

April 18, 2025

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 2026 budgets. The attached information is composed of the following:

- Page 1 is a statement of planned operating expenditures, including comparisons to the fiscal 2025 budget.
- Page 2 is a statement of capital expenditures, including comparisons to the fiscal 2025 budget.
- Page 3 is a summary of investment assets and related management costs for fiscal 2024 including comparisons to fiscal 2023.
- Page 4 is a schedule of retirement board-related expenses for the last 10 years and a 10-year trend chart.
- Page 5 is a summary of staff training and travel expenses, including comparisons to the fiscal 2025 budget.
- Page 6 is supplementary statistical information for fiscal years 2020–2024.
- Page 7 is average percent budgeted change information for fiscal years 2022–2026.

The proposed Total Operating Budget for fiscal year 2026 reflects an increase of 9.2% from the current year budget. Within Personnel, 14 positions have been added, up from 490 full-time equivalent associates (FTEs) in fiscal 2025 to 504 FTEs in 2026. The increase in positions is the result of the fiduciary audit, the asset-liability study and succession planning for future retirements. Salary and Wages is increasing 8.8% from the current year budget to align with the recent compensation study and the addition of 14 new positions. Health Insurance is increasing due to higher claims experience.

Within Professional Services, Actuarial reflects increased costs for additional cost analysis and scenarios requested by the board as part of the sustainable benefit plan. Other Consulting includes increases to support recruiting for executive level positions, costs for the interim executive director, a pharmacy benefit management market check, external legal representation and evaluation of a vendor for the death master file. Within Communications Expense, Printing and Postage are decreasing as there is continued emphasis on electronic communication. Member/Employer Education reflects increased costs to provide security at field counseling locations. Other Operating Expenses reflects increased costs for a comprehensive solution for the call center as a service, continuous testing tools for the investment portfolio system, attorney general representation and travel is expected to resume to a more normalized level.

The proposed Total Capital Budget is \$7.6 million in fiscal 2026 compared to \$8.5 million in fiscal 2025. The capital budget provides financial support for major planned initiatives and includes IT computer equipment, capitalized software and qualified subscription costs, building improvements and building maintenance. Planned IT-related expenditures comprise the bulk of the capital budget and includes an investments total fund risk model implementation and pension administration system changes. Most of the significant building improvements have been completed, but planned facility costs include fire system sprinkler heads repair, and replacement HVAC units and garage security cameras.

Overall, the proposed budgets continue to provide the resources required to serve Ohio's public educators, pay timely and accurate benefits, provide quality member services, 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 and capital expenditures prudently.

These proposed fiscal year 2026 budgets were provided to the Retirement Board this month to review. Please feel free to contact me if you want additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aaron Hood', written in a cursive style.

Aaron Hood
Interim Executive Director

State Teachers Retirement System of Ohio
2026 Budget Presentation Before ORSC

FY2025 to FY2026 Operating Budget and Increase (Decrease)

Budget Category	Fiscal 2026 Budget	Fiscal 2025 Budget	Fiscal 2025 Estimated Actual	Increase/ (Decrease) as %	Average Annual % Change (FY22-FY26)
Personnel	\$ 100,129,700	\$ 91,690,100	\$ 89,708,300	9.2%	4.6%
Salaries and Wages	\$ 77,163,700	\$ 70,922,300	\$ 69,403,200	8.8%	4.3%
PERS Contributions	\$ 10,101,500	\$ 9,561,900	\$ 9,221,800	5.6%	3.8%
Health Insurance	\$ 11,643,700	\$ 10,047,600	\$ 9,956,500	15.9%	7.4%
Miscellaneous Expenses	\$ 1,220,800	\$ 1,158,300	\$ 1,126,800	5.4%	2.6%
Professional Services	\$ 15,242,400	\$ 13,599,000	\$ 13,612,700	12.1%	6.5%
Actuarial	\$ 474,700	\$ 365,000	\$ 515,700	30.1%	20.0%
Audit	\$ 168,700	\$ 168,300	\$ 177,300	0.2%	3.3%
Custodial Banking Fees	\$ 1,930,000	\$ 1,930,000	\$ 1,708,900	0.0%	-2.1%
Investment Consulting	\$ 7,935,800	\$ 7,977,400	\$ 7,654,100	-0.5%	4.3%
Other Consulting	\$ 4,720,500	\$ 3,066,300	\$ 3,556,700	53.9%	21.3%
Banking Expenses	\$ 12,700	\$ 92,000	\$ -	-86.2%	-28.7%
Communications Expense	\$ 1,770,800	\$ 1,996,400	\$ 1,723,400	-11.3%	-3.4%
Printing and Postage	\$ 1,233,700	\$ 1,510,100	\$ 1,256,900	-18.3%	-5.3%
Telecommunications	\$ 430,000	\$ 423,600	\$ 422,300	1.5%	5.3%
Member/Employer Education	\$ 107,100	\$ 62,700	\$ 44,200	70.8%	3.6%
Other Operating Expenses	\$ 9,323,000	\$ 8,568,500	\$ 8,137,500	8.8%	1.4%
Conferences and Education	\$ 328,200	\$ 319,800	\$ 253,300	2.6%	-0.9%
Travel	\$ 642,400	\$ 574,800	\$ 497,200	11.8%	-3.9%
Computer Technology	\$ 5,773,100	\$ 5,146,700	\$ 5,048,200	12.2%	2.0%
Other Operating	\$ 2,119,300	\$ 2,110,200	\$ 1,909,200	0.4%	2.1%
Ohio Retirement Study Council	\$ 325,000	\$ 325,000	\$ 303,100	0.0%	46.7%
TOS Warrant Clearing Charges	\$ -	\$ 2,000	\$ 1,400	-100.0%	-26.7%
Attorney General Charges	\$ 135,000	\$ 90,000	\$ 125,100	50.0%	18.8%
Net Building Expense	\$ 2,672,800	\$ 2,455,900	\$ 2,410,600	8.8%	2.6%
Total Operating Budget	\$ 129,138,700	\$ 118,309,900	\$ 115,592,500	9.2%	4.4%
Full-Time Equivalent (FTE) Associates	504	490			

