



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 20, 2026

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 FY2027 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 FY2027 SERS' total operating budget increased by 2.4% (\$43,653,264 to \$44,694,490). The significant drivers of this change are a budgeted 4.0% salary merit pool, and salary adjustments based on compensation consultant recommendations to align with current market conditions, system fiduciary performance audit, cyclical professional services, and additional security software offset by completed tenant remodeling.

Personnel category increase of 3.5% is attributed to salary adjustments and a performance-based merit pool of 4.0% 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 which is offset with an increase in employee share of health care premiums. The salary increase is offset by a reduction in sick leave expenses. In compliance with recent updates to GASB accounting requirements, FY26 included a large increase to sick leave expense due to several employees required addition to the accrued sick leave liability.

Professional Services category increase of 4.5% is a result of a fiduciary performance audit planned for FY2027. The previous fiduciary audit was conducted in FY2017. This is offset by the reduction of costs associated with the change in the Master Recordkeeper in FY2026 and a decrease in the ongoing service charges. Due to an update to the fee schedule, a reduction in banking fees is anticipated in FY2027. Additional consulting services planned to support cyber security and business continuity programs are offset by reduction in costs of existing services through contract renewal negotiations.

Communications Expense category increased by 14.4%, due to the inclusion of an active member board election this fiscal year, an increase in inactive member mailings and the rising cost of postage.

Other Operating Expense category increase of 11.0% is a result of increased costs for renewals and purchases of software licenses and support, cloud storage and the continued 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.

RETIREMENT BOARD

JAMES A. ROSSLER, JR.
Chair, Appointed Member

DANIEL L. WILSON
Vice-Chair, Appointed Member

JEANINE ALEXANDER
Employee-Member

JEFFREY DELEONE
Appointed Member

MATTHEW A. KING
Appointed Member

CATHERINE P. MOSS
Retiree-Member

REBEKAH ROE
Employee-Member

AIMEE RUSSELL
Employee-Member

FRANK A. WEGLARZ
Retiree-Member

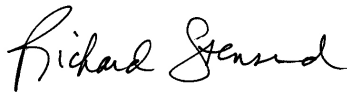
Capital Expenses category include the replacement of a stand-alone postage machine and inline meter.

SERS will be in the fifth 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 FY2027 include enhancements in the pension administration system and portals focused on modernization, security and fraud prevention along with improvements in automation and upgrades in the system framework. Additionally, network and server infrastructure improvements are planned focusing on backup and recovery and security as well as a technology refresh.

Net Building Occupancy category expense decreased by 38.5% primarily due to the completion of several building remodeling projects designed to expand tenant income. The budget includes a service elevator upgrade due to equipment age and parts availability.

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, reading "Richard Stensrud". The signature is fluid and cursive, with the first name "Richard" and last name "Stensrud" clearly legible.

Richard Stensrud
Executive Director

School Employees Retirement System
2027 Budget Presentation Before ORSC

FY2026 to FY2027 Operating Budget and Increase (Decrease)

