



# 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 22, 2020

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 FY2021 operating budget, presented in the ORSC's required format. SERS took a conservative approach to budgeting, tied to the organization's Mission, Vision and Values. For FY2021, SERS' total operating budget increases less than 1% over the current fiscal year.

The Personnel category has a decrease of 1.2% 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; a decrease in incentive payments to investment staff; and a reduction in the number of employee leave payouts as fewer staff near retirement eligibility for the fiscal year. Please note that while the budget does not include a performance-based merit increase for staff, the SERS Board has not yet taken action on the budget, and it is possible that the final budget may include such a component.

The Professional Services category includes ongoing operational resources such as actuarial services, investment related expenses, banking costs and other technical services associated with member and health care support. In addition, resources are designated to support SERS investment in continuous improvement through strategies such improved records management governance and improved electronic communication strategies as well as Board initiatives around pension and health care sustainability. In the upcoming fiscal year, there is an expected decrease in investment-related expenses that are directly correlated to asset valuations, while an increase in Actuarial expenses are a result of the quinquennial study occurring in FY2021.

The Communications Expense category increased 15.4% in FY2021. The Employer Services, Health Care and Member Services groups will continue to meet the needs of SERS' membership with ongoing Employer group training sessions for the member benefits system, open enrollment conferences and under-65 member and retiree partnerships, as well as in-house and remote counseling around the state. Increased expenses reflect additional postage and printing costs associated with the election of two Board member seats and increased bandwidth to support electronic communication activities.

The Other Operating Expense category increased 5.1%. SERS will remain committed to supporting staff in their continuing education and professional development requirements. Ongoing computer technology improvements and improved information security protocols are included in the FY2021 budget request.

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## RETIREMENT BOARD

CATHERINE D. MOSS  
*Chair, Retiree-Member*

HUGH GARSIDE, JR.  
*Vice-Chair, Employee-Member*

JEFFREY DELEONE  
*Appointed Member*

JAMES A. ROSSLER, JR.  
*Appointed Member*

JAMES H. HALLER  
*Employee-Member*

BARBRA M. PHILLIPS  
*Employee-Member*

DANIEL L. WILSON  
*Appointed Member*

FRANK A. WEGLARZ  
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In FY2021, Capital costs include the cyclical replacement of enterprise level virtualization and data storage management platforms as well as implementation of digital workspace capabilities.

The Net Building Occupancy Expense budget increased by 16.1%. The increase is a result of the potential tenant improvement costs and upgrades to the Gay Street showcases. In FY2021, the building will 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  
2021 ORSC Budget Presentation

**FY2020 to FY2021 Operating Budget and Increase (Decrease)**

Budget category	2021 Budget	2020 Budget	2020 Estimated Actual	2020-2021 Increase (Decrease)	% Change (2020 to 2021)
<b>Personnel</b>	\$ 21,773,519	\$ 22,034,653	\$ 21,652,434	\$ (261,134)	(1.2)
Salaries and Wages	16,235,975	16,523,485	16,258,269	(287,510)	(1.7)
PERS Contributions	2,194,937	2,225,318	2,144,642	(30,381)	(1.4)
Health Insurance	3,322,607	3,283,350	3,246,710	39,257	1.2
Miscellaneous Expenses	20,000	2,500	2,813	17,500	700.0
<b>Professional Services</b>	\$ 6,715,785	\$ 6,793,192	\$ 6,386,190	\$ (77,407)	(1.1)
Actuarial	390,660	328,260	277,275	62,400	19.0
Audit	195,020	270,000	230,746	(74,980)	(27.8)
Banking Fees	1,106,543	1,052,400	909,700	54,143	5.1
Master Recordkeeper	1,151,600	1,489,200	1,389,191	(337,600)	(22.7)
Investment Consulting	1,666,537	1,651,057	1,683,167	15,480	0.9
Other Consulting	2,054,745	1,854,135	1,733,102	200,610	10.8
Banking Expenses	150,680	148,140	163,009	2,540	1.7
<b>Communications Expense</b>	\$ 1,105,880	\$ 958,100	\$ 837,044	\$ 147,780	15.4
Printing and Postage	870,860	740,160	610,238	130,700	17.7
Telecommunications	184,580	158,680	194,323	25,900	16.3
Member/Employer Education	50,440	59,260	32,483	(8,820)	(14.9)
<b>Other Operating Expenses</b>	\$ 3,534,529	\$ 3,362,922	\$ 3,051,579	\$ 171,607	5.1
Conferences and Education	255,105	287,774	129,796	(32,669)	(11.4)
Travel	224,835	256,197	111,528	(31,362)	(12.2)
Computer Technology	2,025,985	1,839,682	1,887,859	186,303	10.1
Other Operating	976,604	929,269	880,196	47,335	5.1
Ohio Retirement Study Council	52,000	50,000	42,200	2,000	4.0
<b>Net Building Expense</b>	\$ 1,357,459	\$ 1,169,064	\$ 1,091,324	\$ 188,395	16.1
<b>Total Operating Budget</b>	\$ 34,487,172	\$ 34,317,931	\$ 33,018,571	\$ 169,241	0.5
<b>Full-Time Equivalent (FTE) Associates</b>	181	181			

