



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

RICHARD STENSRUD
Executive Director

KAREN D. ROGGENKAMP
Deputy Executive Director

April 26, 2021

Bethany Rhodes, Director/General Counsel
Ohio Retirement Study Council
30 East Broad Street, 2nd Floor
Columbus, OH 43215

Dear Ms. Rhodes:

In accordance with Section 3309.041 of the Ohio Revised Code, enclosed please find SERS' proposed FY2022 operating budget, presented in the ORSC's required format. SERS budgeting practices are aligned with our Mission, Vision and Values, while continuously evaluating the long-range needs of our membership. For FY2022, SERS' total operating budget increased by 5.2% (\$34.3 million to \$36.1 million). The significant drivers of this change were: medical and prescription experience costs, budgeted merit vs. no merit in FY 21, investment fees and compensation related to positive portfolio performance, and member health care contract consulting. Additional category details are provided as follows:

The Personnel Category has increased by 7.1% attributable to consistent budgeting of health care expenses based on actuarial rates derived from actual plan claims experience and health care cost trends supplied by our actuary; an increase in estimated incentive payments to investment staff based on prior year portfolio performance; along with a 2% performance-based merit increase for staff.

The Professional Services category increased by 3.0% which includes ongoing operational resources such as actuarial services, investment related expenses, banking costs and other technical services associated with member and health care support, as well as Board initiatives around pension and health care sustainability. The Other Consulting increase is driven by improvements in record retention management, member benefit system and medical and prescription program pricing consulting.

The Communications Expense Category decreased by 12.6%. The Employer Services, Health Care and Member Services groups plan to continue to meet the needs of SERS' membership and resume regularly scheduled, in-person meetings once safely permissible. To maintain the level of service and collaboration to its member, employees and stakeholders during the pandemic, SERS recognized the need to increase its video/audio communication resources, this will continue in FY2022. Additionally, Postage expense reflects a decrease in bulk mail rates associated with no Board elections and price per item cost efficiencies.

RETIREMENT BOARD

HUGH GARSIDE, JR.
Chair, Employee-Member

BARBRA M. PHILLIPS
Vice-Chair, Employee-Member

JEFFREY DELEONE
Appointed Member

JAMES A. ROSSLER, JR.
Appointed Member

JAMES H. HALLER
Employee-Member

CATHERINE P. MOSS
Retiree-Member

DANIEL L. WILSON
Appointed Member

FRANK A. WEGLARZ
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MATTHEW A. KING
Employee-Member



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The Other Operating Expense increased 5.1%. SERS will remain committed to supporting staff in their continuing education and professional development requirements. Ongoing computer technology improvements and maintenance needs continue in FY2022. These include computer support for SERS' member benefits system, data storage devices, cloud network management and network security.

In FY2022, Capital costs include the cyclical replacement of network traffic security barrier, enterprise level virtualization, and the disaster recovery continuity platform. Also included are module additions to existing IT software to enhance data center operations and project management.

The Net Building Occupancy Expense budget increased by 1.5%. The increase is a result of the potential tenant improvement costs. In FY2022, the building is estimated to remain 100% occupied and continue to operate a safe and efficient environment.

I look forward to reviewing the draft budget with you and answering any questions that may arise. Please feel free to contact me at 614-222-5801.

Sincerely,

Richard Stensrud
Executive Director

Enclosures

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School Employees Retirement System
2022 ORSC Budget Presentation

FY2021 to FY2022 Operating Budget and Increase (Decrease)

Budget Category	2022 Budget	2021 Budget	2021 Estimated Actual	2021-2022 Increase (Decrease)	% Change (2021 to 2022)
Personnel	\$ 23,290,659	\$ 21,753,598	\$ 22,001,931	\$ 1,537,061	7.1
Salaries and Wages	16,861,478	16,218,847	15,704,024	642,631	4.0
PERS Contributions	2,268,381	2,192,546	2,130,491	75,835	3.5
Health Insurance	4,160,800	3,322,205	4,167,416	838,595	25.2
Miscellaneous Expenses	-	20,000	-	(20,000)	(100.0)
Professional Services	\$ 6,969,161	\$ 6,764,785	\$ 5,600,651	\$ 204,376	3.0
Actuarial	344,725	390,660	377,035	(45,935)	(11.8)
Audit	224,984	195,020	173,539	29,964	15.4
Banking Fees	1,105,200	1,106,543	837,259	(1,343)	(0.1)
Master Recordkeeper	1,010,400	1,151,600	949,553	(141,200)	(12.3)
Investment Consulting	1,593,817	1,666,537	1,462,280	(72,720)	(4.4)
Other Consulting	2,491,615	2,103,745	1,652,506	387,870	18.4
Banking Expenses	198,420	150,680	148,479	47,740	31.7
Communications Expense	\$ 966,728	\$ 1,105,880	\$ 792,881	\$ (139,152)	(12.6)
Printing and Postage	731,738	870,860	567,512	(139,122)	(16.0)
Telecommunications	200,400	184,580	225,369	15,820	8.6
Member/Employer Education	34,590	50,440	-	(15,850)	(31.4)
Other Operating Expenses	\$ 3,476,884	\$ 3,309,049	\$ 2,875,789	\$ 167,835	5.1
Conferences and Education	252,480	255,105	\$ 82,394	(2,625)	(1.0)
Travel	168,626	224,835	\$ 27,335	(56,209)	(25.0)
Computer Technology	2,028,408	1,808,505	\$ 1,864,690	219,903	12.2
Other Operating	975,370	968,604	\$ 856,838	6,766	0.7
Ohio Retirement Study Council	52,000	52,000	\$ 44,532	-	0.0
Net Building Expense	\$ 1,383,793	\$ 1,363,534	\$ 1,034,936	\$ 20,259	1.5
Total Operating Budget	\$ 36,087,225	\$ 34,296,846	\$ 32,306,188	\$ 1,790,379	5.2
Full-Time Equivalent (FTE) Associates	181	181			

