

April 17, 2026

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 2027 budgets. The attached information is composed of the following:

- Page 1 is a statement of planned operating expenditures, including comparisons to the fiscal 2026 budget.
- Page 2 is a statement of capital expenditures, including comparisons to the fiscal 2026 budget.
- Page 3 is a summary of investment assets and related management costs for fiscal 2025, including comparisons to fiscal 2024.
- Page 4 is a schedule of retirement board-related expenses for the last 10 years and a 10-year trend chart.
- Page 5 is a summary of staff training and travel expenses, including comparisons to the fiscal 2026 budget.
- Page 6 is supplementary statistical information for fiscal years 2021–2025 and ESG statement.
- Page 7 is average percent budgeted change information for fiscal years 2023–2027.

The proposed Total Operating Budget for fiscal year 2027 reflects an increase of 9.8% from the current-year budget. Within Personnel, nine positions have been added, up from 504 full-time equivalent associates (FTEs) in fiscal 2026 to 513 FTEs in 2027. The increase in positions is the result of the asset-liability study and succession planning for future retirements. Salary and Wages are increasing 9.2% from the current-year budget to align with the recent compensation study and the addition of nine new positions. Health Insurance is increasing due to higher claims experience.

Within Professional Services, Investment Consulting reflects higher costs due to increased fees for quotation and analytical services. Other Consulting includes increases to support an external consultant for Internal Audit to perform an investment risk assessment, as well as the costs of a vendor to conduct a building review. Communications Expense is increasing as dental and vision benefits are included in the printing of materials used in stakeholder communications, along with expected increases in postage costs. Within Other Operating Expenses, Conferences and Education, and Travel include higher costs as travel continues to resume to a normalized level and professional staff training is emphasized. Computer Technology includes higher costs for IT equipment maintenance and support for the financial management and accounting system.

The proposed Total Capital Budget is \$8.9 million in fiscal 2027 compared to \$7.6 million in fiscal 2026. The capital budget provides financial support for major planned initiatives and includes IT computer equipment, capitalized software and qualified subscription costs, and building improvements and maintenance. Planned IT-related expenditures comprise the bulk of the capital budget and include the implementation of the second phase of the investment accounting system. Most significant building improvements have been completed; however, planned facility costs include fire system sprinkler heads repair and the replacement of HVAC units.

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 all fiduciary responsibilities and legal requirements are met. 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 2027 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, reading "Steven C. Toole". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven C. Toole
Executive Director

State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

FY2026 to FY2027 Operating Budget and Increase (Decrease)

Budget Category	Fiscal 2027 Budget	Fiscal 2026 Budget	Fiscal 2026 Estimated Actual	Increase/ (Decrease) as %	Average Annual % Change (FY23-FY27)
Personnel	\$ 109,526,700	\$ 100,129,700	\$ 94,497,000	9.4%	6.1%
Salaries and Wages	\$ 84,225,200	\$ 77,163,700	\$ 71,959,300	9.2%	5.8%
PERS Contributions	\$ 11,000,000	\$ 10,101,500	\$ 9,892,200	8.9%	5.2%
Health Insurance	\$ 12,943,100	\$ 11,643,700	\$ 11,462,100	11.2%	9.1%
Miscellaneous Expenses	\$ 1,358,400	\$ 1,220,800	\$ 1,183,400	11.3%	4.8%
Professional Services	\$ 16,823,500	\$ 15,242,400	\$ 14,717,300	10.4%	7.4%
Actuarial	\$ 470,400	\$ 474,700	\$ 506,800	-0.9%	7.7%
Audit	\$ 168,700	\$ 168,700	\$ 174,500	0.0%	5.0%
Custodial Banking Fees	\$ 1,941,000	\$ 1,930,000	\$ 1,848,100	0.6%	-1.9%
Investment Consulting	\$ 8,981,200	\$ 7,935,800	\$ 7,756,800	13.2%	6.1%
Other Consulting	\$ 5,249,500	\$ 4,720,500	\$ 4,431,100	11.2%	20.6%
Banking Expenses	\$ 12,700	\$ 12,700	\$ -	0.0%	-30.2%
Communications Expense	\$ 1,907,900	\$ 1,770,800	\$ 1,596,000	7.7%	0.5%
Printing and Postage	\$ 1,387,600	\$ 1,233,700	\$ 1,076,400	12.5%	0.1%
Telecommunications	\$ 448,900	\$ 430,000	\$ 430,000	4.4%	3.2%
Member/Employer Education	\$ 71,400	\$ 107,100	\$ 89,600	-33.3%	6.2%
Other Operating Expenses	\$ 10,732,900	\$ 9,323,000	\$ 9,047,200	15.1%	2.6%
Conferences and Education	\$ 412,400	\$ 328,200	\$ 315,700	25.7%	5.5%
Travel	\$ 805,800	\$ 642,400	\$ 584,900	25.4%	8.4%
Computer Technology	\$ 6,818,600	\$ 5,773,100	\$ 5,811,400	18.1%	4.9%
Other Operating	\$ 2,211,100	\$ 2,119,300	\$ 1,877,000	4.3%	2.5%
Ohio Retirement Study Council	\$ 335,000	\$ 325,000	\$ 316,500	3.1%	-12.7%
TOS Warrant Clearing Charges	\$ -	\$ -	\$ 100	0.0%	-26.7%
Attorney General Charges	\$ 150,000	\$ 135,000	\$ 141,600	11.1%	21.0%
Net Building Expense	\$ 2,832,600	\$ 2,672,800	\$ 2,590,700	6.0%	3.7%
Total Operating Budget	\$ 141,823,600	\$ 129,138,700	\$ 122,448,200	9.8%	5.8%
Full-Time Equivalent (FTE) Associates	513	504			

