

April 19, 2024

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
88 E. Broad St., Suite 1175
Columbus, OH 43215



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

275 East Broad Street
Columbus, OH 43215-3771
614-227-4090
www.strsoh.org

Dear Ms. Rhodes:

In accordance with Section 3307.041, Revised Code, STRS Ohio is submitting its proposed fiscal 2025 budgets. The attached information is composed of the following:

- Page 1 is a statement of planned operating expenditures, including comparisons to the fiscal 2024 budget.
- Page 2 is a statement of capital expenditures, including comparisons to the fiscal 2024 budget and summary of investment assets and related management costs for fiscal 2023 including comparisons to fiscal 2022.
- Page 3 is a schedule of retirement board-related expenses for the last 10 years and a 10-year trend chart.
- Page 4 is a summary of staff training and travel expenses, including comparisons to the fiscal 2024 budget.
- Page 5 is supplementary statistical information for fiscal years 2019–2023.

The proposed Total Operating Budget for fiscal year 2025 reflects a modest increase of 2.3% from the current year budget. Within Personnel, 14 positions have been eliminated, down from 504 full-time equivalent associates (FTE's) in fiscal 2024 to 490 FTE's in 2025. The decrease in positions was primarily due to the child care center closure and not replacing open positions. Salary and Wages is increasing 2.3% from the current year budget and includes 3% for merit-based pay increases compared to the national average of 3.85%. Health Insurance is relatively flat in the proposed budget, due to good plan experience.

Within Professional Services, Investment Consulting reflects increased Bloomberg data usage with the implementation of the new cloud-based investment portfolio system. Offsetting this increase are lower investment consulting fees as a result of favorable request for proposal negotiations in late fiscal 2023. Custodial Banking Fees and Banking Expense reflect lower fees due to higher earnings credit. Other Consulting includes increases for an evaluation of total fund risk models and custodian master recordkeeping services and higher health care consultant costs. Communications Expense and Net Building Expense are both decreasing in the proposed budget, down by 5.3% and 3.9%, respectively.

The proposed Total Capital Budget is \$8.5 million in fiscal 2025 compared to \$8.3 million in fiscal 2024. The capital budget provides financial support for major planned initiatives and includes IT computer equipment, capitalized software and qualified subscription costs, building improvements and building maintenance. Planned IT-related expenditures comprise the bulk of the capital budget and include the next phase of enhancements to the cloud-based investment portfolio system, replacement of the financial management and accounting system with a cloud-based solution, replacement of the Member Services call center hardware, pension administration system changes and IT security improvements. Most of the significant building improvements have been completed, but planned facility costs include replacement of the building security access control system and server engines for the building automation.

Overall, the proposed budgets continue to provide the resources required to serve Ohio's public educators, pay timely and accurate benefits, provide quality member services, successfully manage investment assets and ensure we meet all fiduciary responsibilities and legal requirements. Additionally, the proposed budgets comply with all Retirement Board policies and demonstrate to members that STRS Ohio is managing operating and capital expenditures prudently.

These proposed fiscal year 2025 budgets were provided to the Retirement Board this month to review. Please feel free to contact me if you want additional information.

Sincerely,

A handwritten signature in black ink that reads "Lynn A. Hoover". The signature is written in a cursive, flowing style.

Lynn A. Hoover
Acting Executive Director

State Teachers Retirement System of Ohio
2025 ORSC Budget Presentation

FY2024 to FY2025 Operating Budget and Increases (Decreases)

Budget Category	Fiscal 2025 Budget	Fiscal 2024 Budget	Fiscal 2024 Estimated Actual	Increase (Decrease)	FY2024 to FY2025
Personnel	\$ 91,690,100	\$ 89,683,200	\$ 87,889,100	\$ 2,006,900	2.2%
Salaries and Wages	70,922,300	69,361,200	68,374,300	1,561,100	2.3%
OPERS Contributions	9,561,900	9,200,600	9,193,700	361,300	3.9%
Health Insurance	10,047,600	9,937,700	9,187,600	109,900	1.1%
Miscellaneous Expenses	1,158,300	1,183,700	1,133,500	(25,400)	-2.1%
Professional Services	\$ 13,599,000	\$ 12,792,500	\$ 11,253,800	\$ 806,500	6.3%
Actuarial	365,000	303,500	323,000	61,500	20.3%
Audit	168,300	168,500	150,900	(200)	-0.1%
Custodial Banking Fees	1,930,000	2,050,000	1,565,600	(120,000)	-5.9%
Investment Consulting	7,977,400	7,537,500	6,920,700	439,900	5.8%
Other Consulting	3,066,300	2,563,000	2,293,600	503,300	19.6%
Banking Expenses	92,000	170,000	-	(78,000)	-45.9%
Communications Expense	\$ 1,996,400	\$ 2,107,800	\$ 1,912,600	\$ (111,400)	-5.3%
Printing and Postage	1,510,100	1,533,500	1,465,100	(23,400)	-1.5%
Telecommunications	423,600	482,800	415,300	(59,200)	-12.3%
Member/Employer Education	62,700	91,500	32,200	(28,800)	-31.5%
Other Operating Expenses	\$ 8,568,500	\$ 8,470,400	\$ 8,091,800	\$ 98,100	1.2%
Conferences and Education	319,800	346,800	208,400	(27,000)	-7.8%
Travel	574,800	564,100	413,200	10,700	1.9%
Computer Technology	5,146,700	5,115,200	5,163,600	31,500	0.6%
Other Operating	2,110,200	2,067,300	1,909,400	42,900	2.1%
Ohio Retirement Study Council	325,000	300,000	315,300	25,000	8.3%
Treasurer of State Warrant Clearing Charges	2,000	2,000	1,200	-	0.0%
Attorney General Charges	90,000	75,000	80,700	15,000	20.0%
Net Building Expense	\$ 2,455,900	\$ 2,556,000	\$ 2,345,300	\$ (100,100)	-3.9%
Total Operating Budget	\$ 118,309,900	\$ 115,609,900	\$ 111,492,600	\$ 2,700,000	2.3%
Full-Time Equivalent (FTE) Associates	490	504			

