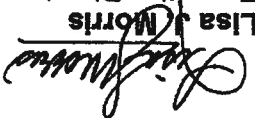


RETIREMENT BOARD

MARY ANN HOWELL <i>Retiree Member</i>	CATHERINE P. MOSS <i>Retiree Member</i>	JAMES A. ROSSLER, JR. <i>Appointed Member</i>	RICHARD W. SENSENBRENNER <i>Appointed Member</i>
BARBRA M. PHILLIPS <i>Chair</i>	MADONNA D. FARAGHER <i>Vice-Chair</i>	MARK E. ANDERSON <i>Employee Member</i>	NANCY D. EDWARDS <i>Appointed Member</i>

Attachment


Lisa J. Morris
 Executive Director

Sincerely,

In accordance with RC Section 3309.041, attached please find SERS' proposed
 FY 2012 operating budget. Please let me know if I can assist you with any additional
 information.

Dear Mr. Hutras,

Aristotle Hutras, Director
 Ohio Retirement Study Council
 88 East Broad St., Suite 1175
 Columbus, Ohio 43215

April 13, 2011

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
 300 EAST BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746 • 614-222-5853
 Toll-Free 1-866-280-7377 • www.ohsers.org



LISA J. MORRIS
 Executive Director
 HELEN M. NINOS
 Deputy Executive Director

**School Employees Retirement System
 FY2012 Draft Budget
 Compared to FY2011 Approved Budget**

Budget Category	FY2012 Draft Budget	FY2011 Approved Budget	Increase (Decrease)	Budgeted % Change
Personnel	\$ 15,846,642	\$ 15,280,480	\$ 566,162	3.7
Salaries and Wages	12,142,078	11,673,764	468,314	4.0
OPERS Retirement Contributions	1,683,262	1,622,386	60,876	3.8
Insurance	1,784,835	1,758,768	26,067	1.5
Miscellaneous Personnel Expenses	236,467	225,562	10,905	4.8
Professional Services, including Investment Costs	\$ 7,190,109	\$ 8,963,515	\$ (1,773,406)	(19.8)
Actuarial	175,450	274,450	(99,000)	(36.1)
Audit	161,000	141,000	20,000	14.2
Custodial Banking Fees	1,211,184	2,235,809	(1,024,625)	(45.8)
Master Record Keeper	1,124,388	1,190,493	(66,105)	(5.6)
Investment Consulting	2,038,297	2,313,682	(275,385)	(11.9)
Other Consulting (IT, HR, Legal, Medical)	2,332,833	2,663,326	(330,493)	(12.4)
Banking Expense	146,957	144,755	2,202	1.5
Communications Expense	\$ 1,214,645	\$ 1,243,145	\$ (28,500)	(2.3)
Printing & Postage	999,925	1,006,465	(6,540)	(0.6)
Telephone	116,720	138,150	(21,430)	(15.5)
Member/Employer Education	98,000	98,530	(530)	(0.5)
Other Operating Expense	\$ 2,239,431	\$ 2,189,611	\$ 49,820	2.3
Conferences & Education	291,476	257,683	33,793	13.1
Travel	366,243	372,320	(6,077)	(1.6)
Computer Technology	730,808	730,971	(163)	(0.0)
Other Operating Expenses (Insurance, Maintenance, Memberships, Supplies)	787,104	765,787	21,317	2.8
Mandatory Costs (ORSC and TOS Warrant Charges)	63,800	62,850	950	1.5
Net Building Occupancy Expense	\$ 1,286,920	\$ 1,382,767	\$ (95,847)	(6.9)
Operating Budget	\$ 27,777,747	\$ 29,059,518	\$ (1,281,771)	(4.4)
Capital, including Operating Capital of OSERS Broad Street	\$ 229,000	\$ 152,500	\$ 76,500	50.2
Total Operating and Capital Budgets	\$ 28,006,747	\$ 29,212,018	\$ (1,205,271)	(4.1)
Two-Year Member File Imaging Project Capital Budget (FY 2011-2012)	\$ 1,854,176	\$ 1,624,126	\$ 230,050	14.2
FY2012 Operating Expense	1,854,176	1,480,126	374,050	25.3
FY2012 Capital Expense	-	144,000	(144,000)	(100.0)