State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

FY2026 to FY2027 Capital Budget

	Fiscal 2027 Budget (Does not include carryover from previous years)	Fiscal 2026 Budget (Does not include carryover from previous years)	Fiscal 2026 Estimate (Does not include carryover from previous years)
Total Capital Budget	\$ 8,924,500	\$ 7,558,000	\$ 5,281,800
Building Improvements	\$ 395,000	\$ 269,000	\$ 210,400
Building Maintenance Equipment	\$ 549,300	\$ 57,400	\$ 35,100
Infrastructure and Upgrades	\$ 7,481,200	\$ 7,026,000	\$ 4,860,000
General Capital	\$ 499,000	\$ 205,600	\$ 176,300

State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

Investment Expenses			Net Fiduciary Position Change	
	FY 2025 Actual	FY 2024 Actual	Change in Net Fiduciary Position (FY24-FY25) ¹	Change in Net Fiduciary Position (FY21-FY25) ¹
Total Investment Assets*	\$ 101,339,491,000	\$ 94,760,101,000		
Total Internally Managed Assets	\$ 69,966,913,273	\$ 63,883,509,186	5.9%	5.3%
Total Externally Managed Assets	\$ 31,372,577,727	\$ 30,876,591,814		

	FY 2025 Actual	FY 2024 Actual	Percent Change (2024 to 2025)
Investment Expenses	\$ 323,993,268	\$ 309,673,429	4.6%
Internal Investment Expenses	\$ 48,172,919	\$ 45,311,530	6.3%
External Investment Expenses	\$ 275,820,349	\$ 264,361,899	4.3%

Total Investment Expenses as a % of Total Investment Assets	0.32%	0.33%	
Internal Investment Expenses as % of Internally Managed Assets	0.07%	0.07%	
External Investment Expenses as % of Externally Managed Assets	0.88%	0.86%	

ORSC Requested Supplemental Information	\$ 19,497,095	\$ 19,531,246	-0.2%
Investment Consulting ²	\$ 920,620	\$ 820,782	12.2%
Custodian Fees ²	\$ 1,676,715	\$ 1,582,366	6.0%
Brokerage/Commissions-Internal	\$ 10,794,420	\$ 11,551,821	-6.6%
Brokerage/Commissions-External	\$ 6,105,340	\$ 5,576,277	9.5%

¹Net fiduciary position includes more than investment earnings or losses. This figure includes contributions made by employers and employees, investment earning or losses, and benefit payments, among other expenses or earnings. The figure provides a view of the overall change in fund assets across time.

²Included in internal investment expenses.

*Investment assets are net of real estate debt.