State Teachers Retirement System of Ohio
2025 ORSC Budget Presentation

FY2024 to FY2025 Capital Budget

	Fiscal 2025 Budget (Does not include carryover from previous years)	Fiscal 2024 Budget (Does not include carryover from previous years)	Fiscal 2024 Estimate Projected Actual (Does not include carryover from previous years)
Total Capital Budget	\$ 8,477,900	\$ 8,333,500	\$ 6,970,100
Building Improvements	255,000	350,000	317,100
Building Maintenance Equipment	1,024,300	690,100	507,400
Infrastructure and Upgrades	7,198,600	7,263,400	6,145,600
General Capital	-	30,000	-

Investment Expenses

	Fiscal 2023 Actual	Fiscal 2022 Actual	Percent Change FY2022 to FY2023
Total Investment Assets*	\$ 90,381,379,000	\$ 86,662,369,000	4.3%
Total Internally Managed Assets	60,288,959,306	57,756,293,619	4.4%
Total Externally Managed Assets	30,092,419,694	28,906,075,381	4.1%
Total Investment Expenses	\$ 316,209,272	\$ 318,162,467	-0.6%
Total Internal Investment Expenses	41,975,431	42,145,061	-0.4%
Total External Investment Expenses	256,152,752	254,770,393	0.5%
Investment Consulting	836,130	856,765	-2.4%
Brokerage/Commissions - Internal**	10,578,610	12,622,992	-16.2%
Brokerage/Commissions - External**	5,130,188	5,627,854	-8.8%
Custodian Fees	1,536,161	2,139,402	-28.2%
Total Investment Expenses as a Percent of Total Investment Assets	0.35%	0.37%	-4.7%
Internal Expenses as % of Internally Managed***	0.07%	0.08%	-5.9%
External Expenses as % of Externally Managed***	0.85%	0.88%	-3.4%

*Investment assets are net of real estate debt.

**Brokerage commissions are netted in the transaction costs and investment assets, therefore not reported as expenses in the STRS Ohio *Annual Comprehensive Financial Report*.

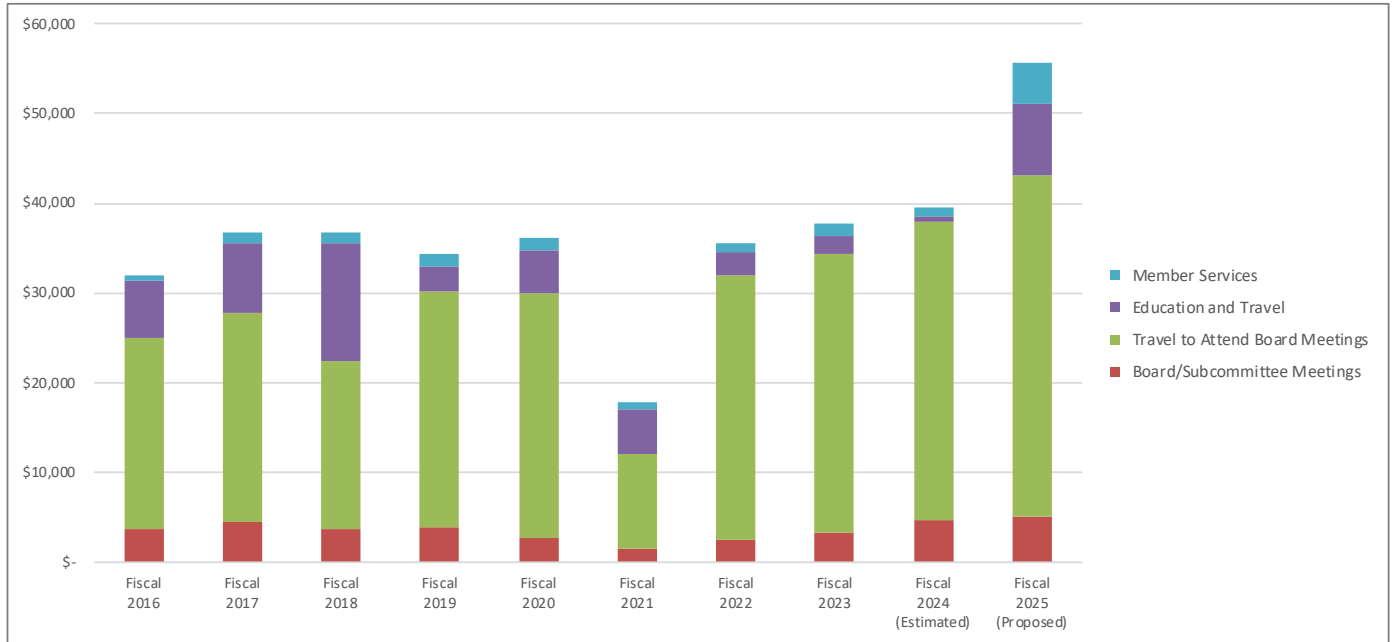
***Internal and External management fees as a percentage of internal and external managed assets, respectively.

