



# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSRUD  
*Executive Director*

KAREN D. ROGGENKAMP  
*Deputy Executive Director*

April 24, 2023

Bethany Rhodes, Director/General Counsel  
Ohio Retirement Study Council  
30 East Broad Street, 2<sup>nd</sup> Floor  
Columbus, OH 43215

Dear Ms. Rhodes:

In accordance with Section 3309.041 of the Ohio Revised Code, enclosed please find SERS' proposed FY2024 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 FY2024, SERS' total operating budget increased by 3.1% (\$37,632,467 to \$38,801,650). The significant drivers of this change are a budgeted 4.5% merit increase and salary adjustments based on CBIZ recommendations to align with current market conditions along with decreases in professional services, telecommunication services and net building occupancy and an increase in software subscriptions as the organization moves technology needs to a cloud-based environment.

Personnel category increase of 4.5% is attributed to an additional full-time employee; salary adjustments and a performance-based merit increase of 4.5% as recommended by CBIZ. This was offset by a slight decrease of health care expenses based on actuarial rates derived from actual plan claims and health care cost trends supplied by our actuary.

Professional Services category decrease of 1.6% includes ongoing operational resources such as actuarial services, banking costs, technical services associated with operational needs and member and health care support, and lower investment related expenses due to a reduction in master recordkeeper fees and contracted services with investment manager. The net decrease is mainly due to the completion of an actuarial audit in FY2023 offset by increased costs for technology support and enterprise risk mitigation.

Communications Expense category is relatively flat with a slight increase of 0.4% due to an increase in postage cost and paper supplies that includes costs of two board elections which is offset by the savings from the decommissioning of the business continuity site and other telecommunication costs as well as savings from the expansion of virtual member meetings and conferences.

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## RETIREMENT BOARD

JEFFREY DELEONE  
*Chair, Appointed-Member*

FRANK A. WEGLARZ  
*Vice-Chair, Retiree-Member*

HUGH GARSIDE, JR  
*Employee-Member*

JAMES H. HALLER  
*Employee-Member*

MATTHEW A. KING  
*Employee-Member*

CATHERINE P. MOSS  
*Retiree-Member*

BARBRA M. PHILLIPS  
*Employee-Member*

JAMES A. ROSSLER, JR  
*Appointed Member*

DANIEL L. WILSON  
*Appointed Member*

Other Operating Expense increase of 12.8% is a result of increased costs of software licenses that includes expanding existing subscription for an operational due diligence automation tool and an account reconciliation tool, cyclical equipment upgrades and support, and cyber security tools to protect hardware, systems, and data on SERS networks. SERS completed the transition of Disaster Recovery as a Service with cloud storage for daily data backups and business continuity services as well as planned completion of unified communications and contact center as a cloud service. This service model type becomes an on-going software subscription cost. SERS continues to see higher insurance policy rates and expects this to continue in FY2024. The increase in training is for organizational wide project management training that focuses on developing flexibility, adaptability, and collaboration among staff.

There are no planned Capital expenses in FY2024.

SERS will be in the second year of the Technology Enhancement Project Budget. This five-year plan will improve digital, mobile, and electronic service delivery for employers and members, add pension administration enhancements, and expand business tools. Planned for FY2024 includes replacement of the general ledger and accounting system from an on-premise solution to a cloud-based Software as a Service solution, continued network and server infrastructure improvements, expanded security, and enhancements to SERS Member and Retiree Tracking System.

Net Building Occupancy Expense budget is decreased by 18.5% due to an increase in tenant rental income from FY2023. Tenant income from leases and parking help offset overall building expenses. SERS is aggressively marketing the vacant space, expanding the amenities, adjusting parking garage rates, and reviewing building expenses to potentially mitigate some of the increase. Leasehold improvements and remodeling expenses have been scaled back but the budget includes expenses for continued work on floor lighting control panel upgrades.

