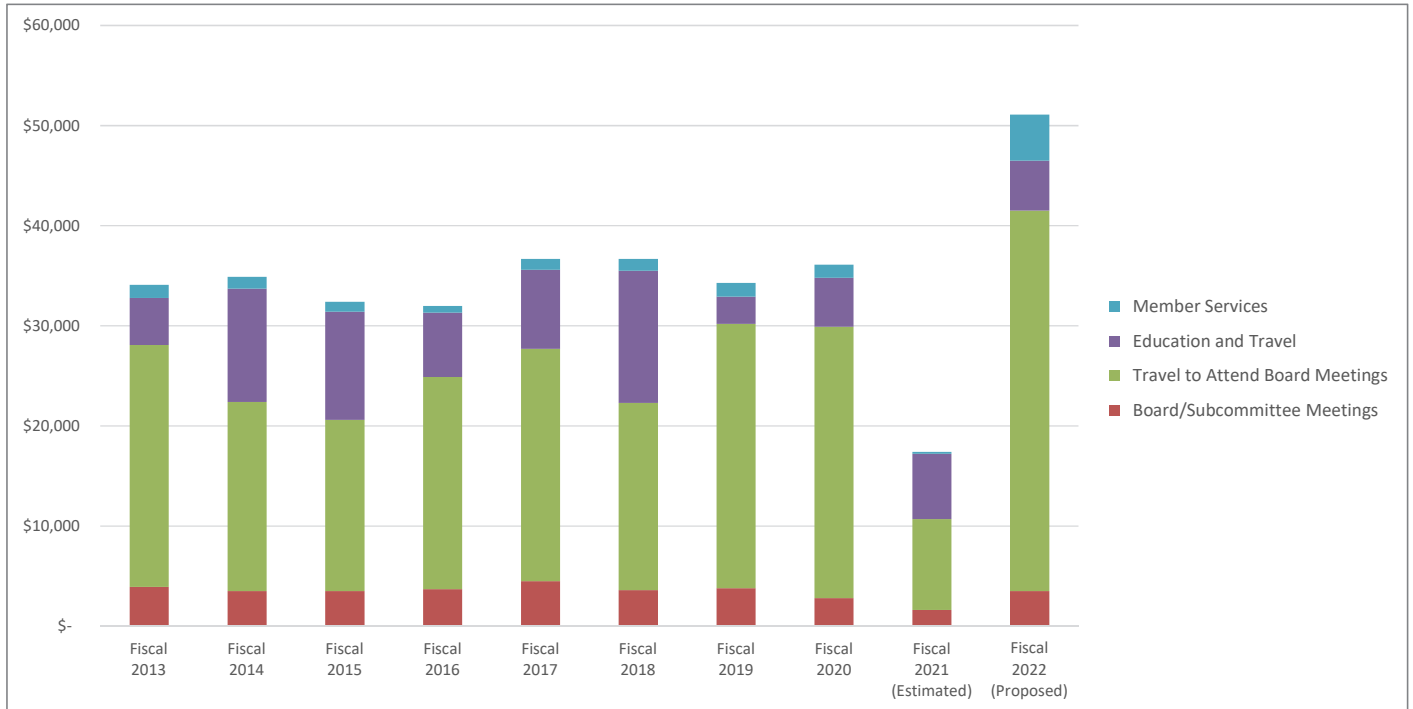
Please note: Fiscal 2021 information is not yet available.

State Teachers Retirement System of Ohio
2022 ORSC Budget Presentation

Board Member Expenses

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021 (Estimated)	Fiscal 2022 (Proposed)
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Total Board Expenses	\$ 34,100	\$ 34,900	\$ 32,400	\$ 32,000	\$ 36,700	\$ 36,700	\$ 34,300	\$ 36,100	\$ 17,400	\$ 51,100
Board/Subcommittee Meetings	\$ 3,900	\$ 3,500	\$ 3,500	\$ 3,700	\$ 4,500	\$ 3,600	\$ 3,800	\$ 2,800	\$ 1,600	\$ 3,500
Travel to Attend Board Meetings	\$ 24,200	\$ 18,900	\$ 17,100	\$ 21,200	\$ 23,200	\$ 18,700	\$ 26,400	\$ 27,100	\$ 9,100	\$ 38,000
Education and Travel	\$ 4,700	\$ 11,300	\$ 10,800	\$ 6,400	\$ 7,900	\$ 13,200	\$ 2,700	\$ 4,900	\$ 6,500	\$ 5,000
Member Services	\$ 1,300	\$ 1,200	\$ 1,000	\$ 700	\$ 1,100	\$ 1,200	\$ 1,400	\$ 1,300	\$ 200	\$ 4,600



State Teachers Retirement System of Ohio
2022 ORSC Budget Presentation

Staff Training and Travel

	Fiscal 2022 Budget	Fiscal 2021 Budget	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars and Travel	\$ 66,500	\$ 72,900	\$ (6,400)	-8.8%
In-House Training	\$ 27,300	\$ 20,300	\$ 7,000	34.5%
# FTE	67	67		
Expense per FTE	\$ 1,400	\$ 1,393		

	Fiscal 2022 Budget	Fiscal 2021 Budget	Increase (Decrease)	% Increase (Decrease)
Finance				
Conferences, Seminars and Travel	\$ 17,000	\$ 24,700	\$ (7,700)	-31.2%
In-House Training	\$ 12,000	\$ 12,100	\$ (100)	-0.8%
# FTE	101	102		
Expense per FTE	\$ 287	\$ 359		

	Fiscal 2022 Budget	Fiscal 2021 Budget	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars and Travel	\$ 360,000	\$ 614,000	\$ (254,000)	-41.4%
In-House Training	\$ -	\$ -	\$ -	-
# FTE	121	119		
Expense per FTE	\$ 2,980	\$ 5,173		

	Fiscal 2022 Budget	Fiscal 2021 Budget	Increase (Decrease)	% Increase (Decrease)
Information Technology Services				
Conferences, Seminars and Travel	\$ 71,900	\$ 97,800	\$ (25,900)	-26.5%
In-House Training	\$ 84,000	\$ 80,000	\$ 4,000	5.0%
# FTE	123	124		
Expense per FTE	\$ 1,267	\$ 1,436		

	Fiscal 2022 Budget	Fiscal 2021 Budget	Increase (Decrease)	% Increase (Decrease)
Member Benefits				
Conferences, Seminars and Travel	\$ 70,100	\$ 104,700	\$ (34,600)	-33.0%
In-House Training	\$ 4,300	\$ 4,300	\$ -	0.0%
# FTE	118	118		
Expense per FTE	\$ 629	\$ 922		

State Teachers Retirement System of Ohio
 2022 ORSC Budget Presentation
Supplementary Statistical Information

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Active Members	178,394	177,462	180,009	179,850	178,043
Inactive Members	153,365	157,936	156,491	158,224	161,687
Benefit Recipients (Age, Disability, Survivor)	157,938	158,039	157,422	157,418	156,907
Reemployed Retirees	26,228	25,009	22,038	21,026	19,553
Total Membership	515,925	518,446	515,960	516,518	516,190
Members per FTE	950	975	979	1,001	1,000

Please note: Fiscal 2021 information is not yet available. Fiscal 2016 information is included for five-year comparison.