Please note: Fiscal 2024 information is not yet available.

State Teachers Retirement System of Ohio
2025 ORSC Budget Presentation

Board Member Expenses

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024 (Estimated)	Fiscal 2025 (Proposed)
Total Board Expenses	\$ 32,000	\$ 36,700	\$ 36,700	\$ 34,300	\$ 36,100	\$ 17,800	\$ 35,500	\$ 37,700	\$ 39,600	\$ 55,600
Board/Subcommittee Meetings	\$ 3,700	\$ 4,500	\$ 3,600	\$ 3,800	\$ 2,800	\$ 1,600	\$ 2,600	\$ 3,200	\$ 4,600	\$ 5,000
Travel to Attend Board Meetings	\$ 21,200	\$ 23,200	\$ 18,700	\$ 26,400	\$ 27,100	\$ 10,500	\$ 29,400	\$ 31,200	\$ 33,400	\$ 38,000
Education and Travel	\$ 6,400	\$ 7,900	\$ 13,200	\$ 2,700	\$ 4,900	\$ 4,900	\$ 2,500	\$ 1,900	\$ 500	\$ 8,000
Member Services	\$ 700	\$ 1,100	\$ 1,200	\$ 1,400	\$ 1,300	\$ 800	\$ 1,000	\$ 1,400	\$ 1,100	\$ 4,600



State Teachers Retirement System of Ohio
2025 ORSC Budget Presentation

Staff Training and Travel

	Fiscal 2025	Fiscal 2024	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars and Travel	\$ 73,900	\$ 73,000	\$ 900	1.2%
In-House Training	\$ 28,100	\$ 31,300	\$ (3,200)	-10.2%
#FTE	50	61	(11)	
Expense per FTE	\$ 2,040	\$ 1,710		

	Fiscal 2025	Fiscal 2024	Increase (Decrease)	% Increase (Decrease)
Finance				
Conferences, Seminars and Travel	\$ 27,700	\$ 29,100	\$ (1,400)	-4.8%
In-House Training	\$ 15,900	\$ 13,000	\$ 2,900	22.3%
#FTE	94	98	(4)	
Expense per FTE	\$ 464	\$ 430		

	Fiscal 2025	Fiscal 2024	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars and Travel	\$ 390,000	\$ 360,000	\$ 30,000	8.3%
In-House Training	\$ -	\$ -	\$ -	
#FTE	115	114	1	
Expense per FTE	\$ 3,391	\$ 3,158		

	Fiscal 2025	Fiscal 2024	Increase (Decrease)	% Increase (Decrease)
Information Technology Services				
Conferences, Seminars and Travel	\$ 57,100	\$ 68,800	\$ (11,700)	-17.0%
In-House Training	\$ 100,000	\$ 125,100	\$ (25,100)	-20.1%
#FTE	115	116	(1)	
Expense per FTE	\$ 1,366	\$ 1,672		

	Fiscal 2025	Fiscal 2024	Increase (Decrease)	% Increase (Decrease)
Member Benefits				
Conferences, Seminars and Travel	\$ 73,900	\$ 82,700	\$ (8,800)	-10.6%
In-House Training	\$ 3,700	\$ 3,600	\$ 100	2.8%
#FTE	116	115	1	
Expense per FTE	\$ 669	\$ 750		

State Teachers Retirement System of Ohio
2025 ORSC Budget Presentation

Supplementary Statistical Information

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Active Members	179,850	178,043	176,367	184,865	186,243
Inactive Members	158,224	161,687	169,664	170,128	177,082
Benefit Recipient (Age, Disability, Survivor)	157,418	156,907	156,921	156,225	156,511
Reemployed Retirees	21,026	19,553	17,734	17,110	16,915
Total Membership	516,518	516,190	520,686	528,328	536,751
Members Per FTE	1,001	1,000	1,037	1,094	1,102

Please note: Fiscal 2024 information is not yet available. Fiscal 2019 information is included for five-year comparison.