Budget Category	2027 Budget	2026 Budget	2026 Estimated Actual	Increase/ (Decrease) as %	Average Annual % Change (FY23-FY27)
Personnel	\$ 29,515,714	\$ 28,514,219	\$ 29,316,709	3.5%	4.9%
Salaries and Wages	\$ 21,776,591	\$ 21,172,870	\$ 21,049,506	2.9%	5.3%
PERS Contributions	\$ 2,929,460	\$ 2,791,267	\$ 2,776,110	5.0%	5.3%
Health Insurance	\$ 4,809,663	\$ 4,550,082	\$ 5,491,093	5.7%	3.0%
Miscellaneous Expenses	\$ -	\$ -	\$ -	0.0%	0.0%
Professional Services	\$ 7,297,726	\$ 6,985,066	\$ 6,242,316	4.5%	1.6%
Actuarial	\$ 367,000	\$ 357,700	\$ 403,926	2.6%	4.7%
Audit	\$ 980,000	\$ 220,000	\$ 178,439	345.5%	68.8%
Custodial Banking Fees	\$ 1,080,000	\$ 1,188,000	\$ 1,014,834	-9.1%	-0.1%
Investment Consulting	\$ 2,422,445	\$ 2,694,215	\$ 2,569,666	-10.1%	-0.8%
Other Consulting	\$ 2,306,881	\$ 2,374,551	\$ 1,932,180	-2.8%	0.5%
Banking Expenses	\$ 141,400	\$ 150,600	\$ 143,271	-6.1%	-5.6%
Communications Expense	\$ 939,498	\$ 821,240	\$ 743,956	14.4%	0.2%
Printing and Postage	\$ 840,640	\$ 718,610	\$ 675,135	17.0%	3.3%
Telecommunications	\$ 86,708	\$ 90,040	\$ 59,415	-3.7%	-10.5%
Member/Employer Education	\$ 12,150	\$ 12,590	\$ 9,406	-3.5%	-7.8%
Other Operating Expenses	\$ 5,452,418	\$ 4,913,145	\$ 4,352,587	11.0%	9.2%
Conferences and Education	\$ 257,373	\$ 266,409	\$ 157,771	-3.4%	0.9%
Travel	\$ 246,920	\$ 231,120	\$ 183,338	6.8%	8.4%
Computer Technology	\$ 3,714,458	\$ 3,195,613	\$ 2,876,825	16.2%	12.9%
Other Operating	\$ 1,065,080	\$ 1,091,603	\$ 977,852	-2.4%	2.0%
Ohio Retirement Study Council	\$ 72,000	\$ 69,000	\$ 64,809	4.3%	7.9%
TOS Warrant Clearing Charges	\$ 3,600	\$ 4,400	\$ 1,336	-18.2%	-11.7%
Attorney General Charges	\$ 92,987	\$ 55,000	\$ 90,656	69.1%	20.0%
Net Building Expense	\$ 1,489,134	\$ 2,419,594	\$ 2,083,767	-38.5%	8.0%
Total Operating Budget	\$ 44,694,490	\$ 43,653,264	\$ 42,739,335	2.4%	4.5%
Full-Time Equivalent (FTE) Associates	185	185			

*Please note that SERS reports TOS Warrant Clearing and Attorney General Fees under Professional Services for budget reporting.

These have been reported under Other Operating Expenses in compliance with the ORSC approved budget form.

School Employees Retirement System
2027 Budget Presentation Before ORSC

FY2026 to FY2027 Capital Budget

	2027 Budget (does not include carryover from previous years)	2026 Budget	2026 Estimate
Total Capital Budget			
Computer Hardware > \$5,000	\$ -	\$ 13,000	\$ 7,457
Computer Software > \$25,000	\$ -	\$ -	\$ -
Furniture and Equipment > \$5,000	\$ 30,150	\$ -	\$ -

Technology Infrastructure Project

	FY23 to FY27	FY26 Budget	FY26 Estimate	FY27 Budget
Total Project Budget	\$ 8,283,054	\$ 1,986,250	\$ 1,095,628	\$ 2,475,255

School Employees Retirement System
2027 Budget Presentation Before ORSC

Investment Expenses

Net Fiduciary Position Change

	FY 2025 Actual	FY 2024 Actual	Percent Change in Net Fiduciary Position (FY24-FY25) ¹	5-Year Percent Change in Net Fiduciary Position (FY21-FY25) ¹
Total Investment Assets	\$ 20,733,514,225	\$ 19,092,880,107		
Total Internally Managed Assets	\$ 266,189,106	\$ 521,668,094		
Total Externally Managed Assets	\$ 20,467,325,119	\$ 18,571,212,013	8.00%	14.32%

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.

