

OR SC

The Ohio Retirement Study Council
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Director

Bethany Rhodes

To : ORSC Members
From : Bethany Rhodes 
Date : May 1, 2012
Re : Proposed Fiscal Year 2013 ORSC Budget

Attached for your review is the proposed budget request for the operation of the Ohio Retirement Study Council (ORSC) for the fiscal year 2013 beginning July 1, 2012, and ending June 30, 2013. The budget request for FY 2013 is \$770,405.00, which, for the fourth year in a row, is a **0.00% increase** from the previous year's budget. The total budget request of \$770,405.00 is offset by an estimated ending balance of \$47,032.35 from fiscal year 2012; therefore, the systems will be required to pay only \$723,372.65.

The total assets of the five state retirement systems have decreased from \$162.4 billion as of January 1, 2011, to \$157.6 billion as of January 1, 2012. This represents a 3.49% decrease in assets over the past year. The proposed annual ORSC budget represents only 0.00049% of the systems' combined total assets. Each pension fund 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.

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)). As you know, legislation has been introduced (S.B. 3 and H.B. 69) to implement substantial changes in the laws governing the retirement systems in order to bring them within the maximum 30-year funding period as required law. We expect a large portion of the contract services line to be spent reviewing those bills. In addition, a portion of the contract services line will be spent on the review currently being completed by Pension Trustees Associates/KMS Actuaries. We also plan to conduct an actuarial audit of the School Employees Retirement System of Ohio this fiscal year. Based on the cost of the actuarial audit we completed of the State Teachers Retirement System in fiscal year 2009, we anticipate the cost to be approximately \$90,000.

The ORSC is required by statute to have prepared for the Ohio 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. §742.331;
- Triennial review of the supplemental contributions payable under the alternative retirement plan for higher education employees pursuant to R.C. §171.07;
- An actuarial audit of the five state pension funds at least once every ten years 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. Revised Code section 171.03(B) provides that the Council may employ or hire on a consulting basis such actuarial, legal, investment, or other technical service required for the performance of its statutory duties.

Included with the proposed annual budget for fiscal year 2013 is the ORSC budget versus final estimated expenditures for fiscal year 2012. You have received the quarterly ORSC budget amounts for each line item versus the actual expenditures at the end of each quarter for the current fiscal year.

As you know, the budget must be approved by June 30. Therefore, I will be following up with each of you in the near future to discuss the proposed fiscal year 2013 budget. If you have any questions before then, please do not hesitate to contact me.

**THE OHIO RETIREMENT STUDY COUNCIL
FY 2013 BUDGET REQUEST**

EXPENSE CATEGORIES	BUDGET REQUEST FY 2012	ESTIMATED Expenses FY 2012	BUDGET REQUEST FY 2013	FY12 to FY 13 % +/-
101-PERSONNEL	\$322,100.00	\$319,701.13	\$322,100.00	0.00%
110-EMPLER-PERS	\$44,900.00	\$38,281.46	\$44,900.00	0.00%
115-INSURANCE	\$43,600.00	\$38,111.53	\$43,600.00	0.00%
120-CAPITAL EXPENSES	\$6,100.00	\$300.00	\$6,100.00	0.00%
125-ORSC MTGS/TVL	\$7,000.00	\$2,386.10	\$7,000.00	0.00%
130-COMMUNICATIONS	\$6,500.00	\$6,182.29	\$6,500.00	0.00%
135-OFC EXPS/POSTAGE.	\$7,300.00	\$4,003.44	\$7,300.00	0.00%
140-RENT & UTIL	\$38,500.00	\$28,784.54	\$38,500.00	0.00%
145-CONTRACT SVS	\$264,155.00	\$257,218.30	\$264,155.00	0.00%
150-PUBLICATIONS	\$8,950.00	\$10,910.00	\$8,950.00	0.00%
151-ORG. DUES	\$7,300.00	\$3,860.00	\$7,300.00	0.00%
155-AUDIT (STATE AUDITOR)	\$14,000.00	\$13,633.86	\$14,000.00	0.00%
TOTAL	\$770,405.00	\$723,372.65	\$770,405.00	0.00%
YEARLY BUDGET REQUEST:		\$770,405.00	\$770,405.00	0.00%
BALANCE PER FY 12:		\$47,032.35		
\$ AMOUNT INCREASE IN BUDGET REQUEST:			\$0.00	0.00%

Total Budget Request for FY 2013	\$770,405.00
Minus Estimated Balance for FY 2012	(\$47,032.35)
Minus General Journal Adjustments	\$0.00
Budget Request FY 2013 from all five systems.....	\$723,372.65

ORSC ACCOUNT CATEGORIES

101 = PERSONNEL

Federal, State, City, SDIT, Medicare Withholding;
PERS employee contribution, Deferred Comp,
Credit Union, Net Pay

110 = PERS

Employer Contribution

115 = INSURANCE

Unemployment, Workers' Comp,
Health, Dental, Life

120 = CAPITAL EXPENSES

Individual items costing \$500 or more

125 = TRAVEL EXPENSES

Conferences, Council member meeting reimbursements
and business meetings

130 = COMMUNICATIONS

Local and Long Distance, Internet

135 = OFFICE EXPENSES/POSTAGE

140 = RENT AND UTILITIES

145 = CONTRACT SERVICES -

Legislative Reports required of ORSC

Actuarial Services: Milliman & EAI, Computer Support, Phone Maint.,
Website Support/Maintenance, Parking, Copies

150 = PUBLICATIONS

151 = ORGANIZATION DUES

GFOA, NASRA, NAPPA, NCTR, NCPERS, IFEBP, Supreme Court

155 = AUDITS