I look forward to reviewing the draft budget with you and answering any questions that you 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  
2024 ORSC Budget Presentation

**FY2023 to FY2024 Operating Budget and Increase (Decrease)**

Budget category	2024 Budget	2023 Budget	2023 Estimated Actual	2022-2023 Increase (Decrease)	Percent Change (2023 to 2024)
<b>Personnel</b>	\$ 25,499,232	\$ 24,392,195	\$ 23,500,586	\$ 1,107,037	4.5
Salaries and Wages	\$ 18,877,639	\$ 17,783,788	\$ 17,857,222	\$ 1,093,851	6.2
PERS Contributions	\$ 2,530,310	\$ 2,389,275	\$ 2,371,205	\$ 141,035	5.9
Health Insurance	\$ 4,091,283	\$ 4,219,132	\$ 3,272,159	\$ (127,849)	-3.0
Miscellaneous Expenses	\$ -	\$ -	\$ -	\$ -	0
<b>Professional Services</b>	\$ 6,396,305	\$ 6,502,883	\$ 5,773,965	\$ (106,578)	-1.6
Actuarial	\$ 292,500	\$ 421,008	\$ 382,439	\$ (128,508)	-30.5
Audit	\$ 234,000	\$ 244,000	\$ 190,971	\$ (10,000)	-4.1
Custodial Banking Fees	\$ 1,068,000	\$ 1,073,544	\$ 1,016,562	\$ (5,544)	-0.5
Master Recordkeeper	\$ 1,056,000	\$ 1,116,000	\$ 1,010,276	\$ (60,000)	-5.4
Investment Consulting	\$ 1,409,349	\$ 1,548,622	\$ 1,423,511	\$ (139,273)	-9.0
Other Consulting	\$ 2,141,516	\$ 1,904,787	\$ 1,574,097	\$ 236,729	12.4
Banking Expenses	\$ 194,940	\$ 194,922	\$ 176,109	\$ 18	0.0
<b>Communications Expense</b>	\$ 1,015,710	\$ 1,011,873	\$ 1,018,294	\$ 3,837	0.4
Printing and Postage	\$ 807,752	\$ 729,669	\$ 754,064	\$ 78,083	10.7
Telecommunications	\$ 196,208	\$ 264,184	\$ 253,774	\$ (67,976)	-25.7
Member/Employer Education	\$ 11,750	\$ 18,020	\$ 10,456	\$ (6,270)	-34.8
<b>Other Operating Expenses</b>	\$ 4,412,442	\$ 3,912,379	\$ 3,681,508	\$ 500,063	12.8
Conferences and Education	\$ 272,086	\$ 230,451	\$ 149,956	\$ 41,635	18.1
Travel	\$ 228,602	\$ 209,234	\$ 163,321	\$ 19,368	9.3
Computer Technology	\$ 2,737,127	\$ 2,343,770	\$ 2,268,250	\$ 393,357	16.8
Other Operating	\$ 1,126,227	\$ 1,076,924	\$ 1,051,594	\$ 49,303	4.6
Ohio Retirement Study Council	\$ 48,400	\$ 52,000	\$ 48,387	\$ (3,600)	-6.9
<b>Net Building Expense</b>	\$ 1,477,961	\$ 1,813,137	\$ 1,390,873	\$ (335,176)	-18.5
<b>Total Operating Budget</b>	\$ 38,801,650	\$ 37,632,467	\$ 35,365,226	\$ 1,169,183	3.1
<b>Full-Time Equivalent (FTE) Associates</b>	183	182			

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**FY2023 to FY2024 Capital Budget**

	2024 Budget (includes carryover from previous years)	2023 Budget	2023 Estimate
<b>Total Capital Budget</b>	\$ -	\$ 54,109	\$ 54,109
Computer Hardware > \$5,000	\$ -	\$ 54,109	\$ 54,109
Computer Software > \$25,000	\$ -	\$ -	\$ -

**Technology Infrastructure Project**

	FY23 to FY27	FY23 Budget	FY23 Estimate	FY24 Budget
<b>Total Project Budget</b>	\$ 8,283,054	\$ 2,615,100	\$ 1,398,492	\$ 2,985,291

**Investment Expenses**

	FY 2022 Actual	FY 2021 Actual	Percent Change (2021 to 2022)
<b>Total Investment Assets</b>	\$ 17,227,747,213	\$ 18,147,988,143	-5.071%
Total Internally Managed Assets	458,638,560	611,279,230	-24.971%
Total Externally Managed Assets	16,769,108,653	17,536,708,913	-4.377%
<b>Total Investment Expenses</b>	\$ 112,661,530	\$ 101,460,922	11.039%
Total Internal Investment Expenses	4,110,643	3,171,580	29.609%
Total External Investment Expenses	103,130,407	93,244,536	10.602%
Investment Consulting	2,689,015	2,714,244	-0.930%
Brokerage/Commissions-Internal		-	0.00%
Brokerage/Commissions-External	1,636,879	1,449,238	12.948%
Custodian Fees	1,094,586	881,324	24.198%