State Teachers Retirement System of Ohio
 2026 Budget Presentation Before ORSC

FY2025 to FY2026 Capital Budget

	Fiscal 2026 Budget (Does not include carryover from previous years)	Fiscal 2025 Budget (Does not include carryover from previous years)	Fiscal 2025 Estimate Projected Actual (Does not include carryover from previous years)
Total Capital Budget	\$ 7,558,000	\$ 8,477,900	\$ 4,558,900
Building Improvements	\$ 269,000	\$ 255,000	163,400
Building Maintenance Equipment	\$ 57,400	\$ 1,024,300	704,800
Infrastructure and Upgrades	\$ 7,026,000	\$ 7,198,600	3,684,400
General Capital	\$ 205,600	\$ -	6,300

Investment Expenses

**Net Fiduciary
Position Change**

	Fiscal 2024 Actual	Fiscal 2023 Actual	Percent Change in Net Fiduciary Position (FY23-FY24) ¹	Five-Year Percent Change in Net Fiduciary Position (FY20-FY24) ¹
Total Investment Assets*	\$ 94,760,101,000	\$ 90,381,379,000		
Total Internally Managed Assets	\$ 63,883,509,186	\$ 60,288,959,306	5.6%	22.7%
Total Externally Managed Assets	\$ 30,876,591,814	\$ 30,092,419,694		

	Fiscal 2024 Actual	Fiscal 2023 Actual	Percent Change (FY23-FY2024)
Investment Expenses	\$ 309,673,429	\$ 298,128,183	3.9%
Internal Investment Expenses	\$ 45,311,530	\$ 41,975,431	7.9%
External Investment Expenses	\$ 264,361,899	\$ 256,152,752	3.2%

Total Investment Expenses as a % of Total Investment Assets	0.33%	0.33%	
Internal Investment Expenses as % of Internally Managed Assets	0.07%	0.07%	
External Investment Expenses as % of Externally Managed Assets	0.86%	0.85%	

ORSC Requested Supplemental Information	\$ 19,531,246	\$ 18,081,089	8.0%
Investment Consulting ²	\$ 820,782	\$ 836,130	-1.8%
Custodian Fees ²	\$ 1,582,366	\$ 1,536,161	3.0%
Brokerage/Commissions-Internal **	\$ 11,551,821	\$ 10,578,610	9.2%
Brokerage/Commissions-External **	\$ 5,576,277	\$ 5,130,188	8.7%

¹Net fiduciary position includes more than investment earnings or losses. This figure includes contributions made by employers and employees, investment earning or losses, and benefit payments, among other expenses or earnings. The figure provides a view of the overall change in fund assets across time.

²Included in internal investment expenses.