			Percent Change (2024 to 2025)
Investment Expenses	\$ 117,676,696	\$ 115,519,494	1.87%
Internal Investment Expenses	\$ 9,380,429	\$ 8,497,575	10.39%
External Investment Expenses	\$ 108,296,267	\$ 107,021,919	1.19%

Total Investment Expenses as a % of Total Investment Assets	0.57%	0.61%
Internal Investment Expenses as % of Internally Managed Assets	3.52%	1.63%
External Investment Expenses as % of Externally Managed Assets	0.53%	0.58%

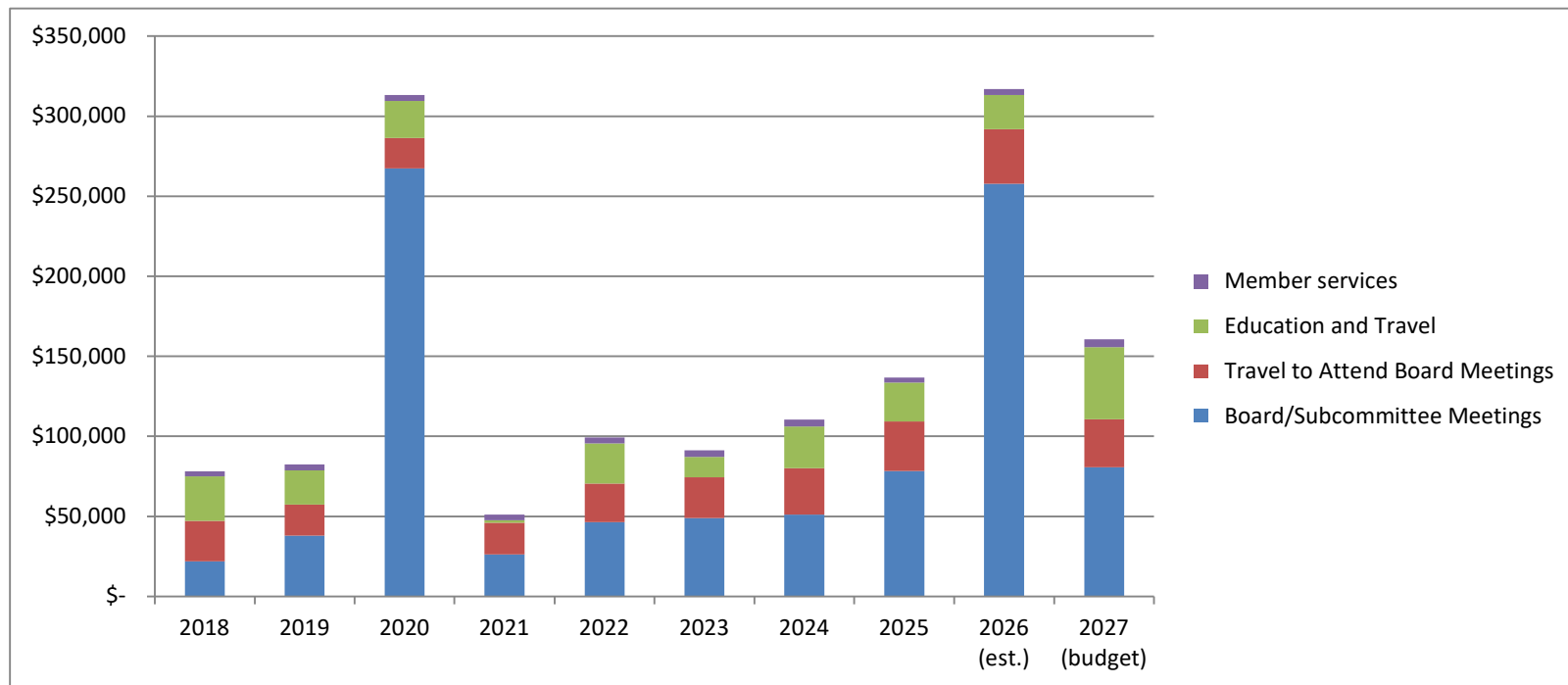
ORSC Requested Supplemental Information			
Investment Consulting ²	\$ 2,599,467	\$ 2,376,240	9.39%
Custodian Fees ²	\$ 1,058,605	\$ 974,890	8.59%
Brokerage/Commissions-Internal	\$ 118,023	\$ 8,565	1277.97%
Brokerage/Commissions-External	\$ 1,307,882	\$ 1,191,799	9.74%

²Included in "Internal Investment Expenses."

