



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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JAMES R. WINFREE
Executive Director

LISA J. MORRIS
Deputy Executive Director

April 14, 2009

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

^{A215}
Dear Mr. Hutras,

In accordance with RC Section 3309.041, attached please find SERS' proposed FY 2010 operating budget. Please let me know if I can assist you with any additional information.

Sincerely,

James R. Winfree
Executive Director

JRW:lj
Attachment

RETIREMENT BOARD

CATHERINE P. MOSS
Chair

JAMES A. ROSSLER, JR.
Vice-Chair

MARK E. ANDERSON
Employee Member

MADONNA D. FARAGHER
Employee Member

MARY ANN HOWELL
Retiree Member

HARRY J. LEHMAN
Appointed Member

BARBARA E. OVERHOLSER
Employee Member

BARBRA M. PHILLIPS
Employee Member

RICHARD W. SENSENBRENNER
Appointed Member

**School Employees Retirement System
FY2010 Draft Budget
Compared to FY2009 Approved Budget**

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D Board Budget

#00 Employees

Budget Category	FY2010 Draft Budget	FY2009 Approved Budget	Increase (Decrease)	Budgeted % Change
Personnel	\$ 15,531,295	\$ 15,096,589	\$ 434,706	2.9
Salaries and Wages	11,905,654	11,580,672	324,982	2.8
OPERS Retirement Contributions	1,640,865	1,564,659	76,206	4.9
Insurance	1,730,451	1,751,121	(20,670)	(1.2)
Miscellaneous Personnel Expenses	254,325	200,137	54,188	27.1
Professional Services, including Investment Costs	\$ 8,557,783	\$ 9,431,172	\$ (873,389)	(9.3)
Actuarial	241,900	213,000	28,900	13.6
Audit	101,000	196,000	(95,000)	(48.5)
Custodial Banking Fees	1,726,568	1,882,520	(155,952)	(8.3)
Master Record Keeper	959,157	1,226,158	(267,001)	(21.8)
Investment Consulting	2,453,389	2,397,580	55,809	2.3
Other Consulting (IT, HR, Legal, Medical)*	2,925,213	3,372,384	(447,171)	(13.3)
Banking Expense	150,556	143,530	7,026	4.9
Communications Expense	\$ 1,287,925	\$ 1,460,051	\$ (172,126)	(11.8)
Printing & Postage	1,031,625	1,245,581	(213,956)	(17.2)
Telephone	159,000	164,520	(5,520)	(3.4)
Member/Employer Education	97,300	49,950	47,350	94.8
Other Operating Expense	\$ 2,362,423	\$ 2,607,816	\$ (245,393)	(9.4)
Conferences & Education	314,243	423,472	(109,229)	(25.8)
Travel	363,657	423,120	(59,463)	(14.1)
Computer Technology	810,813	818,336	(7,523)	(0.9)
Other Operating Expenses (Insurance, Maintenance, Memberships, Supplies)	799,710	862,488	(62,778)	(7.3)
Mandatory Costs (ORSC and TOS Warrant Charges)	74,000	80,400	(6,400)	(8.0)
Net Building Occupancy Expense	\$ 792,795	\$ 856,281	\$ (63,486)	(7.4)
Operating Budget	\$ 28,532,221	\$ 29,451,909	\$ (919,688)	(3.1)
Capital, including Operating Capital of OSERS Broad Street	\$ 102,000	\$ 387,000	\$ (285,000)	(73.6)
Total Operating and Capital Budgets	\$ 28,634,221	\$ 29,838,909	\$ (1,204,688)	(4.0)

Note:

* The approved FY2009 budget was reduced by \$259,720 to reflect a reclassification of technical consulting expenses to retiree health care expenses. This reduction is reflected in the above figures.