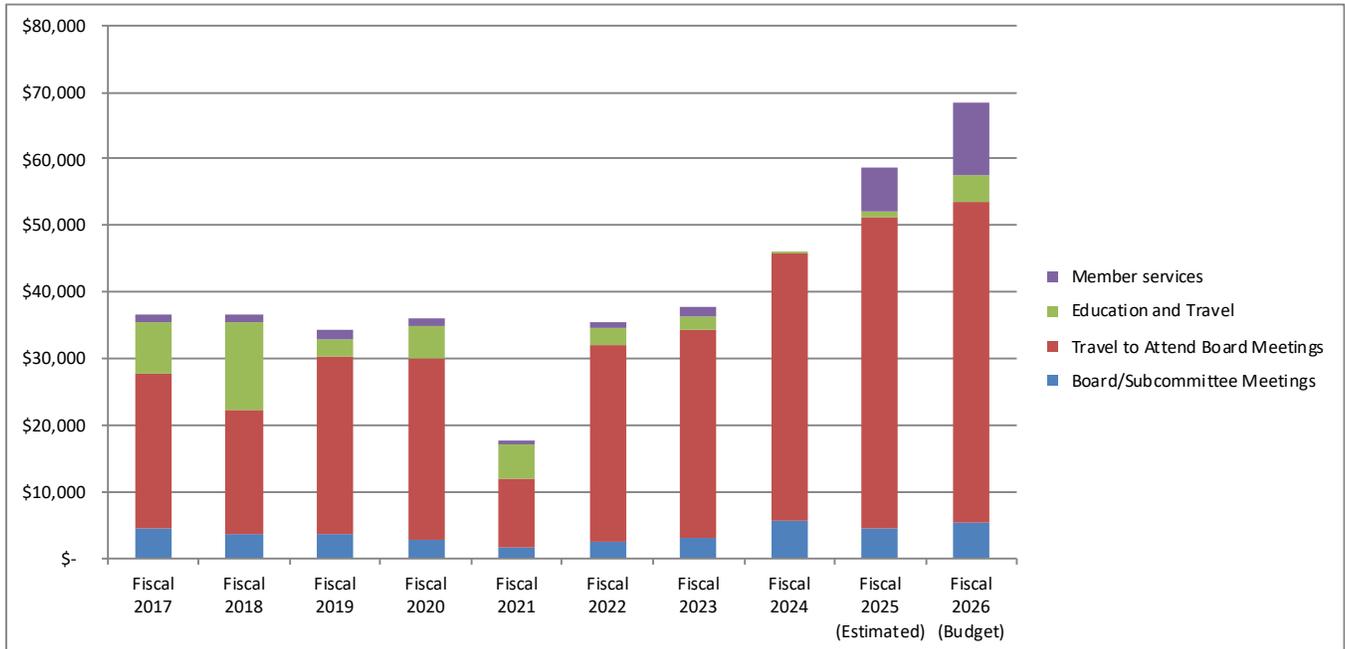
*Investment assets are net of real estate debt.

**Brokerage commissions are netted in the transaction costs and investment assets, therefore not reported as separately as expenses in the STRS Ohio *Annual Comprehensive Financial Report*.

Please note: Fiscal 2025 information is not yet available.

Board Member Expenses

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025 (Estimated)	Fiscal 2026 (Budget)
Total Board Expenses	\$ 36,700	\$ 36,700	\$ 34,300	\$ 36,100	\$ 17,800	\$ 35,500	\$ 37,700	\$ 46,100	\$ 58,700	\$ 68,500
Board/Subcommittee Meetings	\$ 4,500	\$ 3,600	\$ 3,800	\$ 2,800	\$ 1,600	\$ 2,600	\$ 3,200	\$ 5,800	\$ 4,500	\$ 5,500
Travel to Attend Board Meetings	\$ 23,200	\$ 18,700	\$ 26,400	\$ 27,100	\$ 10,500	\$ 29,400	\$ 31,200	\$ 40,100	\$ 46,700	\$ 48,000
Education and Travel	\$ 7,900	\$ 13,200	\$ 2,700	\$ 4,900	\$ 4,900	\$ 2,500	\$ 1,900	\$ 200	\$ 1,000	\$ 4,000
Member services	\$ 1,100	\$ 1,200	\$ 1,400	\$ 1,300	\$ 800	\$ 1,000	\$ 1,400	\$ -	\$ 6,500	\$ 11,000



Staff Training and Travel (Budget to Budget)

	Fiscal 2026	Fiscal 2025	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars and Travel	\$ 90,600	\$ 73,900	\$ 16,700	22.6%
In-House Training	\$ 37,000	\$ 28,100	\$ 8,900	31.7%
#FTE	53	50	3	
Expense per FTE	\$ 2,408	\$ 2,040		

	Fiscal 2026	Fiscal 2025	Increase (Decrease)	% Increase (Decrease)
Finance and Benefits				
Conferences, Seminars and Travel	\$ 46,800	\$ 27,700	\$ 19,100	69.0%
In-House Training	\$ 11,400	\$ 15,900	\$ (4,500)	-28.3%
#FTE	95	94	1	
Expense per FTE	\$ 613	\$ 464		

