ADMINISTRATIVE
BUDGET

FY2023

May 12, 2022

ACCOMPLISHMENTS IN FY2022

- Implementation of technology that provides continuous monitoring and rapid reporting of threats or outages

- Developed and implemented a technology model to support the hybrid work environment and virtual service options for members and employers

- Implementation of a cloud-based Disaster Recovery service

- Completion of the compensation study

- Implementation of information governance policies and tools to improve record retention and increase digital storage and retrieval options

- Implemented Health Care Strategies to Improve Sustainability

- Continued 5-year Strategic Plan Implementation

PROPOSED FY2023 DRAFT BUDGET

Comparison of FY2022 budget to FY2023 proposed

| Budget Category | Budget | | Forecast |
	FY2023	FY2022	FY2022
Personnel	$ 24,392,195	$ 23,290,658	$ 23,605,672
Professional Services	$ 6,502,883	$ 6,829,361	$ 6,557,328
Communications	$ 1,045,873	$ 952,450	$ 982,503
Other Operating Expense	$ 3,910,979	$ 3,472,980	$ 3,374,104
Capital	$ 54,109	$ 200,351	$ 133,321
Net Building Occupancy	$ 1,813,137	$ 1,366,292	$ 1,179,629
TOTAL ADMINISTRATIVE BUDGET	**$ 37,719,176**	**$ 36,112,092**	**$ 35,832,557**

FY2023 Draft budget reflects 4.9% increase over the FY2022 budget excluding Capital.

FY2023 PROPOSED PROJECTS

- Audit self-assessment and external IT audit

- Continued enterprise-wide record retention improvement project

- Continued analysis of current software environment for cloud compatibility and implementation of cloud solutions

- Procurement of cyber security tools to protect hardware, systems, and data on SERS network

- Actuarial Audit and procurement of an actuarial modeling tool

PROPOSED FY2023 DRAFT BUDGET

Personnel Services:

- 64.7% of the Total Budget
- One new position (FTE = 182)
- Performance-based merit increase of 3.2%
- Incentive payouts based on FY2022 Investment Portfolio Performance
- Level of benefits remains unchanged for FY2023

Professional Service:

- 17.3% of the Total Budget
- Actuarial and Audit fees
- Master Recordkeeper fees – increased due to higher investment returns and transaction volumes
- Investment Consulting and Advisory, Performance Analytics and Investment-Related Technical Consulting
- Infrastructure third-party services, medical/pharmacy pricing advisement, strategic retirement guidance related to pension and health care sustainability, consulting services across the organization

PROPOSED FY2023 DRAFT BUDGET

Communications:

- 2.7% of the Total Budget
- Increase in postage due to board election
- Telecommunication - includes services landlines, web services, hybrid work environment video/audio communication resources
- Member/Employer Education - includes costs associated with conducting meetings and outreach services
- Printing and Publications - includes costs of paper and supplies and large-quantity specific outsourced printing jobs

Other Operating:

- 10.4% of the Total Budget
- Computer Support Services – includes Hardware and Software Maintenance as well as Software Subscriptions
- Office Equipment and Supplies Conferences and Education Transportation and Travel
- Memberships and Subscriptions
- Property and Fiduciary Insurance
- Maintenance
- Staff Support
- Board Member Reimbursement
- Mandatory ORSC costs
- Reimbursement from OSERS Broad Street, LLC for Leased Services

PROPOSED FY2023 DRAFT BUDGET

Capital:

- 0.1% of the Total Budget
- Palo Alto Firewall
  A next-generation, network security firewall that identifies, and controls internet connection access, while safeguarding SERS' data. This is the third year of a three-year contract

Net Building Occupancy

- 4.8% of the Total Budget
- Operating Revenue – includes Suite Lease revenue for tenants, parking, and miscellaneous rentals
- Operating Expenses
  - Property Management and Labor
  - Other Administrative Expenses
  - Building Operations and Maintenance
  - Utilities
  - Building/Equipment Insurance
- Non-Operating Expenses
  - Special Counsel
  - Remodeling – includes anticipated cost for tenant improvements

FIVE-YEAR TECHNOLOGY INFRASTRUCTURE BUDGET

	FY2023 through FY2027
Total Project Budget	$8,300,000

- Telecommunications
- Security Stack
- Network Infrastructure
- Hybrid Technology Replacement
- Server Infrastructure
- Backup and Recovery
- SMART Portals
- SMART Framework
- SMART Enhancements
- SMART Business Tools

Questions?