



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 EAST BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

LISA J. MORRIS
Executive Director

HELEN M. NINOS
Deputy Executive Director

April 22, 2016

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

Dear Ms. Rhodes:

Bethany

In accordance with Section 3309.041 of the Ohio Revised Code, enclosed please find SERS' proposed FY2017 operating budget.

The proposed operating budget has a 2.1% increase from the current year budget. In FY2017, SERS will be significantly expanding its computer technology-related support for the new member and retiree benefits system's transition and integration.

Please let me know if I can assist you with any additional information. I can be reached at (614) 222-5801.

Sincerely,

Lisa J. Morris
Executive Director

Enclosures

RETIREMENT BOARD

CATHERINE P. MOSS <i>Chair, Retiree-Member</i>	BARBRA M. PHILLIPS <i>Vice-Chair, Employee-Member</i>	VACANT <i>Employee-Member</i>	NANCY D. EDWARDS <i>Appointed Member</i>	
MADONNA D. FARAGHER <i>Employee-Member</i>	CHRISTINE D. HOLLAND <i>Employee-Member</i>	JAMES A. ROSSLER, JR <i>Appointed Member</i>	DANIEL L. WILSON <i>Appointed Member</i>	BEVERLY A. WOOLRIDGE <i>Retiree-Member</i>

**School Employees Retirement System
FY2017 Draft Budget
Compared to FY2016 Approved Budget**

Budget Category	FY2017 Draft Budget	FY2016 Approved Budget	FY2016 Estimated	Increase (Decrease)	Budgeted % Change
Personnel	\$ 20,395,726	\$ 19,611,537	\$ 18,620,090	\$ 784,189	4.0
Salaries and Wages	15,319,537	14,753,822	14,371,964	565,715	3.8
OPERS Retirement Contributions	2,112,952	2,035,831	1,958,359	77,121	3.8
Insurance	2,963,237	2,821,884	2,289,767	141,353	5.0
Professional Services, including Investment Costs	\$ 6,209,938	\$ 6,097,942	\$ 5,178,714	\$ 111,996	1.8
Actuarial	341,000	397,400	305,317	(56,400)	(14.2)
Audit	1,025,010	403,000	476,266	622,010	154.3
Custodial Banking Fees	770,080	707,376	524,683	62,704	8.9
Master Record Keeper	1,050,000	1,425,294	1,175,265	(375,294)	(26.3)
Investment Consulting	1,707,373	1,706,367	1,691,424	1,006	0.1
Other Consulting	1,146,485	1,294,695	835,295	(148,210)	(11.4)
Banking Expense	169,990	163,810	170,464	6,180	3.8
Communications Expense	\$ 1,167,115	\$ 1,174,626	\$ 1,003,251	\$ (7,511)	(0.6)
Printing & Postage	894,875	899,550	775,452	(4,675)	(0.5)
Telecommunications Services	174,960	176,576	164,687	(1,616)	(0.9)
Member/Employer Education	97,280	98,500	63,112	(1,220)	(1.2)
Other Operating Expense	\$ 3,514,837	\$ 3,443,180	\$ 2,892,016	\$ 71,657	2.1
Conferences & Education	397,528	445,597	253,399	(48,069)	(10.8)
Travel	310,974	326,716	219,337	(15,742)	(4.8)
Computer Technology	1,742,708	1,621,213	1,426,289	121,495	7.5
Other Operating	1,025,927	998,398	957,369	27,529	2.8
Ohio Retirement Study Council	37,700	51,256	35,622	(13,556)	(26.4)
Net Building Occupancy Expense	\$ 1,898,924	\$ 2,163,807	\$ 1,454,504	\$ (264,883)	(12.2)
Total Operating Budget	\$ 33,186,540	\$ 32,491,092	\$ 29,148,575	\$ 695,448	2.1
Capital	\$ 585,000	\$ 64,000	\$ 56,960	\$ 521,000	814.1
Furniture and Equipment > \$5,000	50,000	48,000	51,153	2,000	4.2
Computer Hardware > \$5,000	535,000	16,000	5,807	519,000	3,243.8
Computer Software > \$25,000	-	-	-	-	0.0

SMART Project Capital Budget *

Expense through FY2015	\$ 20,358,878
FY2016 Projected Expense	1,976,740
FY2017 Projected Expense	6,857,241
	<u>\$ 29,192,859</u>

* Total SMART (SERS Member and Retiree Tracking) Project Budget is \$29,192,859.
This system will be replacing the current Member and Retiree computer benefits system.

	FY2017 Draft Budget	FY2016 Approved Budget
Total SERS Staff		
# of Full-time equivalents (FTES)	181	181

**School Employees Retirement System
FY2013-FY2015 Investment Expense Comparison**

Major Category	FY2015 Year-End Investment Assets	FY2014 Year-End Investment Assets	FY2013 Year-End Investment Assets
Internally Managed Total	\$ 404,346,123	\$ 321,071,177	\$ 144,219,375
Externally Managed Total	\$ 12,529,530,846	\$ 12,546,361,173	\$ 11,241,379,016
Gross Investment Assets Under Management	<u>\$ 12,933,876,969</u>	<u>\$ 12,867,432,350</u>	<u>\$ 11,385,598,391</u>

Major Category	FY2015 Actual Investment Assets	FY2014 Actual Investment Expenses	FY2013 Actual Investment Expenses
Administrative Costs of Investment Function	\$ 3,833,051	\$ 3,315,755	\$ 3,377,845
Investment-Related Professional Services	\$ 3,714,253	\$ 3,497,130	\$ 3,638,934
Investment Advisors	1,467,759	1,293,745	1,470,769
Custody Service	713,209	739,549	867,389
Master Record Keeper	1,395,994	1,353,325	1,186,661
Technical Support	137,291	110,511	114,115
Brokerage Fees	\$ 3,858,988	\$ 3,395,916	\$ 3,948,854
External Investment Management Fees	\$ 77,339,585	\$ 79,533,409	\$ 81,178,662
Total Investment Expenses	<u>\$ 88,745,877</u>	<u>\$ 89,742,210</u>	<u>\$ 92,144,295</u>

Total Investment Expenses as a Percent of Total Investment Assets	0.686%	0.697%	0.809%
--	---------------	---------------	---------------

Gross Investment Assets Under Management and Total Investment Expenses agree to SERS' CAFR publications.

**School Employees Retirement System of Ohio
10-year Trend of Retirement Board Expense Budgets**

	<u>2008</u> <u>Budget</u>	<u>2009</u> <u>Budget</u>	<u>2010</u> <u>Budget</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>2013</u> <u>Budget</u>	<u>2014</u> <u>Budget</u>	<u>2015</u> <u>Budget</u>	<u>2016</u> <u>Budget</u>	<u>2017</u> <u>Budget</u>
Board & Committee meetings/School Board Reimbursement	\$ 35,375	\$ 35,975	\$ 36,975	\$ 44,040	\$ 50,293	\$ 61,785	\$ 45,895	\$ 40,473	\$ 29,459	\$ 29,459
Board travel to attend Board meetings	36,721	36,050	35,602	38,550	34,643	36,586	34,572	30,497	31,862	30,930
Board education and travel	46,350	46,950	76,975	73,130	74,065	75,834	53,500	60,500	50,550	58,650
Board meetings with constituency groups / dues and subscriptions	-	-	360	360	360	1,076	1,256	2,305	2,350	2,790
Board Travel Expenses	\$ 118,446	\$ 118,975	\$ 149,912	\$ 156,080	\$ 159,361	\$ 175,281	\$ 135,223	\$ 133,775	\$ 114,221	\$ 121,829