**School Employees Retirement System
FY2009-2010 Capital Budgets**

Budget Category	FY2010 Draft Budget	FY2009 Approved Budget	Increase (Decrease)	Budgeted % Change
Furniture and Equipment > \$5,000	\$ 7,000	\$ 114,000	(107,000)	(93.9)
Computer Hardware > \$5,000	70,000	163,000	(93,000)	(57.1)
Software > \$25,000	-	110,000	(110,000)	(100.0)
Vehicles	25,000	-	25,000	100.0
Facility Equipment	-	-	-	0.0
Capital	\$ 102,000	\$ 387,000	\$ (285,000)	(73.6)

**School Employees Retirement System
 FY2006-2008 Investment Expense Comparison
 in ORSC Presentation Format**

Major Category	FY2008 Actual (Average Assets Under Mgmt)	FY2007 Actual (Average Assets Under Mgmt)	FY2006 Actual (Average Assets Under Mgmt)
Internally Managed Total	\$ 119,321,340	\$ 84,414,049	\$ 79,048,523
Externally Managed Total	\$ 11,139,779,548	\$ 10,736,232,451	\$ 9,387,928,185
Gross Investment Assets Under Management	<u>\$ 11,259,100,888</u>	<u>\$ 10,820,646,500</u>	<u>\$ 9,466,976,708</u>

Major Category	FY2008 Actual	FY2007 Actual	FY2006 Actual
Administrative Costs of Investment Function	\$ 2,540,097	\$ 2,226,589	\$ 1,820,590
Investment-Related Professional Services	\$ 5,611,805	\$ 5,391,182	\$ 4,629,352
Brokerage Fees	\$ 6,876,053	\$ 5,533,702	\$ 5,334,484
External Investment Management Fees	\$ 68,141,555	\$ 49,774,841	\$ 42,716,472
Total Investment Expenses	<u>\$ 83,169,510</u>	<u>\$ 62,926,314</u>	<u>\$ 54,500,898</u>

Total Investment Expenses as a % of Total Investment Assets	0.739%	0.582%	0.576%
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**School Employees Retirement System
FY2008-2010 Board Expenditures**

Board Expense Category	Description	FY2010 Budget	% of Total	FY2009 Budget	% of Total	FY2008 Actual	% of Total	FY09-FY10 Budget Increase (Decrease)	Budgeted % Change
Attendance at Member Meetings, including Travel to Meetings Total									
	In-House Training-Board	\$ 3,500	36%	\$ 4,500	44%	\$ 1,289	26%	\$ (1,000)	1
	Travel-Board (to In-State Meetings)	\$ 49,777		\$ 48,125		\$ 27,549		\$ 1,652	
Out-of-State Education and Travel Total									
	Seminars & Conferences-Board	\$ 35,675	49%	\$ 15,450	36%	\$ 29,920	57%	\$ 20,225	73
	Travel-Board (Out-of-State)	\$ 37,800		\$ 27,000		\$ 33,846		\$ 10,800	
Other Board Expenses									
	Board Members' Telephone and Supplies	\$ 2,160	15%	\$ 1,500	20%	\$ 1,848	17%	\$ 660	(3)
	Reimbursement to School Boards for Board Members' Salaries	\$ 21,000		\$ 22,400		\$ 17,608		\$ (1,400)	
Total Board Expenditures		\$ 149,912	100%	\$ 118,975	100%	\$ 112,060	100%	\$ 30,937	26

**School Employees Retirement System
FY08-10 Staff Travel**

Dept	Type of Travel	FY2010 Budget	FY2009 Budget	FY2008 Actual	Budgeted % Change
Executive		\$ 12,460	\$ 28,510	\$ 23,769	(56)
	# FTES	14.0	14.5	14.5	(3)
	Travel Expense per FTE	\$ 890	\$ 1,966	\$ 1,639	(55)
Investments		\$ 177,820	\$ 187,935	\$ 130,124	(5)
	# FTES	15.0	16.5	13.0	(9)
	Travel Expense per FTE	\$ 11,855	\$ 11,390	\$ 10,010	4
Finance		\$ 29,700	\$ 41,050	\$ 34,669	(28)
	# FTES	27.0	21.0	19.0	29
	Travel Expense per FTE	\$ 1,100	\$ 1,955	\$ 1,825	(44)
Information Technology		\$ 33,000	\$ 51,300	\$ 43,794	(36)
	# FTES	32.5	32.5	32.0	0
	Travel Expense per FTE	\$ 1,015	\$ 1,578	\$ 1,369	(36)
Member Services		\$ 1,100	\$ 3,000	\$ 2,359	(63)
	# FTES	46.5	52.5	52.0	(11)
	Travel Expense per FTE	\$ 24	\$ 57	\$ 45	(59)
Health Care		\$ 9,900	\$ 11,600	\$ 3,695	(15)
	# FTES	14.5	13.5	13.5	7
	Travel Expense per FTE	\$ 683	\$ 859	\$ 274	(21)
Administrative Services		\$ 12,100	\$ 24,600	\$ 17,253	(51)
	# FTES	26.0	25.0	25.0	4
	Travel Expense per FTE	\$ 465	\$ 984	\$ 690	(53)
Total SERS Staff		\$ 276,080	\$ 347,995	\$ 255,663	(21)
	# FTES	175.5	175.5	169.0	0
	Travel Expense per FTE	\$ 1,573	\$ 1,983	\$ 1,513	(21)