**School Employees Retirement System
 FY2011-FY2012 Draft Capital Budgets**

Budget Category	FY2012 Draft Budget	FY2011 Approved Budget	Increase (Decrease)	Budgeted % Change
Furniture and Equipment > \$5,000	\$ -	\$ -	-	0.0
Computer Hardware > \$5,000	199,000	152,500	46,500	30.5
Software > \$25,000	30,000	-	30,000	0.0
Vehicles	-	-	-	0.0
Facility Equipment	-	-	-	0.0
Capital	\$ 229,000	\$ 152,500	\$ 76,500	50.2

**School Employees Retirement System
 FY2008-FY2010 Investment Expense Comparison
 in ORSC Presentation Format**

Major Category	FY2010 Actual	FY2009 Actual	FY2008 Actual
Internally Managed Total	\$ 149,443,016	\$ 172,367,859	\$ 119,321,340
Externally Managed Total	\$ 8,468,723,797	\$ 9,341,608,702	\$ 11,139,779,548
Gross Investment Assets Under Management	\$ 8,618,166,813	\$ 9,513,976,561	\$ 11,259,100,888
Administrative Costs of Investment Function	\$ 2,629,384	\$ 2,672,882	\$ 2,540,097
Investment-Related Professional Services	\$ 5,311,782	\$ 5,329,615	\$ 5,611,805
Brokerage Fees	\$ 5,265,371	\$ 5,613,204	\$ 6,876,053
External Investment Management Fees	\$ 67,273,916	\$ 57,700,425	\$ 68,141,555
Total Investment Expenses	\$ 80,480,453	\$ 71,316,126	\$ 83,169,510
<i>Total Investment Expenses as a % of Total Investment Assets</i>	<i>0.934%</i>	<i>0.633%</i>	<i>0.769%</i>

**School Employees Retirement System
FY2010-2012 Board Expenses**

Board Expense Category	Description	FY2012 % of total	FY2011 % of total	FY2010 % of total	FY11-FY12 Budget Increase (Decrease) %	Budgeted Change %
Board / Subcommittee Meetings and Board Attendance at Member Meetings, including Travel to Meetings Total		\$ 52,408 33%	\$ 60,550 39%	\$ 40,704 33%	\$ (8,142) -13%	
	In-house Training-Board	\$ 6,500	\$ 8,500	\$ 8,079	\$ (2,000)	
	Travel-Board (to In-State Meetings)	\$ 45,908	\$ 52,050	\$ 32,625	\$ (6,142)	
Out of State Education and Travel Total		\$ 67,565 42%	\$ 64,630 41%	\$ 58,851 48%	\$ 2,935 5%	
	Seminars & Conferences-Board	\$ 34,565	\$ 28,930	\$ 29,678	\$ 5,635	
	Travel-Board (Out of State)	\$ 33,000	\$ 35,700	\$ 29,173	\$ (2,700)	
Other Board Expenses		\$ 39,388 25%	\$ 30,900 20%	\$ 23,395 19%	\$ 8,488 27%	
	Board members' telephone and supplies	\$ 840	\$ 900	\$ 766	\$ (60)	
	Reimbursement to School Boards for Board Members' Salaries	\$ 38,548	\$ 30,000	\$ 22,629	\$ 8,548	
Total Board Expenses		\$ 159,361 100%	\$ 156,080 100%	\$ 122,950 100%	\$ 3,281 2%	