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**FY2020 to FY2021 Capital Budget**

	2021 Budget	2020 Budget	2020 Estimate
<b>Total Capital Budget</b>	\$ 730,351	\$ 634,868	\$ 631,294
Computer Hardware > \$5,000	202,018	427,018	435,948
Computer Software > \$25,000	528,333	177,850	195,346
Vehicles	-	30,000	-

**Investment Expenses**

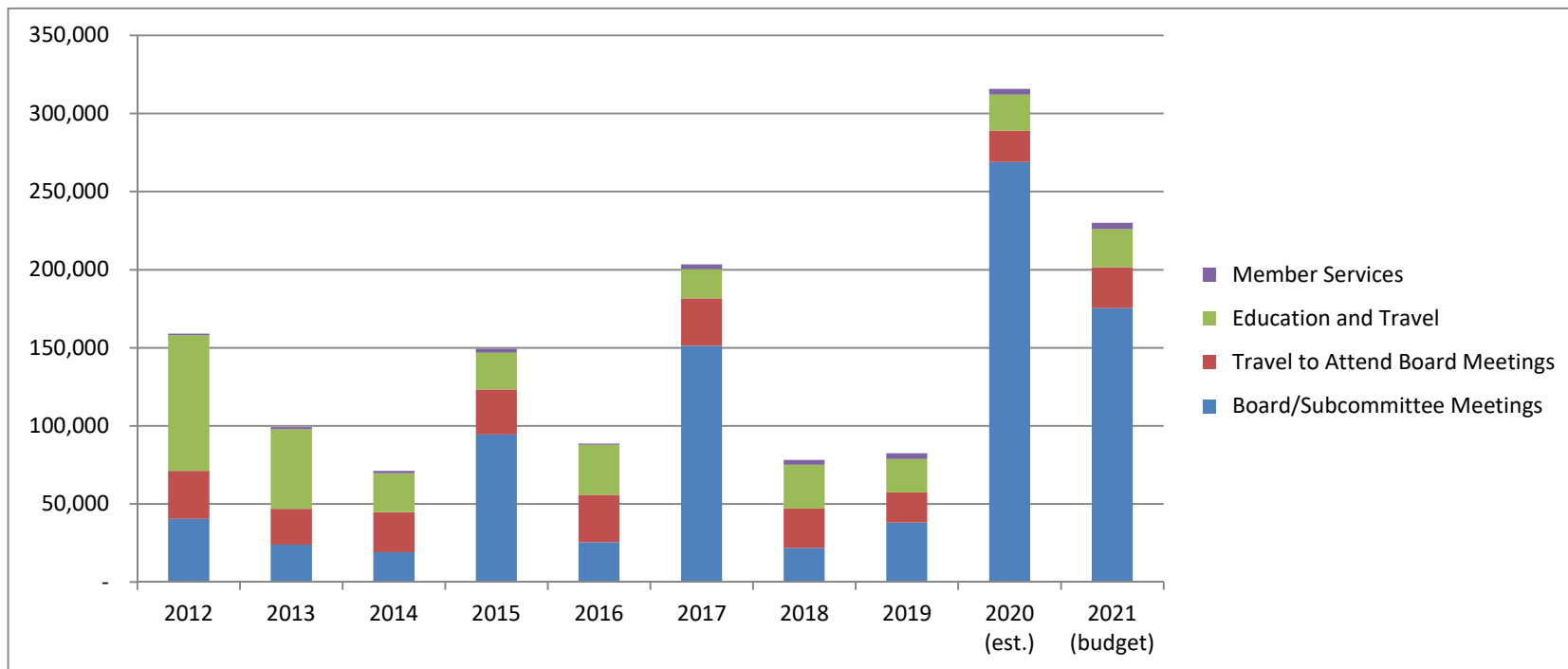
	FY 2019 Actual	FY 2018 Actual	% Change
<b>Total Investment Assets</b>	\$ 14,750,630,405	\$ 14,458,296,105	2.02
Total Internally Managed Assets	472,129,774	769,649,520	(38.66)
Total Externally Managed Assets	14,278,500,631	13,688,646,585	4.31
<b>Total Investment Expenses</b>	\$ 99,285,218	\$ 99,755,303	(0.47)
Total Internal Investment Expenses	3,956,835	3,625,532	9.14
Total External Investment Expenses	89,259,850	89,249,943	0.01
Investment Consulting	3,174,651	3,015,455	5.28
Brokerage/Commissions-Internal	-	-	0.00
Brokerage/Commissions-External	1,995,150	2,659,630	(24.98)
Custodian Fees	898,732	1,204,743	(25.40)
<b>Total Investment Expenses as a % of Total Investment Assets</b>	0.673%	0.690%	-2.44%
Expenses as % of Internally Managed*	21.029%	12.961%	62.25%
Expenses as % of Externally Managed*	0.695%	0.729%	-4.58%