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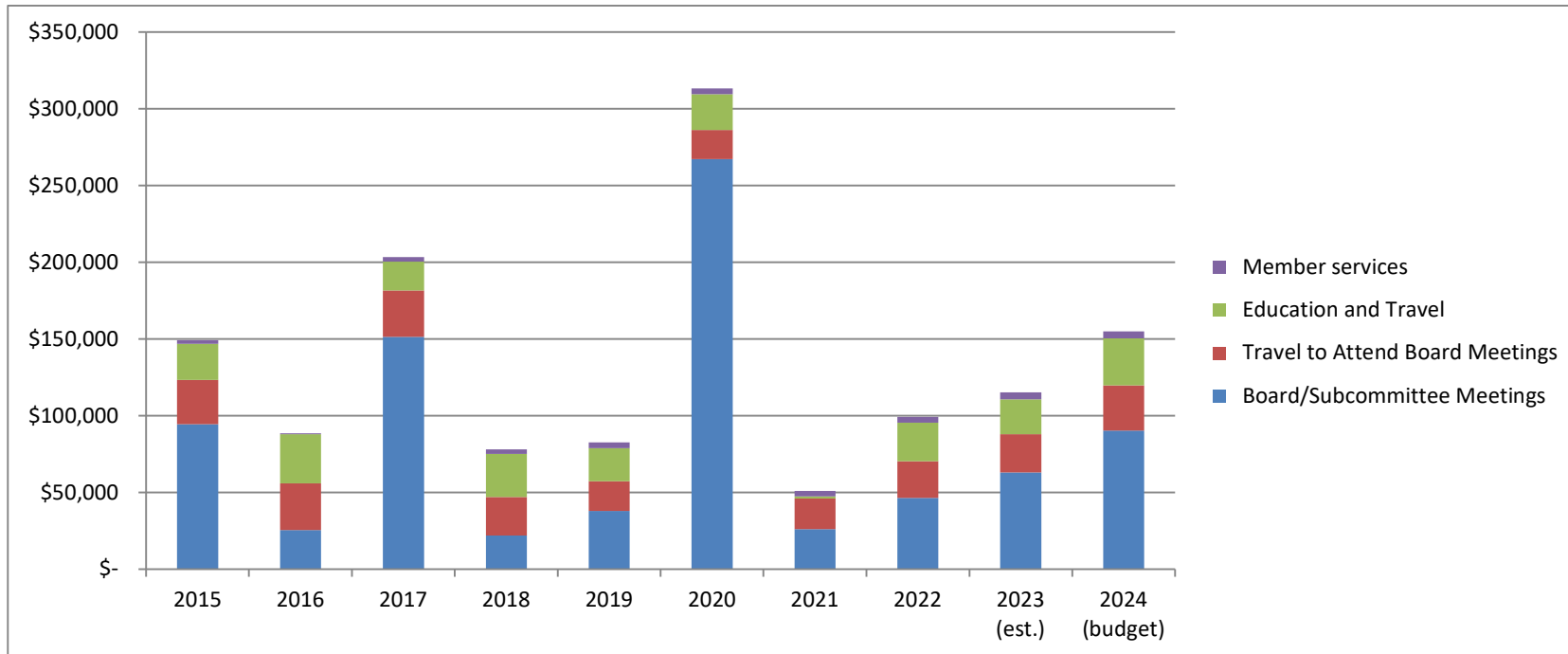
Total Investment Expenses as a % of Total Investment Assets	0.632%	0.559%	13.058%
Expenses as % of Internally Managed*	0.896%	0.519%	72.692%
Expenses as % of Externally Managed*	0.625%	0.540%	15.697%

\*Excludes Investment Consulting and Custodian Fees

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**Fiscal Year Board Member Expenses**

	2015	2016	2017	2018	2019	2020	2021	2022	2023 (est.)	2024 (budget)
<b>Total Board Expenses</b>	<b>\$ 149,339</b>	<b>\$ 88,590</b>	<b>\$ 203,406</b>	<b>\$ 78,112</b>	<b>\$ 82,534</b>	<b>\$ 313,113</b>	<b>\$ 50,974</b>	<b>\$ 99,198</b>	<b>\$ 115,366</b>	<b>\$ 154,786</b>
Board/Subcommittee Meetings	\$ 94,442	\$ 25,459	\$ 151,328	\$ 21,861	\$ 38,065	\$ 267,297	\$ 26,168	\$ 46,437	\$ 63,017	\$ 90,288
Travel to Attend Board Meetings	\$ 28,863	\$ 30,279	\$ 30,363	\$ 25,183	\$ 19,244	\$ 19,021	\$ 19,784	\$ 23,893	\$ 24,903	\$ 29,508
Education and Travel	\$ 23,573	\$ 32,192	\$ 18,675	\$ 28,083	\$ 21,533	\$ 23,093	\$ 1,500	\$ 25,149	\$ 22,728	\$ 30,650
Member services	\$ 2,461	\$ 660	\$ 3,040	\$ 2,985	\$ 3,692	\$ 3,702	\$ 3,522	\$ 3,719	\$ 4,718	\$ 4,340