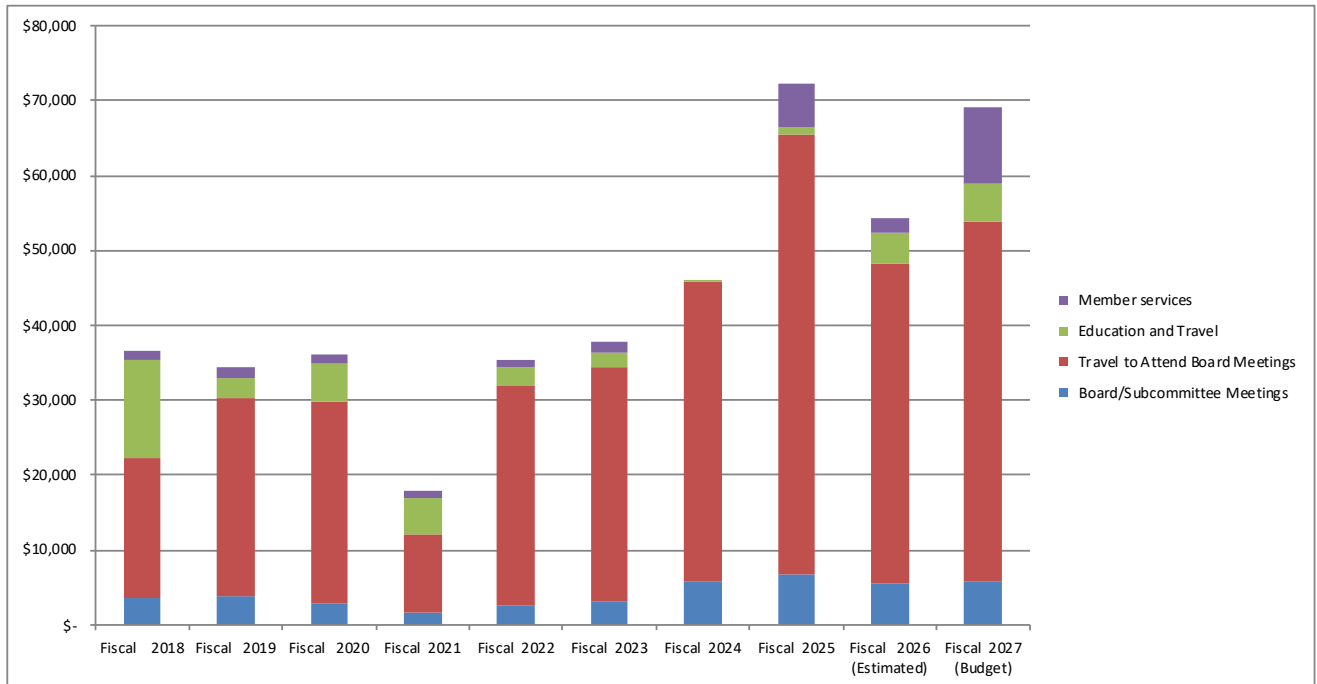
**Brokerage commissions are netted in the transaction costs and investment assets, therefore not reported as separately as expenses in the STRS Ohio Annual Comprehensive Financial Report.

Please note: Fiscal 2026 information is not yet available.

State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

Fiscal Year Board Member Expenses

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026 (Estimated)	Fiscal 2027 (Budget)
Total Board Expenses	\$ 36,700	\$ 34,300	\$ 36,100	\$ 17,800	\$ 35,500	\$ 37,700	\$ 46,100	\$ 72,200	\$ 54,300	\$ 69,100
Board/Subcommittee Meetings	\$ 3,600	\$ 3,800	\$ 2,800	\$ 1,600	\$ 2,600	\$ 3,200	\$ 5,800	\$ 6,800	\$ 5,500	\$ 5,800
Travel to Attend Board Meetings	\$ 18,700	\$ 26,400	\$ 27,100	\$ 10,500	\$ 29,400	\$ 31,200	\$ 40,100	\$ 58,600	\$ 42,800	\$ 48,000
Education and Travel	\$ 13,200	\$ 2,700	\$ 4,900	\$ 4,900	\$ 2,500	\$ 1,900	\$ 200	\$ 1,000	\$ 4,100	\$ 5,000
Member services	\$ 1,200	\$ 1,400	\$ 1,300	\$ 800	\$ 1,000	\$ 1,400	\$ -	\$ 5,800	\$ 1,900	\$ 10,300



State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

Staff Training and Travel (Budget to Budget)

	Fiscal 2027	Fiscal 2026	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars & Travel	\$ 108,100	\$ 90,600	\$ 17,500	19.3%
In-House Training	\$ 49,300	\$ 37,000	\$ 12,300	33.2%
#FTE	\$ 50	\$ 53	\$ (3)	
Expense per FTE	\$ 3,148	\$ 2,408	\$ 740	

	Fiscal 2027	Fiscal 2026	Increase (Decrease)	% Increase (Decrease)
Finance and Benefits				
Conferences, Seminars & Travel	\$ 74,000	\$ 46,800	\$ 27,200	58.1%
In-House Training	\$ 19,400	\$ 11,400	\$ 8,000	70.2%
#FTE	\$ 95	\$ 95	\$ -	
Expense per FTE	\$ 983	\$ 613	\$ 371	

	Fiscal 2027	Fiscal 2026	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars & Travel	\$ 510,000	\$ 410,000	\$ 100,000	24.4%
In-House Training	\$ -	\$ -	\$ -	
#FTE	\$ 120	\$ 119	\$ 1	
Expense per FTE	\$ 4,250	\$ 3,445	\$ 805	