School Employees Retirement System
FY08-10 Staff Training (Conference Registration and In-House)

Dept	Type of Training	FY2010 Budget	FY2009 Budget	FY2008 Actual	Budgeted % Change
Executive		\$ 8,199	\$ 36,701	\$ 16,235	(78)
	Conferences & Seminars	\$ 8,199	\$ 32,581	\$ 14,946	(75)
	In-House Training	\$ -	\$ 4,120	\$ 1,289	(100)
	# FTES	14.0	14.5	14.5	(3)
	Training Expense per FTE	\$ 586	\$ 2,531	\$ 1,120	(77)
Investments		\$ 18,334	\$ 32,452	\$ 16,263	(44)
	Conferences & Seminars	\$ 18,334	\$ 32,452	\$ 16,263	(44)
	In-House Training	\$ -	\$ -	\$ -	0
	# FTES	15.0	16.5	13.0	(9)
	Training Expense per FTE	\$ 1,222	\$ 1,967	\$ 1,251	(38)
Finance		\$ 22,067	\$ 40,923	\$ 20,061	(46)
	Conferences & Seminars	\$ 22,067	\$ 39,423	\$ 20,061	(44)
	In-House Training	\$ -	\$ 1,500	\$ -	(100)
	# FTES	27.0	21.0	19.0	29
	Training Expense per FTE	\$ 817	\$ 1,949	\$ 1,056	(58)
Information Technology		\$ 120,828	\$ 162,775	\$ 138,081	(26)
	Conferences & Seminars	\$ 80,828	\$ 112,775	\$ 98,833	(28)
	In-House Training	\$ 40,000	\$ 50,000	\$ 39,248	(20)
	# FTES	32.5	32.5	32.0	0
	Training Expense per FTE	\$ 3,718	\$ 5,008	\$ 4,315	(26)
Member Services		\$ 4,000	\$ 14,621	\$ 5,540	(73)
	Conferences & Seminars	\$ 4,000	\$ 14,621	\$ 5,540	(73)
	In-House Training	\$ -	\$ -	\$ -	0
	# FTES	46.5	52.5	52.0	(11)
	Training Expense per FTE	\$ 86	\$ 278	\$ 107	(69)
Health Care		\$ 8,795	\$ 11,440	\$ 6,057	(23)
	Conferences & Seminars	\$ 8,795	\$ 11,440	\$ 6,057	(23)
	In-House Training	\$ -	\$ -	\$ -	0
	# FTES	14.5	13.5	13.5	7
	Training Expense per FTE	\$ 607	\$ 847	\$ 449	(28)

Dept	Type of Training	FY2010 Budget	FY2009 Budget	FY2008 Actual	Budgeted % Change
Administrative Services / Print Shop		\$ 92,845	\$ 104,610	\$ 85,008	(11)
	Conferences & Seminars	\$ 24,845	\$ 34,110	\$ 27,703	(27)
	In-House Training	\$ 68,000	\$ 70,500	\$ 57,305	(4)
	# FTES	26.0	25.0	25.0	4
	Training Expense per FTE	\$ 3,571	\$ 4,184	\$ 3,400	(15)
Total SERS Staff		\$ 275,068	\$ 403,522	\$ 287,245	(32)
	Conferences & Seminars	\$ 167,068	\$ 277,402	\$ 189,403	(40)
	In-House Training	\$ 108,000	\$ 126,120	\$ 97,842	(14)
	# FTES	175.5	175.5	169.0	0
	Training Expense per FTE	\$ 1,567	\$ 2,299	\$ 1,700	(32)

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 are critical for SERS operations.