



FY2026

ADMINISTRATIVE BUDGET

ACCOMPLISHMENTS IN FY2025



- Initiated the transition of Master Recordkeeper vendor to utilize emerging technologies, improve reporting, consolidate systems, and increase efficiency
- Completed Member fraud protection evaluation to enhance security for member portal
- Continued the expansion of risk management integration into all business processes including fraud prevention and security tools
- Established an oversight committee for artificial intelligence to evaluate AI initiatives
- Completed comprehensive audits of investment compensation and conflicts of interest
- Implemented FAQ bot which allows Members to easily access valuable information on website with less searching
- Completed enhancements to the network and server infrastructure
- Planned and executed several space consolidation and tenant improvement projects to increase leasable space and grow tenant revenue
- Implemented year one of the updated 5-year strategic plan

FY2026 PROPOSED PROJECTS



- Implementation of new security tools to better protect SERS data and systems, which includes a bi-annual penetration test
- Updates and redesign of SERS website to enhance user experience and security
- Member portal improvements to protect against identity theft and fraud
- Continued expansion of information governance project
- Year two implementation of the 5-year strategic plan
- Quinquennial experience study
- Continued investment to modernize the master recordkeeper services

PROPOSED FY2026 DRAFT BUDGET



Comparison of FY2026 proposed to FY2025 budget and FY2025 forecast

	Budget		Forecast
Budget Category	FY2026	FY2025	FY2025
Personnel	\$ 28,396,413	\$ 26,904,494	\$ 27,399,875
Professional Services	\$ 7,044,466	\$ 6,493,858	\$ 6,790,529
Communications	\$ 821,240	\$ 944,448	\$ 867,816
Other Operating Expense	\$ 4,853,745	\$ 4,655,782	\$ 4,119,734
Capital	\$ 13,000	\$ 0	\$ 0
Net Building Occupancy	\$ 1,958,624	\$ 2,234,583	\$ 1,972,279
TOTAL ADMINISTRATIVE BUDGET	\$ 43,087,488	\$ 41,233,165	\$ 41,150,233

FY2026 DRAFT BUDGET DRIVERS



The 4.5% increase in the FY2026 budget over FY2025 is attributed to the following:

- Personnel category increase:
 - Salary adjustments and a performance-based merit pool of 3.9% as recommended by an independent compensation consultant
 - An expected increase in employee health care expenses based on actuarial rates derived from actual plan claims and health care cost trends
 - One new FTE for technology
- Professional Services increase:
 - Change in master recordkeeper vendor creating duplicate fees for a period of time
 - Increase for investment related legal counsel

PROPOSED FY2026 DRAFT BUDGET



Personnel Services: 5.6% ↑

- 65.9% of the Total Budget
- One new position (FTE = 185)
- Performance-based merit pool of 3.9%
- Increase in benefits by 5.1% due to an increase in health care expense

Professional Service: 8.5% ↑

- 16.3% of the Total Budget
 - ↓ Actuarial and Audit fees
 - ↑ Banking and Custodial fees - Change in Master Recordkeeper and Custodial fees increase due to asset values and transaction costs
 - ↑ Investment Special Counsel Consulting and Advisory, Performance Analytics and Investment – Related Technical consulting
 - ↑ Technical Consulting includes safeguarding data\systems, website redesign and annual increase in support costs
 - ↑ Other Professional Services includes federal lobbyist, recruitment of a Chief Audit Officer

PROPOSED FY2026 DRAFT BUDGET



Communications: 13.0% ↓

- 1.9% of the Total Budget
- Printing and Postage:
 - Decrease due to no planned board elections
- Telecommunication - includes web services, hybrid work environment video/audio communication resources
 - Decrease due to favorable contract negotiations for internet services
- Member/Employer Education - includes costs associated with conducting meetings and outreach services

Other Operating: 4.3% ↑

- 11.3% of the Total Budget
- Computer Support Services – includes Hardware and Software Maintenance as well as Software Subscriptions
 - ↑ New software subscriptions:
 - Information security tools
- Conferences, Education and Travel
- Memberships and Subscriptions
 - Increase due to need for Investment research subscription
- Property and Fiduciary Insurance
- Staff Support
- Mandatory ORSC costs
- Reimbursement from OSERS Broad Street, LLC for Leased Services

PROPOSED FY2026 DRAFT BUDGET



Capital: 100% ↑

- 0.03% of the Total Budget
- A replacement of end-of-life digital scanner used for record retention

Net Building Occupancy Expense: 12.3% ↓

- 4.6% of the Total Budget
- ↑ Operating Revenue - includes Suite Lease revenue for tenants and parking
 - Operating Expenses
 - Property Management and Labor
 - Other Administrative Expenses
 - Building Operations and Maintenance (inflation driven)
 - Security
 - Building equipment maintenance
 - Janitorial
 - Utilities & Building/Equipment Insurance
 - Non-Operating Expenses
 - Special Counsel
 - Remodeling – includes anticipated cost for tenant improvements

FIVE-YEAR TECHNOLOGY ROADMAP BUDGET



	FY2023 through FY2027 Plan	FY2023 & FY2024 Actual Spend	FY2025 Forecast	FY2026 Plan	Remaining Roadmap Amount
Total Project Budget	\$8,283,054	\$2,427,026	\$1,371,005	\$1,896,250	\$2,588,773

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

FY2026 Plan includes:

- Fourth year of technology enhancement projects:
 - Evaluate and expand backup and disaster recovery storage capacity
 - Pension administration system enhancements around fraud protection
 - Improve customer and vendor self service capabilities
 - Equipment refresh of technology and conference rooms
 - Network and server infrastructure improvements
 - Evaluate new and current security tools



QUESTIONS?