School Employees Retirement System
2022 ORSC Budget Presentation
FY2021 to FY2022 Capital Budget

	2022 Budget	2021 Budget	2021 Estimate
Total Capital Budget	\$ 280,351	\$ 305,351	\$ 488,921
Computer Hardware > \$5,000	227,018	252,018	435,588
Computer Software > \$25,000	53,333	53,333	53,333

Investment Expenses

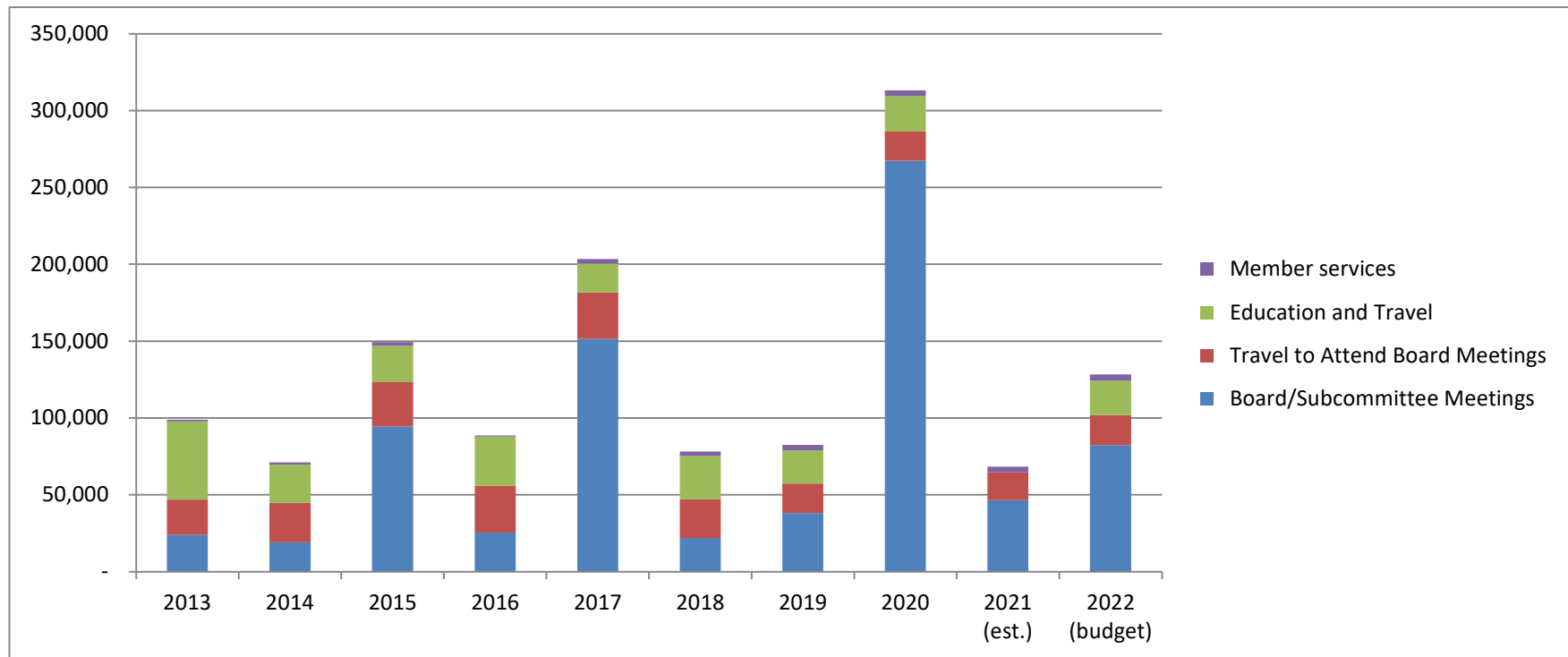
	FY 2020 Actual	FY 2019 Actual	Percent Change (2019 to 2020)
Total Investment Assets	\$ 14,609,390,168	\$ 14,750,630,405	(0.958%)
Total Internally Managed Assets	255,188,900	472,129,774	(45.949%)
Total Externally Managed Assets	14,354,201,268	14,278,500,631	0.530%
Total Investment Expenses	\$ 93,218,420	\$ 99,285,218	(6.110%)
Total Internal Investment Expenses	3,371,337	3,956,835	(14.797%)
Total External Investment Expenses	84,368,944	89,259,850	(5.479%)
Investment Consulting	2,995,073	3,174,651	(5.657%)
Brokerage/Commissions-Internal	-	-	0.000%
Brokerage/Commissions-External	1,538,364	1,995,150	(22.895%)
Custodian Fees	944,702	898,732	5.115%
Total Investment Expenses as a % of Total Investment Assets	0.638%	0.673%	(5.203%)
Expenses as % of Internally Managed*	1.321%	0.838%	57.635%
Expenses as % of Externally Managed*	0.598%	0.639%	(6.357%)

