Ohio Retirement Study Council

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MEMORANDUM

TO: ORSC Members

FROM: Bethany Rhodes, Director/General Counsel

DATE: June 11, 2026

RE: Proposed Fiscal Year 2027 ORSC Budget

Attached for your review is the proposed budget request for the operation of the Ohio Retirement Study Council (ORSC) for Fiscal Year (FY) 2027 beginning July 1, 2026, and ending June 30, 2027. The budget request for FY 2027 is $1,020,422.00, which is a **1.21% decrease** from the FY 2026 budget. The total budget request of $1,020,422.00 is offset by an estimated ending balance of $243,846.49 from FY 2026; because of this large carryover balance from FY 2026, the systems would be required to pay only $776,575.51. This carryover balance varies annually depending upon the previous fiscal year's meeting activity, General Assembly activity, staff turnover, etc.

The total assets of the five state retirement systems have increased from over $257.4 billion as of January 1, 2025, to over $284.2 billion as of January 1, 2026. This represents a 10.43441% increase in assets over the past year. The proposed FY 2027 ORSC budget represents only 0.0003589% of the systems' combined total assets. Each pension system is statutorily required to pay a percentage of the annual expenses of the ORSC determined by the ratio of its assets to the total assets of all five state pension funds; the ORSC receives **NO** legislative appropriations to fund its operation.

This year's large carryover balance is due, in large part, to the Professional Services line. The ORSC's contracts with its actuary and its investment performance consultant are still providing favorable rates and combined with diligent and prudent leadership from the ORSC members, the ORSC was able to maintain conservative spending within that line.

Line **101 – Personnel** includes 3% cost of living raises granted to the ORSC staff, excluding the Director/General Counsel. There are sufficient funds built in for the same 3% cost of living raise for the Director/General Counsel position; however, this matter is exclusively at the discretion of the ORSC and would require ORSC action prior to implementation.

Also included in this line would be a portion of the additional funds necessary for leave time payouts in the event that any ORSC staff should terminate employment. ORSC staff would recommend, in total, an increase from $410,000 to $422,300.

Line **110 – PERS** is commensurate with Line 101-Personnel.

Line **115 – Insurance** remains unchanged from the previous year. Insurance costs typically increase approximately 7% annually and ORSC staff continue to pay 15% of the total insurance monthly premiums, similar to state employees. However, this past year, the ORSC experienced a 25.51% increase and staff experienced a 25.50% increase. Due to employee plan selection, the costs were able to remain well under the FY 2026 budget; however, ORSC staff would recommend maintaining the same amount in the event of staff changes or "life changes" that would translate into immediate plan selection changes.

Line **120 – Capital Expenses** shows a minimal estimated year-end expense. This line is for more expensive, individual pieces of equipment or furniture. Because ORSC staff have been able to successfully maintain such items, ORSC staff would recommend this line be reduced from $5,000 to $3,000.

Line **125 – ORSC Meetings/Travel** shows estimated year-end expenses of $2,021.20. With the consistent increases in the Internal Revenue Service's mileage rates, ORSC staff would recommend increasing this line to $3,000. This line is what funds mileage and parking reimbursement for the eligible ORSC members. Under Ohio Revised Code §171.02, ORSC members are uncompensated for their service, but are to be "reimbursed for actual and necessary expenses incurred in the performance of their duties."

Line **135 – Office Expenses/Postage** shows year-end expenses of $10,118.33; therefore, ORSC staff would recommend this line remain unchanged at $13,000.

Line **140– Rent & Utilities** shows year-end estimated well under the FY 2026 budgeted amount. However, ORSC staff are not informed of annual rent changes until the end of the 1st quarter of the fiscal year. Therefore, ORSC staff would recommend the line remain unchanged at $62,000.

