



**Ohio Retirement Study Council**

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**MEMORANDUM**

**TO: ORSC Members**  
**FROM: Bethany Rhodes, Director/General Counsel**  
**DATE: May 9, 2024**  
**RE: Proposed Fiscal Year 2025 ORSC Budget**

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Voting Members

Senators  
Mark Romanchuk, Chair  
Bill Blessing  
Paula Hicks-Hudson

Representatives  
Phil Plummer, Vice- Chair  
Adam Bird  
Beryl Brown Piccolantonio

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Dr. Carl Roark, *HPRS*  
Richard Stensrud, *SERS*

Director/General Counsel  
Bethany Rhodes

Attached for your review is the proposed budget request for the operation of the Ohio Retirement Study Council (ORSC) for Fiscal Year (FY) 2025 beginning July 1, 2024, and ending June 30, 2025. The budget request for FY 2025 is \$994,700.00, which is a **1.85% increase** from the FY 2024 budget. The total budget request of \$994,700.00 is offset by an estimated ending balance of \$192,632.42 from FY 2024; because of this carryover balance from FY 2024, the systems would be required to pay only \$802,067.58. This carryover balance varies annually depending upon the previous fiscal year's meeting activity, General Assembly activity, staff turnover, etc.

The total assets of the five state retirement systems have increased from over \$228.8 billion as of January 1, 2023, to over \$244.4 billion as of January 1, 2024. This represents a 6.8163% increase in assets over the past year. The FY 2025 proposed annual ORSC budget represents only 0.00040697% of the systems' combined total assets. Each pension system is statutorily required to pay a percentage of the annual expenses of the ORSC determined by the ratio of its assets to the total assets of all five state pension funds; the ORSC receives **NO** legislative appropriations to fund its operation.

This year's large carryover balance is due, in large part, to the expected increase in rates for the rebid Professional Services contracts; these rates did not materialize the first year of the new contracts, but will increase with time.

Line **101 – Personnel** includes 3% cost of living raises for the ORSC staff, excluding the Director/General Counsel. There are sufficient funds built in for the same 3% cost of living raise for the Director/General Counsel position;

however, this matter is exclusively at the discretion of the ORSC and would require ORSC action prior to implementation.

Also included in this line would be a portion of the additional funds necessary for leave time payouts in the event that any ORSC staff should terminate employment. ORSC staff would recommend, in total, an increase from \$365,000 to \$380,000.

Line **110 – PERS** is commensurate with Line 101-Personnel.

Line **115 – Insurance** includes an increase for the insurance coverage premiums; insurance costs typically increase 7% annually. ORSC staff continue to pay 15% of the total insurance monthly premiums, similar to state employees. Due to employee plan selection, the costs were able to remain well under the FY 2024 budget; however, ORSC staff would recommend maintaining the same amount in the event of life changes that would translate into plan selection changes.

Line **120 – Capital Expenses** shows a minimal estimated year-end expense. This line is for more expensive, individual pieces of equipment. While the ORSC was fortunate again this year, ORSC staff would recommend this line remain unchanged at \$5,000 in the event of replacement.

Line **125 – ORSC Meetings/Travel** shows estimated year-end expenses of \$1,858.84. ORSC staff would recommend this line remain unchanged at \$2,500. This line is what funds mileage and parking reimbursement for the eligible ORSC members. Under Ohio Revised Code §171.02, ORSC members are uncompensated for their service, but are to be “reimbursed for actual and necessary expenses incurred in the performance of their duties.”

Line **135 – Office Expenses/Postage** shows year-end expenses of \$9,445.89 and ORSC staff would recommend this line remain unchanged.

Line **140– Rent & Utilities** shows year-end estimated expenses within the FY 2024 budget. As the costs are not expected to markedly increase, ORSC staff would recommend this line remain unchanged at \$60,000.

Line **145 – Professional Services** is the line that funds the ORSC’s contracted independent actuary (PTA/KMS/Bolton) and contracted investment consultant (RVK). The expenses in this line are heavily dependent upon the activity of the General Assembly and how many matters require actuarial analysis. In accordance with ORSC policy, legislation is not sent to the actuary for review until it receives a second hearing in its assigned standing committee. There has been a recent increase in the actuarial needs of the ORSC and it is anticipated to continue in FY 2025. Therefore, ORSC staff would recommend this line remain unchanged.

