



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSRUD
Executive Director

KAREN D. ROGGENKAMP
Deputy Executive Director

April 21, 2025

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 FY2026 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 FY2026 SERS' total operating budget increased by 4.5% (\$41,233,165 to \$43,087,488). The significant drivers of this change are a budgeted 3.9% salary merit pool, and salary adjustments based on compensation consultant recommendations to align with current market conditions, a transition to a new Master Recordkeeper vendor, cyclical professional services, and additional security software.

Personnel increase of 5.5% is attributed to an additional full-time employee; salary adjustments and a performance-based merit pool of 3.9% as recommended by our compensation consultant. An increase is also expected in employee health care expenses based on actuarial rates derived from actual plan claims and health care cost trends provided by our actuary.

Professional Services category increase of 8.5% is a result of a change in master recordkeeper vendor which creates provisional transitory duplicate fees, an increase in investment related special counsel fees, cyclical technical resources for security testing and website enhancements, renewed consulting for federal government affairs, and placement fees associated with a new Chief Audit Officer search. Additional notable increases include consulting for an information governance project, leadership development, and an increase in medical prescription consulting.

Communications Expense category decreased by 13%, due to the absence of a board election this fiscal year. Additionally, recent contract negotiations led to savings on telecommunications services.

Other Operating Expense increase of 4.3% is a result of increased costs for software licenses and the expansion of cyber security tools to protect hardware, systems, and data on SERS networks. The expansion of tools will improve SERS posture against fraud, require additional authentication, improve threat monitoring, and manage vulnerabilities.

Capital Expenses include the replacement of an end-of-life digital scanner used for record retention.

SERS will be in the fourth year of the Technology Enhancement Project Budget. The five-year plan will improve digital, mobile, and electronic service delivery for employers and members, add pension administration enhancements, and expand business tools. Projects planned for FY2026 include

RETIREMENT BOARD

MATTHEW A. KING <i>Chair, Employee-Member</i>	CATHERINE P. MOSS <i>Vice-Chair, Retiree-Member</i>	JEANINE ALEXANDER <i>Employee-Member</i>	JEFFREY DELEONE <i>Appointed Member</i>
JAMES H. HALLER <i>Employee-Member</i>	JAMES A. ROSSLER, JR <i>Appointed Member</i>	AIMEE RUSSELL <i>Employee-Member</i>	DANIEL L. WILSON <i>Appointed Member</i>
		FRANK A. WEGLARZ <i>Retiree-Member</i>	

identity and fraud prevention enhancements, improved vendor self service capabilities, disaster recovery evaluation, and network and server infrastructure improvements.

Net Building Occupancy expense budget decreased by 11.8% due to the completion of several building remodeling projects designed to expand tenant income. Market conditions continue to be a challenge, but FY2025 investments in tenant space should result in future reductions in net building expenses. The budget for FY2026 includes the replacement of the chiller towers which are part of the HVAC system.

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

Sincerely,

A handwritten signature in black ink that reads "Richard Stensrud". The signature is written in a cursive, flowing style.

Richard Stensrud
Executive Director

School Employees Retirement System
2026 Budget Presentation Before ORSC

FY2025 to FY2026 Operating Budget and Increase (Decrease)