Board Expenses include the cost of the Internal Auditor search in FY2015 and FY2020 as well as an Executive Director search in FY2017.

SERS Board hired a consultant to facilitate an evaluation of SERS plan design and to help strengthen the future sustainability and adaptability of the System. The expenses associated with the Pension and Health Care Sustainability initiative occur beginning in FY2019 and are on-going

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

Increase in FY2024 includes training for a new board member as well as a renewal of Board Smart, a training tool for all board members.

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## Staff Training and Travel (Budget to Budget)

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Executive</b>				
Conferences, Seminars & Travel	\$ 35,204	\$ 35,016	\$ 188	0.5
In-House Training	\$ -	\$ -	\$ -	
#FTE	10	10	0	0
Expense per FTE	\$ 3,520	\$ 3,502	\$ 19	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Investments</b>				
Conferences, Seminars & Travel	\$ 85,000	\$ 69,000	\$ 16,000	23.2
In-House Training	\$ -	\$ -	\$ -	
#FTE	13	12	1	
Expense per FTE	\$ 6,538	\$ 5,750	\$ 788	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Legal &amp; Communication</b>				
Conferences, Seminars & Travel	\$ 14,820	\$ 15,670	\$ (850)	-5.4
In-House Training	\$ -	\$ -	\$ -	
#FTE	16	16		
Expense per FTE	\$ 926	\$ 979	\$ (53)	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Finance *</b>				
Conferences, Seminars & Travel	\$ 50,524	\$ 45,516	\$ 5,008	11.0
In-House Training	\$ -	\$ -	\$ -	
#FTE	25.5	25.5		
Expense per FTE	\$ 1,981	\$ 1,785	\$ 196	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Information Technology</b>				
Conferences, Seminars & Travel	\$ 175,446	\$ 139,946	\$ 35,500	25.4
In-House Training	\$ -	\$ -	\$ -	
#FTE	38	38		
Expense per FTE	\$ 4,617	\$ 3,683	\$ 934	

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	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Member Services</b>				
Conferences, Seminars & Travel	\$ 5,016	\$ 5,016	\$ -	0
In-House Training	\$ -	\$ -		
#FTE	51.5	51.5		
Expense per FTE	\$ 97	\$ 97	\$ -	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Health Care</b>				
Conferences, Seminars & Travel	\$ 16,512	\$ 16,656	\$ (144)	-0.9
In-House Training	\$ -			
#FTE	15	15		
Expense per FTE	\$ 1,101	\$ 1,110	\$ (10)	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Administrative Services</b>				
Conferences, Seminars & Travel	\$ 10,012	\$ 7,512	\$ 2,500	33.3
In-House Training	\$ -			
#FTE	10	10		
Expense per FTE	\$ 1,001	\$ 751	\$ 250	

	2024	2023	Increase (Decrease)	% Increase (Decrease)
<b>Human Resources **</b>				
Conferences, Seminars & Travel	\$ 4,500	\$ 4,500	\$ -	0
In-House Training	\$ 17,896	\$ 15,895	\$ 2,001	12.6
#FTE	4	4		
Expense per FTE	\$ 5,599	\$ 5,099	\$ 500	

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

\*\* The Human Resources In-House Training is system-wide employee training across all departments.



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**Supplementary Statistical Information**

	2019	2020	2021	2022	2023
Active Members	159,363	156,579	146,646	155,063	NA
Inactive Members	265,785	265,068	284,631	282,998	NA
Benefit Recipient (Age, Dis., Survivor)	67,767	67,864	68,518	68,481	NA
Re-employed Retirees	13,257	12,987	12,203	12,670	NA
<b>Total Membership</b>	506,172	502,498	511,998	519,212	NA
<b>Members Per FTE</b>	2,797	2,776	2,893	2,869	NA