Line **150 – Publications** shows estimated year-end expenses nearly encompassing the projected costs. Therefore, ORSC staff would recommend this line increase from \$14,000 to \$15,000.

Line **151 – Organizational Dues** shows year-end estimated expenses within the FY 2024 budget; therefore, ORSC staff would recommend this line remain unchanged.

Line **155 – State Auditor- Audit** estimated year-end expenses were within the projections and ORSC staff would recommend this line remain unchanged at \$14,000.

Line 190 – **State Treasurer- Bank Fees** covers fees that are associated with contracts entered into between the State Treasurer and the custodial bank. ORSC is not a party to these contracts but is required to pay the fees agreed to by the State Treasurer for custodial banking services. In the recent past, the ORSC’s bank credits that covered the fees were absorbed, leaving the ORSC scrambling to cover the cost of these fees; therefore, ORSC staff would request this line remain unchanged at \$500.

The ORSC is required by statute to study all changes in the retirement laws proposed to the General Assembly and report on their probable costs, actuarial implications, and desirability as a matter of public policy (R.C. §171.04(C)).

The ORSC is required by statute to have prepared for the General Assembly the following reports:

- Bi-annual review of the investment performance of the five state pension funds pursuant to R.C. §171.04(D);
- Annual review of the adequacy of the OP&F contribution rates pursuant to R.C. §742.311;
- An actuarial audit of the five state pension funds at least once every ten years that is paid for by the audited system pursuant to R.C. §171.04(E);
- A fiduciary performance audit of each of the state retirement systems at least once every ten years that is paid for by the audited system pursuant to R.C. §171.04(F).

Moreover, the ORSC prepares various ad hoc reports covering a wide range of retirement issues pursuant to requests and serves as a pension information resource both within and outside of Ohio. Ohio Revised Code §171.03(B) provides that the Council may employ or hire on a consulting basis such actuarial, legal, investment, or other technical services required for the performance of its statutory duties.

I thank you for your attention to this matter, and please do not hesitate to contact me with any questions.

**THE OHIO RETIREMENT STUDY COUNCIL  
FISCAL YEAR 2025 (July 1, 2024 – June 30, 2025)  
BUDGET REQUEST**

<b>EXPENSE CATEGORIES</b>	<b>BUDGET REQUEST FY 2024</b>	<b>ESTIMATED EXPENSES FY 2024</b>	<b>BUDGET REQUEST FY 2025</b>	<b>FY 2024 TO FY 2025 % +/-</b>
101- PERSONNEL	\$365,000.00	\$338,654.95	\$380,000.00	4.11%
110- EMPLOYER- PERS	\$51,100.00	\$47,411.69	\$53,200.00	4.11%
115- INSURANCE	\$100,000.00	\$69,403.05	\$100,000.00	0.00%
120- CAPITAL EXPENSES	\$5,000.00	\$1,599.04	\$5,000.00	0.00%
125- ORSC MEETINGS/TRAVEL	\$2,500.00	\$1,858.84	\$2,500.00	0.00%
135- OFFICE EXPENSES/POSTAGE	\$11,000.00	\$9,445.89	\$11,000.00	0.00%
140- RENT & UTILITIES	\$60,000.00	\$55,884.78	\$60,000.00	0.00%
145- PROFESSIONAL SERVICES	\$350,000.00	\$235,120.20	\$350,000.00	0.00%
150- PUBLICATIONS	\$14,000.00	\$13,503.25	\$15,000.00	7.14%
151- ORGANIZATIONAL DUES	\$3,500.00	\$3,078.89	\$3,500.00	0.00%
155- STATE AUDITOR- AUDIT	\$14,000.00	\$8,007.00	\$14,000.00	0.00%
190- STATE TREASURER- BANK FEES	\$500.00	\$0.00	\$500.00	0.00%
<b>TOTAL</b>	<b>\$976,600.00</b>	<b>\$783,967.58</b>	<b>\$994,700.00</b>	<b>1.85%</b>
<b>YEARLY BUDGET REQUEST:</b>	<b>\$976,600.00</b>		<b>\$994,700.00</b>	<b>1.85%</b>
<b>BALANCE PER FY 2024</b>		<b>\$192,632.42</b>		
<b>\$ AMOUNT INCREASE IN BUDGET REQUEST:</b>			<b>\$18,100.00</b>	<b>1.85%</b>
		<b>Total Budget Request for FY 2025:</b>		<b>\$994,700.00</b>
		Minus Estimated Balance for FY 2024:		<b>\$192,632.42</b>
		Minus General Journal Adjustments:		<b>\$0.00</b>
				<b>\$802,067.58</b>