*Excludes Investment Consulting and Custodian Fees

School Employees Retirement System
2022 ORSC Budget Presentation

Fiscal Year Board Member Expenses

	2013	2014	2015	2016	2017	2018	2019	2020	2021 (est.)	2022 (budget)
Total Board Expenses	\$ 98,851	\$71,179	\$149,339	\$88,590	\$203,406	\$78,112	\$82,534	\$ 313,112	\$ 68,239	\$128,216
Board/Subcommittee Meetings	23,979	19,014	94,442	25,459	151,328	21,861	38,065	267,297	46,566	82,206
Travel to Attend Board Meetings	22,833	25,719	28,863	30,279	30,363	25,183	19,244	19,021	18,091	19,584
Education and Travel	50,963	24,891	23,573	32,192	18,675	28,083	21,533	23,093	-	22,500
Member services	1,076	1,555	2,461	660	3,040	2,985	3,692	3,702	3,582	3,926



Board expenses include the cost of the Internal Auditor search in FY2015 and FY2020 as well as an Executive Director search in FY2017.

SERS Board hired a Consultant to facilitate an evaluation of SERS plan design and to help strengthen the future sustainability and adaptability of the System. The expenses associated with the Pension and Health Care Sustainability initiative occur beginning in FY2019 and are on-going.

School Employees Retirement System
2021 ORSC Budget Presentation

Staff Training and Travel (Budget to Budget)

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Executive				
Conferences, Seminars & Travel	\$ 30,709	\$ 36,580	\$ (5,871)	(16.0)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	10	10	-	-
Expense per FTE	\$ 3,071	\$ 3,658	\$ (587)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars & Travel	\$ 53,250	\$ 69,000	\$ (15,750)	(22.8)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	12	12	-	-
Expense per FTE	\$ 4,438	\$ 5,750	\$ (1,313)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Legal & Communications				
Conferences, Seminars & Travel	\$ 12,075	\$ 13,600	\$ (1,525.00)	(11.2)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	17	17	-	-
Expense per FTE	\$ 710	\$ 800	\$ (90)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Finance*				
Conferences, Seminars & Travel	\$ 40,943	\$ 47,255	\$ (6,312)	(13.4)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	25.5	25.5	-	-
Expense per FTE	\$ 1,606	\$ 1,853	\$ (248)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Information Technology				
Conferences, Seminars & Travel	\$ 140,198	\$ 150,510	\$ (10,312)	(6.9)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	36	36	-	-
Expense per FTE	\$ 3,894	\$ 4,181	\$ (286)	-

School Employees Retirement System
2021 ORSC Budget Presentation

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$ 4,750	\$ 5,000	\$ (250)	(5.0)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	51.5	51.5	-	-
Expense per FTE	\$ 92	\$ 97	\$ (5)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Health Care				
Conferences, Seminars & Travel	\$ 15,849	\$ 18,730	\$ (2,881)	(15.4)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	14	14	-	-
Expense per FTE	\$ 1,132	\$ 1,338	\$ (206)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Administrative Services				
Conferences, Seminars & Travel	\$ 7,063	\$ 7,750	\$ (687)	(8.9)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	11	11	-	-
Expense per FTE	\$ 642	\$ 705	\$ (62)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
Human Resources**				
Conferences, Seminars & Travel	\$ 4,271	\$ 4,640	\$ (369)	(8.0)
In-House Training	\$ 8,500	\$ 17,000	\$ (8,500)	-
#FTE	4	4	-	-
Expense per FTE	\$ 3,193	\$ 5,410	\$ (2,217)	-

*Travel costs for Investment and Finance include costs attributed to due diligence visits.

**The Human Resources In-House Training is system-wide employee training, across all departments.

School Employees Retirement System
2022 ORSC Budget Presentation

Supplementary Statistical Information

	2017	2018	2019	2020	2021
Active Members	157,981	158,343	159,363	156,579	NA
Inactive Members	272,632	283,014	265,785	265,068	NA
Benefit Recipient (Age, Dis., Survivor)	66,406	68,005	67,767	67,864	NA
Re-employed Retirees	12,751	13,327	13,257	12,987	NA
Total Membership	509,770	522,689	506,172	502,498	NA
Members Per FTE	2,816	2,888	2,797	2,776	NA