School Employees Retirement System
2027 Budget Presentation Before ORSC

Fiscal Year Board Member Expenses

	2018	2019	2020	2021	2022	2023	2024	2025	2026 (est.)	2027 (budget)
Total Board Expenses	\$ 78,112	\$ 82,534	\$ 313,113	\$ 50,974	\$ 99,198	\$ 91,311	\$ 110,368	\$ 136,646	\$ 316,959	\$ 160,549
Board/Subcommittee Meetings	\$ 21,861	\$ 38,065	\$ 267,297	\$ 26,168	\$ 46,437	\$ 48,742	\$ 51,026	\$ 78,199	\$ 257,880	\$ 80,622
Travel to Attend Board Meetings	\$ 25,183	\$ 19,244	\$ 19,021	\$ 19,784	\$ 23,893	\$ 25,617	\$ 29,023	\$ 31,148	\$ 33,977	\$ 30,000
Education and Travel	\$ 28,083	\$ 21,533	\$ 23,093	\$ 1,500	\$ 25,149	\$ 12,774	\$ 26,014	\$ 24,109	\$ 21,337	\$ 45,000
Member services	\$ 2,985	\$ 3,692	\$ 3,702	\$ 3,522	\$ 3,719	\$ 4,178	\$ 4,305	\$ 3,190	\$ 3,765	\$ 4,927



Board expenses include the cost of the Internal Auditor search in FY2020 and FY2025-FY2026, as well as the Executive Director search in FY2026. FY2020 includes costs for a consultant to facilitate pension and health care plan design work. Beginning in FY2023, Board expenses included 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 completion of the Internal Auditor search as well as the Executive Director search.

School Employees Retirement System
2027 Budget Presentation Before ORSC

Staff Training and Travel (Budget to Budget)

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars & Travel	\$ 51,803	\$ 50,070	\$ 1,733	3.5
In-House Training	\$ 21,040	\$ 24,040	\$ (3,000)	-12.5
#FTE	35	35		
Expense per FTE	\$ 2,081	\$ 2,117		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Finance and Benefits				
Conferences, Seminars & Travel	\$ 37,600	\$ 38,200	\$ (600)	-1.6
In-House Training	\$ -	\$ -	\$ -	0
#FTE	25.5	25.5		
Expense per FTE	\$ 1,475	\$ 1,498		

	2027	2026	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		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Information Technology/Information Services				
Conferences, Seminars & Travel	\$ 164,200	\$ 153,425	\$ 10,775	7.0
In-House Training	\$ -	\$ -	\$ -	0
#FTE	45	45		
Expense per FTE	\$ 3,649	\$ 3,409		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$ 22,150	\$ 20,200	\$ 1,950	9.7
In-House Training	\$ -	\$ -	\$ -	0
#FTE	66.5	66.5		
Expense per FTE	\$ 333	\$ 304		

School Employees Retirement System
2027 Budget Presentation Before ORSC

Supplementary Statistical Information and ESG Statement

Statistical Information					
	2022	2023	2024	2025	2026
Active Members	155,063	159,873	163,350	165,280	NA
Inactive Members	282,998	280,693	283,701	284,467	NA
Benefit Recipient (Age, Dis., Survivor)	68,481	68,923	69,319	70,233	NA
Re-employed Retirees	12,670	12,910	13,171	13,094	NA
Total Membership	519,212	522,399	529,541	533,074	NA
Members Per FTE	2,869	2,870	2,894	2,897	NA

Sub. S.B. 6 of the 135th General Assembly (ESG) Statement		
Ohio Revised Code Section (145.11, 742.11, 3307.15, 3309.15, and 5505.06) includes both of the following:		
"The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation."		
"The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation."		
	Yes	No
The board is in compliance with this section:	X	
If no, indicate the reason below:		