	Fiscal 2027	Fiscal 2026	Increase (Decrease)	% Increase (Decrease)
Information Technology/Information Services				
Conferences, Seminars & Travel	\$ 103,100	\$ 86,500	\$ 16,600	19.2%
In-House Training	\$ 106,800	\$ 80,200	\$ 26,600	33.2%
#FTE	\$ 123	\$ 116	\$ 7	
Expense per FTE	\$ 1,711	\$ 1,437	\$ 274	

	Fiscal 2027	Fiscal 2026	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$ 107,300	\$ 80,300	\$ 27,000	33.6%
In-House Training	\$ 2,200	\$ 1,500	\$ 700	46.7%
#FTE	\$ 125	\$ 121	\$ 4	
Expense per FTE	\$ 876	\$ 676	\$ 200	

State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

Supplementary Statistical Information and ESG Statement

Statistical Information					
	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Active Members	176,367	184,865	186,243	186,247	184,163
Inactive Members	169,664	170,128	177,082	183,960	190,054
Benefit Recipient (Age, Dis., Survivor)	156,921	156,225	156,511	156,594	158,399
Re-employed Retirees	17,734	17,110	16,915	17,139	16,732
Total Membership	520,686	528,328	536,751	543,940	549,348

Members Per FTE	1,037	1,094	1,102	1,172	1,176
------------------------	--------------	--------------	--------------	--------------	--------------

Please note: Fiscal 2026 information is not yet available. Fiscal 2021 information is included for five-year comparison.

Sub. S.B. 6 of the 135th General Assembly (ESG) Statement		
Ohio Revised Code Section (145.11, 742.11, 3307.15, 3309.15, and 5505.06) includes both of the following:		
"The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation."		
"The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation."		
	Yes	No
The board is in compliance with this section:	X	
If no, indicate the reason below:		

State Teachers Retirement System of Ohio
2027 Budget Presentation Before ORSC

Average Percent Budgeted Change

Budget category	FY 2022-2023 % Change	FY 2023-2024 % Change	FY 2024-2025 % Change	FY 2025-2026 % Change	FY 2026-2027 % Change	Average Annual % Change FY 2023-2027
Personnel	5.9%	3.7%	2.2%	9.2%	9.4%	6.1%
Salaries and Wages	6.0%	2.9%	2.3%	8.8%	9.2%	5.8%
PERS Contributions	6.8%	1.0%	3.9%	5.6%	8.9%	5.2%
Health Insurance	4.4%	12.7%	1.1%	15.9%	11.2%	9.1%
Miscellaneous Expenses	6.0%	3.6%	-2.1%	5.4%	11.3%	4.8%
Professional Services	4.9%	3.3%	6.3%	12.1%	10.4%	7.4%
Actuarial	-18.7%	7.6%	20.3%	30.1%	-0.9%	7.7%
Audit	61.7%	-36.7%	-0.1%	0.2%	0.0%	5.0%
Custodial Banking Fees	13.6%	-18.0%	-5.9%	0.0%	0.6%	-1.9%
Investment Consulting	1.0%	11.0%	5.8%	-0.5%	13.2%	6.1%
Other Consulting	7.7%	10.6%	19.6%	53.9%	11.2%	20.6%
Banking Expenses	7.0%	-26.1%	-45.9%	-86.2%	0.0%	-30.2%
Communications Expense	5.8%	5.8%	-5.3%	-11.3%	7.7%	0.5%
Printing and Postage	2.9%	5.0%	-1.5%	-18.3%	12.5%	0.1%
Telecommunications	12.8%	9.7%	-12.3%	1.5%	4.4%	3.2%
Member/Employer Education	25.4%	-0.2%	-31.5%	70.8%	-33.3%	6.2%
Other Operating Expenses	-3.6%	-8.5%	1.2%	8.8%	15.1%	2.6%
Conferences and Education	8.7%	-1.7%	-7.8%	2.6%	25.7%	5.5%
Travel	5.7%	-2.8%	1.9%	11.8%	25.4%	8.4%
Computer Technology	4.4%	-10.8%	0.6%	12.2%	18.1%	4.9%
Other Operating	12.2%	-6.5%	2.1%	0.4%	4.3%	2.5%
Ohio Retirement Study Council	-75.0%	0.0%	8.3%	0.0%	3.1%	-12.7%
TOS Warrant Clearing Charges	0.0%	-33.3%	0.0%	-100.0%	0.0%	-26.7%
Attorney General Charges	16.7%	7.1%	20.0%	50.0%	11.1%	21.0%
Net Building Expense	2.4%	5.2%	-3.9%	8.8%	6.0%	3.7%
Total Operating Budget	4.9%	2.8%	2.3%	9.2%	9.8%	5.8%