School Employees Retirement System FY2010-FY2012 Staff Travel

Dept	Type of Travel	FY2012 Draft Budget	FY2011 Budget	FY2010 Actual	Budgeted % Change
Executive	# FTES	22,440	19,140	15,775	17
Executive	Travel Expense per FTE	\$ 1,548	\$ 1,418	\$ 1,262	9
Investments	# FTES	182,300	169,110	92,926	8
Investments	Travel Expense per FTE	\$ 13,021	\$ 12,079	\$ 6,638	8
Finance	# FTES	31,050	29,300	21,882	6
Finance	Travel Expense per FTE	\$ 1,242	\$ 1,127	\$ 842	10
Information Technology	# FTES	33,600	45,100	18,002	(25)
Information Technology	Travel Expense per FTE	\$ 1,050	\$ 1,409	\$ 581	(25)
Member Services	# FTES	2,400	1,100	1,859	118
Member Services	Travel Expense per FTE	\$ 50	\$ 23	\$ 40	114
Health Care	# FTES	7,545	11,020	3,782	(32)
Health Care	Travel Expense per FTE	\$ 559	\$ 760	\$ 280	(26)
Administrative Services	# FTES	8,000	9,800	5,725	(18)
Administrative Services	Travel Expense per FTE	\$ 281	\$ 344	\$ 216	(18)
Total SERS Staff	# FTES	287,335	284,570	159,951	1
Total SERS Staff	Travel Expense per FTE	\$ 1,637	\$ 1,621	\$ 938	1

School Employees Retirement System FY2010-FY2012 Staff Training (Conference Registration, Seminar Fees and In-House)

Dept	Type of Training	FY2012 Draft Budget	FY2011 Budget	FY2010 Actual	Budgeted % Change
Executive	Conferences & Seminars	\$ 15,455	\$ 15,444	\$ 10,798	0
	In-House Training	\$ -	\$ -	\$ -	0
	# FTEs	14.5	13.5	12.5	7
	Training Expense per FTE	\$ 1,066	\$ 1,144	\$ 864	(7)
Investments	Conferences & Seminars	\$ 24,301	\$ 21,301	\$ 10,873	14
	In-House Training	\$ -	\$ -	\$ -	0
	# FTEs	14.0	14.0	14.0	0
	Training Expense per FTE	\$ 1,736	\$ 1,522	\$ 777	14
Finance	Conferences & Seminars	\$ 26,640	\$ 27,240	\$ 12,287	(2)
	In-House Training	\$ -	\$ -	\$ -	0
	# FTEs	25.0	26.0	26.0	(4)
	Training Expense per FTE	\$ 1,066	\$ 1,048	\$ 473	2
Information Technology	Conferences & Seminars	\$ 93,815	\$ 85,035	\$ 42,506	10
	In-House Training	\$ 30,000	\$ 10,000	\$ -	200
	# FTEs	32.0	32.0	31.0	0
	Training Expense per FTE	\$ 3,088	\$ 2,657	\$ 1,371	16
Member Services	Conferences & Seminars	\$ 6,540	\$ 6,640	\$ 2,925	(2)
	In-House Training	\$ -	\$ -	\$ -	0
	# FTEs	48.0	47.0	47.0	2
	Training Expense per FTE	\$ 136	\$ 141	\$ 62	(4)
Health Care	Conferences & Seminars	\$ 9,045	\$ 10,325	\$ 3,624	(12)
	In-House Training	\$ -	\$ -	\$ -	0
	# FTEs	13.5	14.5	13.5	(7)
	Training Expense per FTE	\$ 670	\$ 712	\$ 268	(6)

SERS is making a concerted effort to provide job-related skills development for every employee. SERS will continue to utilize local training providers wherever possible for professional development and certifications. Budgeted local seminars and conferences include: the Ohio State University's MAPS series and CPE courses for our CPAs, CFAs, attorneys, and Human Resources and Information Technology certificants. All out-of-town seminars are assigned to specific individuals and must be considered essential to attain (or retain) certifications or critical for SERS operations. SERS also provides organizational wide In-house training facilitated by both the Human Resources and Information Technology department.

Dept	Type of Training	FY2011 Draft Budget	FY2010 Budget	FY2009 Actual	Budgeted % Change
Administrative Services / Print Shop	Conferences & Seminars	\$ 44,615	\$ 44,268	\$ 19,816	1
	In-House Training	\$ 25,715	\$ 22,168	\$ 19,816	16
	# FTEs	28.5	28.5	26.5	0
	Training Expense per FTE	\$ 902	\$ 778	\$ 748	16
Total SERS Staff	Conferences & Seminars	\$ 250,411	\$ 220,253	\$ 102,829	14
	In-House Training	\$ 201,511	\$ 188,153	\$ 102,829	7
	# FTEs	175.5	175.5	170.5	52
	Training Expense per FTE	\$ 1,427	\$ 1,255	\$ 603	14