Budget Category	2026 Budget	2025 Budget	2025 Estimated Actual	Increase/ (Decrease) as %	Average Annual % Change (FY22-FY26)
Personnel	\$ 28,396,413	\$ 26,904,494	\$ 27,299,875	5.5%	5.1%
Salaries and Wages	\$ 21,090,567	\$ 19,925,657	\$ 19,665,932	5.8%	5.8%
PERS Contributions	\$ 2,791,047	\$ 2,683,322	\$ 2,650,213	4.0%	5.3%
Health Insurance	\$ 4,514,799	\$ 4,295,515	\$ 4,983,730	5.1%	2.1%
Miscellaneous Expenses	\$ -	\$ -	\$ -	0.0%	0.0%
Professional Services	\$ 6,985,066	\$ 6,440,168	\$ 6,718,721	8.5%	0.9%
Actuarial	\$ 357,700	\$ 425,500	\$ 447,155	-15.9%	5.3%
Audit	\$ 220,000	\$ 220,000	\$ 207,528	0.0%	-0.4%
Custodial Banking Fees	\$ 1,188,000	\$ 1,020,000	\$ 1,090,784	16.5%	2.1%
Investment Consulting	\$ 2,694,215	\$ 2,530,364	\$ 2,715,592	6.5%	1.5%
Other Consulting	\$ 2,374,551	\$ 2,056,264	\$ 2,117,824	15.5%	1.4%
Banking Expenses	\$ 150,600	\$ 188,040	\$ 139,838	-19.9%	-5.4%
Communications Expense	\$ 821,240	\$ 944,448	\$ 867,816	-13.0%	-3.4%
Printing and Postage	\$ 718,610	\$ 801,150	\$ 772,676	-10.3%	-1.0%
Telecommunications	\$ 90,040	\$ 120,868	\$ 74,091	-25.5%	-12.2%
Member/Employer Education	\$ 12,590	\$ 22,430	\$ 21,049	-43.9%	-8.9%
Other Operating Expenses	\$ 4,913,145	\$ 4,709,472	\$ 4,191,542	4.3%	8.8%
Conferences and Education	\$ 266,409	\$ 257,030	\$ 144,536	3.6%	1.9%
Travel	\$ 231,120	\$ 240,360	\$ 165,130	-3.8%	8.8%
Computer Technology	\$ 3,195,613	\$ 3,003,345	\$ 2,765,014	6.4%	12.1%
Other Operating	\$ 1,091,603	\$ 1,087,047	\$ 983,941	0.4%	3.1%
Ohio Retirement Study Council	\$ 69,000	\$ 68,000	\$ 61,112	1.5%	8.8%
TOS Warrant Clearing Charges	\$ 4,400	\$ 5,340	\$ 2,113	-17.6%	-10.1%
Attorney General Charges	\$ 55,000	\$ 48,350	\$ 69,696	13.8%	7.8%
Net Building Expense	\$ 1,958,624	\$ 2,234,583	\$ 1,973,882	-12.3%	12.9%
Total Operating Budget	\$ 43,074,488	\$ 41,233,165	\$ 41,051,836	4.5%	4.7%
Full-Time Equivalent (FTE) Associates	185	184			

*Please note that SERS reports TOS Warrant Clearing Charges and Attorney General Fees under Professional Services for budget reporting. These have been reported under Other Operating Expenses in compliance with the OSRC approved budget form.

School Employees Retirement System
2026 Budget Presentation Before ORSC

FY2025 to FY2026 Capital Budget

	2026 Budget (does not include carryover from previous years)	2025 Budget	2025 Estimate
Total Capital Budget			
Computer Hardware > \$5,000	\$ 13,000	\$ -	\$ -
Computer Software > \$25,000	\$ -	\$ -	\$ -
Furniture and Equipment > \$5,000	\$ -	\$ -	\$ -

Technology Infrastructure Project

	FY23 to FY27	FY25 Budget	FY25 Estimate	FY26 Budget
Total Project Budget	\$ 8,283,054	\$ 2,298,417	\$ 1,367,210	\$ 1,896,250

School Employees Retirement System
2026 Budget Presentation Before ORSC

Investment Expenses

Net Fiduciary Position Change

	FY 2024 Actual	FY 2023 Actual	Percent Change in Net Fiduciary Position (FY23-FY24) ¹	5-Year Percent Change in Net Fiduciary Position (FY20-FY24) ¹
Total Investment Assets	\$ 19,092,880,107	\$ 17,895,114,604		
Total Internally Managed Assets	\$ 521,668,094	\$ 438,529,436	6.87%	30.99%
Total Externally Managed Assets	\$ 18,571,212,013	\$ 17,456,585,168		

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.