\*Excludes Investment Consulting and Custodian Fees

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### Fiscal Year Board Member Expenses

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (est.)	2021 (budget)
<b>Total Board Expenses</b>	<b>\$159,077</b>	<b>\$ 99,148</b>	<b>\$ 71,179</b>	<b>\$149,339</b>	<b>\$ 88,590</b>	<b>\$203,406</b>	<b>\$ 78,112</b>	<b>\$ 82,534</b>	<b>\$315,814</b>	<b>\$ 229,966</b>
Board/Subcommittee Meetings	40,364	23,979	19,014	94,442	25,459	151,328	21,861	38,065	268,934	175,428
Travel to Attend Board Meetings	30,895	22,833	25,719	28,863	30,279	30,363	25,183	19,244	20,075	26,112
Education and Travel	86,742	50,963	24,891	23,573	32,192	18,675	28,083	21,533	23,103	24,500
Member Services	1,076	1,373	1,555	2,461	660	3,040	2,985	3,692	3,702	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.

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## Staff Training and Travel (Budget to Budget)

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Executive</b>				
Conferences, Seminars & Travel	\$ 49,680	\$ 55,955	\$ (6,275)	(11.2)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	21	21	-	-
Expense per FTE	\$ 2,366	\$ 2,665	\$ (299)	-

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Investments</b>				
Conferences, Seminars & Travel	\$ 69,000	\$ 94,800	\$ (25,800)	(27.2)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	12	12	-	-
Expense per FTE	\$ 5,750	\$ 7,900	\$ (2,150)	-

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Finance*</b>				
Conferences, Seminars & Travel	\$ 47,255	\$ 52,146	\$ (4,891)	(9.4)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	25.5	25.5	-	-
Expense per FTE	\$ 1,853	\$ 2,045	\$ (192)	-

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Information Technology</b>				
Conferences, Seminars & Travel	\$ 150,510	\$ 150,648	\$ (138)	(0.1)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	36	35	1	2.9
Expense per FTE	\$ 4,181	\$ 4,304	\$ (123)	-

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Member Services</b>				
Conferences, Seminars & Travel	\$ 5,000	\$ 5,175	\$ (175)	(3.4)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	51.5	51.5	-	-
Expense per FTE	\$ 97	\$ 100	\$ (3)	-

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	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Health Care</b>				
Conferences, Seminars & Travel	\$ 18,730	\$ 22,540	\$ (3,810)	(16.9)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	14	14	-	-
Expense per FTE	\$ 1,338	\$ 1,610	\$ (272)	-

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Administrative Services</b>				
Conferences, Seminars & Travel	\$ 8,250	\$ 12,375	\$ (4,125)	(33.3)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	17	18	(1)	(5.6)
Expense per FTE	\$ 485	\$ 688	\$ (202)	-

	2021	2020	Increase (Decrease)	% Increase (Decrease)
<b>Human Resources**</b>				
Conferences, Seminars & Travel	\$ 4,640	\$ 4,798	\$ (158)	(3.3)
In-House Training	\$ 17,000	\$ 17,500	\$ (500)	-
#FTE	4	4	-	-
Expense per FTE	\$ 5,410	\$ 5,575	\$ (165)	-

\*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.

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**Supplementary Statistical Information**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Active Members	124,540	157,981	158,343	159,363	NA
Inactive Members	90,448	272,632	283,014	265,785	NA
Benefit Recipient (Age, Dis., Survivor)	63,964	66,406	68,005	67,767	NA
Re-employed Retirees	12,316	12,751	13,327	13,257	NA
<b>Total Membership</b>	<b>291,268</b>	<b>509,770</b>	<b>522,689</b>	<b>506,172</b>	<b>NA</b>

<b>Members Per FTE</b>	<b>1,609</b>	<b>2,816</b>	<b>2,888</b>	<b>2,797</b>	<b>NA</b>
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