Line **145 – Professional Services** is the line that funds the ORSC's contracted independent actuary (PTA/KMS/Bolton) and contracted investment consultant (RVK). The expenses in this line are heavily dependent upon the activity of the General Assembly and how many matters require actuarial analysis. In accordance with ORSC policy, legislation is not sent to the actuary for review until it receives a second hearing in its assigned standing committee. However, due to the continued diligence of Chairman Bird and Vice Chairman Romanchuk in working with their colleagues in their respective chambers, the ORSC has been able to achieve a great savings in this line. Therefore, ORSC staff would recommend a reduction in this line from $350,000 to $325,000.

Line **150 – Publications** shows estimated year-end expenses well within the FY 2026 budget. ORSC staff would recommend this line remain unchanged at $15,000.

Line **151 – Organizational Dues** shows year-end estimated expenses within the FY 2026 budget; therefore, ORSC staff would recommend this line remain unchanged.

Line **155 – State Auditor- Audit** estimated year-end expenses were within the projections and ORSC staff would recommend this line remain unchanged at $14,000.

Line **190 – State Treasurer- Bank Fees** covers fees that are associated with contracts entered into between the State Treasurer and the custodial bank. ORSC is not a party to these contracts but is required to pay the fees agreed to by the State Treasurer for custodial banking services. In the past, the ORSC's bank credits that covered the fees were absorbed, leaving the ORSC scrambling to cover the cost of these fees; therefore, ORSC staff would request this line remain unchanged at $500.

The ORSC is required by statute to study all changes in the retirement laws proposed to the General Assembly and report on their probable costs, actuarial implications, and desirability as a matter of public policy (R.C. §171.04(C)).

> The ORSC is required by statute to have prepared for the General Assembly the following reports:
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> - Bi-annual review of the investment performance of the five state pension funds pursuant to R.C. §171.04(D);
> - Annual review of the adequacy of the OP&F contribution rates pursuant to R.C. §742.311;
> - An actuarial audit of the five state pension funds at least once every ten years that is paid for by the audited system pursuant to R.C. §171.04(E);
> - A fiduciary performance audit of each of the state retirement systems at least once every ten years that is paid for by the audited system pursuant to R.C. §171.04(F).

Moreover, the ORSC prepares various ad hoc reports covering a wide range of retirement issues pursuant to requests and serves as a pension information resource both within and outside of Ohio. Ohio Revised Code §171.03(B) provides that the Council may employ or hire on a consulting basis such actuarial, legal, investment, or other technical services required for the performance of its statutory duties.

I thank you for your continued service, and please do not hesitate to contact me with any questions.

THE OHIO RETIREMENT STUDY COUNCIL
FISCAL YEAR 2027 (JULY 1, 2026 – JUNE 30, 2027)
BUDGET REQUEST

EXPENSE CATEGORIES	BUDGET REQUEST FY 2026	ESTIMATED EXPENSES FY 2026	BUDGET REQUEST FY 2027	FY 2026 TO FY 2027% +/-
101- PERSONNEL	$410,000.00	$376,085.68	$422,300.00	3.00%
110- EMPLOYER- PERS	$57,400.00	$52,652.00	$59,122.00	3.00%
115- INSURANCE	$100,000.00	$46,478.15	$100,000.00	0.00%
120- CAPITAL EXPENSES	$5,000.00	$387.71	$3,000.00	-40.00%
125- ORSC MEETINGS/TRAVEL	$2,500.00	$2,021.20	$3,000.00	20.00%
135- OFFICE EXPENSES/POSTAGE	$13,000.00	$10,118.33	$13,000.00	0.00%
140- RENT & UTILITIES	$62,000.00	$57,430.46	$62,000.00	0.00%
145- PROFESSIONAL SERVICES	$350,000.00	$217,413.66	$325,000.00	-7.14%
150- PUBLICATIONS	$15,000.00	$13,760.32	$15,000.00	0.00%
151- ORGANIZATIONAL DUES	$3,500.00	$2,681.00	$3,500.00	0.00%
155- STATE AUDITOR- AUDIT	$14,000.00	$10,025.00	$14,000.00	0.00%
190- STATE TREASURER- BANK FEES	$500.00	$0.00	$500.00	0.00%
TOTAL	**$1,032,900.00**	**$789,053.51**	**$1,020,422.00**	**-1.21%**
YEARLY BUDGET REQUEST:	**$1,032,900.00**		**$1,020,422.00**	**-1.21%**
BALANCE PER FY 2026		**$243,846.49**		
$ AMOUNT DECREASE IN BUDGET REQUEST:			**-$12,478.00**	**-1.21%**
			Total Budget Request for FY 2027:	**$1,020,422.00**
			Minus Estimated Balance for FY 2026:	$243,846.49
			Minus General Journal Adjustments:	**$0.00**
			BUDGET REQUEST FY 2027 FROM ALL FIVE SYSTEMS:	**$776,575.51**