	FY 2024 Actual	FY 2023 Actual	Percent Change (2023 to 2024)
Investment Expenses	\$ 115,519,494	\$ 115,906,614	-0.334%
Internal Investment Expenses	\$ 8,497,575	\$ 7,845,200	8.316%
External Investment Expenses	\$ 107,021,919	\$ 108,061,414	-0.962%

Total Investment Expenses as a % of Total Investment Assets	0.61%	0.65%	
Internal Investment Expenses as % of Internally Managed Assets	1.63%	1.79%	
External Investment Expenses as % of Externally Managed Assets	0.58%	0.62%	

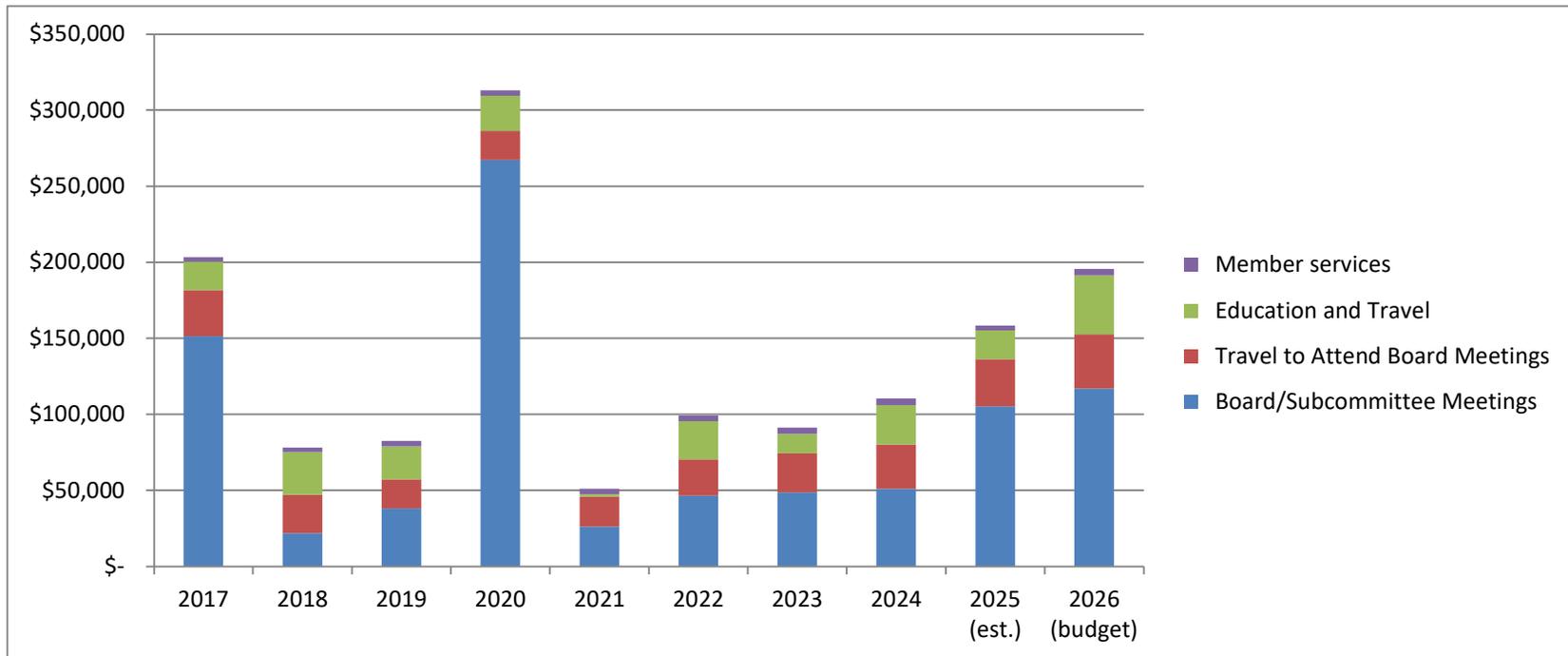
ORSC Requested Supplemental Information			
Investment Consulting ²	\$ 2,376,240.00	\$ 2,550,641.00	-6.838%
Custodian Fees ²	\$ 974,890.00	\$ 1,019,206.00	-4.348%
Brokerage/Commissions-Internal	\$ 8,565.00	-	100%
Brokerage/Commissions-External	\$ 1,191,799.00	\$ 1,173,989.00	1.517%

²Included in "Internal Investment Expenses."