	Fiscal 2026	Fiscal 2025	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars and Travel	\$ 410,000	\$ 390,000	\$ 20,000	5.1%
In-House Training	\$ -	\$ -	\$ -	#DIV/0!
#FTE	119	115	4	
Expense per FTE	\$ 3,445	\$ 3,391		

	Fiscal 2026	Fiscal 2025	Increase (Decrease)	% Increase (Decrease)
Information Technology/Information Services				
Conferences, Seminars and Travel	\$ 86,500	\$ 57,100	\$ 29,400	51.5%
In-House Training	\$ 80,200	\$ 100,000	\$ (19,800)	-19.8%
#FTE	116	115	1	
Expense per FTE	\$ 1,437	\$ 1,366		

	Fiscal 2026	Fiscal 2025	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars and Travel	\$ 80,300	\$ 73,900	\$ 6,400	8.7%
In-House Training	\$ 1,500	\$ 3,700	\$ (2,200)	-59.5%
#FTE	121	116	5	
Expense per FTE	\$ 676	\$ 669		

Supplementary Statistical Information

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Active Members	178,043	176,367	184,865	186,243	186,247
Inactive Members	161,687	169,664	170,128	177,082	183,960
Benefit Recipient (Age, Disability, Survivor)	156,907	156,921	156,225	156,511	156,594
Re-employed Retirees	19,553	17,734	17,110	16,915	17,139
Total Membership	516,190	520,686	528,328	536,751	543,940
Members Per FTE	1,000	1,037	1,094	1,102	1,172

Please note: Fiscal 2025 information is not yet available. Fiscal 2020 information is included for five-year comparison.

State Teachers Retirement System of Ohio
2026 Budget Presentation Before ORSC

Average Percent Budgeted Change

Budget category	FY 2021-2022 % Change	FY 2022-2023 % Change	FY 2023-2024 % Change	FY 2024-2025 % Change	FY 2025-2026 % Change	Avg. Annual % Change FY 2022-2026
Personnel	1.8%	5.9%	3.7%	2.2%	9.2%	4.6%
Salaries and Wages	1.7%	6.0%	2.9%	2.3%	8.8%	4.3%
OPERS Contributions	1.7%	6.8%	1.0%	3.9%	5.6%	3.8%
Health Insurance	2.8%	4.4%	12.7%	1.1%	15.9%	7.4%
Miscellaneous Expenses	-0.1%	6.0%	3.6%	-2.1%	5.4%	2.6%
Professional Services	6.0%	4.9%	3.3%	6.3%	12.1%	6.5%
Actuarial	60.6%	-18.7%	7.6%	20.3%	30.1%	20.0%
Audit	-8.5%	61.7%	-36.7%	-0.1%	0.2%	3.3%
Custodial Banking Fees	0.0%	13.6%	-18.0%	-5.9%	0.0%	-2.1%
Investment Consulting	4.1%	1.0%	11.0%	5.8%	-0.5%	4.3%
Other Consulting	14.5%	7.7%	10.6%	19.6%	53.9%	21.3%
Banking Expenses	7.5%	7.0%	-26.1%	-45.9%	-86.2%	-28.7%
Communications Expense	-12.1%	5.8%	5.8%	-5.3%	-11.3%	-3.4%
Printing and Postage	-14.7%	2.9%	5.0%	-1.5%	-18.3%	-5.3%
Telecommunications	14.7%	12.8%	9.7%	-12.3%	1.5%	5.3%
Member/Employer Education	-46.6%	25.4%	-0.2%	-31.5%	70.8%	3.6%
Other Operating Expenses	9.1%	-3.6%	-8.5%	1.2%	8.8%	1.4%
Conferences and Education	-6.5%	8.7%	-1.7%	-7.8%	2.6%	-0.9%
Travel	-36.0%	5.7%	-2.8%	1.9%	11.8%	-3.9%
Computer Technology	3.5%	4.4%	-10.8%	0.6%	12.2%	2.0%
Other Operating	2.2%	12.2%	-6.5%	2.1%	0.4%	2.1%
Ohio Retirement Study Council	300.0%	-75.0%	0.0%	8.3%	0.0%	46.7%
TOS Warrant Clearing Charges	0.0%	0.0%	-33.3%	0.0%	-100.0%	-26.7%
Attorney General Charges	0.0%	16.7%	7.1%	20.0%	50.0%	18.8%
Net Building Expense	0.6%	2.4%	5.2%	-3.9%	8.8%	2.6%
Total Operating Budget	2.6%	4.9%	2.8%	2.3%	9.2%	4.4%