FISCAL YEAR 2027 (July 1, 2026 – June 30, 2027)

FY 2027- Comparison Table- Systems' Proportionate Shares of ORSC Budget

SYSTEM	ASSETS AS OF 1/1/26	% OF BUDGET	FY 2027 TOTAL BUDGET	TOTAL DUE MINUS FY 2026 BALANCES	TOTAL DUE PER QUARTER
PERS	$133,935,612,221.00	47.11357%	$480,757.23	$365,872.45	$91,468.11
STRS	$105,717,569,342.00	37.18751%	$379,469.53	$288,789.09	$72,197.27
SERS	$22,251,679,125.00	7.82732%	$79,871.70	$60,785.05	$15,196.26
OP&F	$21,201,603,620.00	7.45794%	$76,102.46	$57,916.54	$14,479.14
HPRS	$1,175,969,956.00	0.41366%	$4,221.08	$3,212.38	$803.10
TOTAL	$284,282,434,264.00	100.00000%	$1,020,422.00	$776,575.51	$194,143.88

ORSC'S FY 27 Budget is 0.00035894655350122024% of Reported Systems' Total Assets.

INCREASE IN SYSTEMS' TOTAL ASSETS FROM FY 2026: 10.434405620487185% ($26,860,453,617)

ORSC EXPENSE CATEGORIES

EXPENSE CATEGORIES	DISCRIPTION & EXAMPLES
101- PERSONNEL	Net pay; federal, state, city, school district income taxes; Medicare withholdings; PERS employee contribution; Ohio Deferred Compensation
110- EMPLOYER- PERS	Statutorily required employer contribution (14% of individual salary)
115- INSURANCE	Workers' Compensation; health insurance; dental insurance; life insurance
120- CAPITAL EXPENSES	Individual items that cost $500 or more (such as computers, copier, etc.)
125- ORSC MEETINGS/TRAVEL	ORSC Member meeting reimbursements (per R.C. 171.02)
135- OFFICE EXPENSES/POSTAGE	Postage; paper; property insurance; general office supplies
140- RENT& UTILITIES	Rent for Rhodes Tower office space; parking
145- PROFESSIONAL SERVICES	Legislative reports required of ORSC; actuarial services (PTA/KMS) and Investment Performance Reports (RVK)
150- PUBLICATIONS	LexisNexis for Ohio Revised Code; Gongwer; Hannah; Pensions and Investments
151- ORGANIZATIONAL DUES	Ohio Ethics Commission; Joint Legislative Ethics Commission; Supreme Court of Ohio; American Bar Association; Ohio Bar Association; International Foundation of Employee Benefit Plans
155- STATE AUDITOR- AUDITS	Statutorily required audits conducted by State Auditor's office of ORSC
190-STATE TREASURER- BANK FEES	Fees associated with contracts entered into between the State Treasurer and the custodial bank. ORSC is not a party to these contracts but is required to pay the fees agreed to by the State Treasurer.