School Employees Retirement System
2026 Budget Presentation Before ORSC

Fiscal Year Board Member Expenses

	2017	2018	2019	2020	2021	2022	2023	2024	2025 (est.)	2026 (budget)
Total Board Expenses	\$ 203,406	\$ 78,112	\$ 82,534	\$ 313,113	\$ 50,974	\$ 99,198	\$ 91,311	\$ 110,368	\$ 158,399	\$ 195,660
Board/Subcommittee Meetings	\$ 151,328	\$ 21,861	\$ 38,065	\$ 267,297	\$ 26,168	\$ 46,437	\$ 48,742	\$ 51,026	\$ 105,133	\$ 117,050
Travel to Attend Board Meetings	\$ 30,363	\$ 25,183	\$ 19,244	\$ 19,021	\$ 19,784	\$ 23,893	\$ 25,617	\$ 29,023	\$ 31,202	\$ 35,580
Education and Travel	\$ 18,675	\$ 28,083	\$ 21,533	\$ 23,093	\$ 1,500	\$ 25,149	\$ 12,774	\$ 26,014	\$ 18,874	\$ 38,720
Member services	\$ 3,040	\$ 2,985	\$ 3,692	\$ 3,702	\$ 3,522	\$ 3,719	\$ 4,178	\$ 4,305	\$ 3,190	\$ 4,310



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

FY2020 includes costs for a consultant to facilitate pension and health care plan design work.

Beginning in FY2023, Board expenses include software to support Board meetings.

The increase in FY2025 includes training for two new board members, as well as, renewal of Board Smart, a training tool for all board members.

The increase in FY2026 includes the cost of an Internal Auditor search and training for new board members.

School Employees Retirement System
2026 Budget Presentation Before ORSC

Staff Training and Travel (Budget to Budget)

Year (current+1) Year (current)

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars & Travel	\$ 50,070	\$ 51,720	\$ (1,650)	-3.2
In-House Training	\$ 24,040	\$ 27,920	\$ (3,880)	-13.9
#FTE	35	35		
Expense per FTE	\$ 2,117	\$ 2,275		

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Finance and Benefits				
Conferences, Seminars & Travel	\$ 38,200	\$ 47,000	\$ (8,800)	-18.7
In-House Training	\$ -	\$ -	\$ -	0
#FTE	25.5	25.5		
Expense per FTE	\$ 1,498	\$ 1,843		

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars & Travel	\$ 85,000	\$ 85,000	\$ -	0
In-House Training	\$ -	\$ -	\$ -	0
#FTE	13	13		
Expense per FTE	\$ 6,538	\$ 6,538		

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Information Technology/Information Services				
Conferences, Seminars & Travel	\$ 153,425	\$ 155,700	\$ (2,275)	-1.5
In-House Training	\$ -	\$ -	\$ -	0
#FTE	45	44		
Expense per FTE	\$ 3,409	\$ 3,539		

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$ 20,200	\$ 21,500	\$ (1,300)	-6.0
In-House Training	\$ -	\$ -	\$ -	0
#FTE	66.5	66.5		
Expense per FTE	\$ 304	\$ 323		

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

School Employees Retirement System
2026 Budget Presentation Before ORSC

Supplementary Statistical Information

	2021	2022	2023	2024	2025
Active Members	146,646	155,063	159,873	163,350	NA
Inactive Members	284,631	282,998	280,693	283,701	NA
Benefit Recipient (Age, Dis., Survivor)	68,518	68,481	68,923	69,319	NA
Re-employed Retirees	12,203	12,670	12,910	13,171	NA
Total Membership	511,998	519,212	522,399	529,541	NA

Members Per FTE	2,829	2,869	2,870	2,894	NA
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