**BUDGET REQUEST FY 2025 FROM ALL FIVE SYSTEMS: \$802,067.58**



**FISCAL YEAR 2025 (July 1, 2024 – June 30, 2025)**

**FY 2025- Comparison Table- Systems' Proportionate Shares of ORSC Budget**

<b>SYSTEM</b>	<b>ASSETS AS OF 1/1/24</b>	<b>% OF BUDGET</b>	<b>FY 2025 TOTAL BUDGET</b>	<b>TOTAL DUE MINUS FY 2024 BALANCES</b>	<b>TOTAL DUE PER QUARTER</b>
<b>PERS</b>	\$114,751,980,676.00	46.94960%	\$467,007.67	\$376,567.52	\$94,141.88
<b>STRS</b>	\$92,365,027,385.00	37.79021%	\$375,899.22	\$303,103.02	\$75,775.75
<b>SERS</b>	\$18,622,862,208.00	7.61935%	\$75,789.67	\$61,112.34	\$15,278.08
<b>OP&amp;F</b>	\$17,640,573,957.00	7.21746%	\$71,792.08	\$57,888.91	\$14,472.23
<b>HPRS</b>	\$1,034,799,699.00	0.42338%	\$4,211.36	\$3,395.79	\$848.95
<b>TOTAL</b>	<b>\$244,415,243,925.00</b>	<b>100.00000%</b>	<b>\$994,700.00</b>	<b>\$802,067.58</b>	<b>\$200,516.89</b>

**ORSC'S FY 25 Budget is 0.0004069713427142980% of Reported Systems' Total Assets.**

**INCREASE IN SYSTEMS' TOTAL ASSETS FROM FY 2024: 6.816313235389848%**

<b>ORSC EXPENSE CATEGORIES</b>	
<b>EXPENSE CATEGORIES</b>	<b>DISCRPTION &amp; EXAMPLES</b>
<b>101- PERSONNEL</b>	Net pay; federal, state, city, school district income taxes; Medicare withholdings; PERS employee contribution; Ohio Deferred Compensation
<b>110- EMPLOYER- PERS</b>	Statutorily required employer contribution (14% of individual salary)
<b>115- INSURANCE</b>	Workers' Compensation; health insurance; dental insurance; life insurance
<b>120- CAPITAL EXPENSES</b>	Individual items costing \$500 or more (such as computers, copier, etc.)
<b>125- ORSC MEETINGS/TRAVEL</b>	ORSC Member meeting reimbursements (per R.C. 171.02)
<b>135- OFFICE EXPENSES/POSTAGE</b>	Postage; paper; property insurance; general office supplies
<b>140- RENT &amp; UTILITIES</b>	Rent for Rhodes Tower office space; parking
<b>145- PROFESSIONAL SERVICES</b>	Legislative reports required of ORSC; actuarial services (PTA/KMS/Bolton) and Investment Performance Reports (RVK)
<b>150- PUBLICATIONS</b>	LexisNexis for Ohio Revised Code; Gongwer; Hannah; Pensions and Investments; Economist
<b>151- ORGANIZATIONAL DUES</b>	Ohio Ethics Commission; Joint Legislative Ethics Commission; Supreme Court of Ohio; American Bar Association; Ohio Bar Association; International Foundation of Employee Benefit Plans
<b>155- STATE AUDITOR- AUDITS</b>	Statutorily required audits conducted by State Auditor's office of ORSC
<b>190-STATE TREASURER- BANK FEES</b>	Fees associated with contracts entered into between the State Treasurer and the custodial bank. ORSC is not a party to these contracts but is required to pay the fees agreed to by the State Treasurer.