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Scott Oelslager  
Charleta B. Tavares

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Dan Ramos  
Lynn Wachtmann, *Vice-Chair*

**Governor's Appointees**


Doug Gillum  
Lora Miller  
Vacant

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Karen Carraher, *Interim Director, PERS*  
William Estabrook, *OP&F*  
Mike Nehf, *STRS*  
Lisa Morris, *SERS*  
Dan Weiss, *HPRS*

**Director**

Aristotle L. Hutras

To : ORSC Members  
From : Aristotle L. Hutras   
Date : May 6, 2010  
Re : Proposed Fiscal Year 2012 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 2012 beginning July 1, 2011 and ending June 30, 2012. The budget request for FY 2012 is \$770,405.00, which, for the third 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 \$204,602.01 from fiscal year 2011; therefore, the systems will be required to pay only \$565,802.99.

The total assets of the five state retirement systems have increased from \$149.5 billion as of January 1, 2010 to approximately \$162.4 billion as of January 1, 2011. This represents an 8.6% increase in assets over the past year. The proposed annual ORSC budget represents only 0.00047% 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. We also will 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 also 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 2012 is the ORSC budget versus final estimated expenditures for fiscal year 2011. 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.

**THE OHIO RETIREMENT STUDY COUNCIL**  
**FY 2012 BUDGET REQUEST**

EXPENSE CATEGORIES	BUDGET REQUEST FY 2011	Estimated Expenses FY 2011	BUDGET REQUEST FY 2012	FY11 to FY 12 % +/-
101-PERSONNEL	\$322,100.00	\$316,738.91	\$322,100.00	0.00%
110-EMPLER-PERS	\$44,900.00	\$44,159.94	\$44,900.00	0.00%
115-INSURANCE	\$43,600.00	\$41,559.43	\$43,600.00	0.00%
120-CAPITAL EXPENSES	\$6,100.00	\$3,151.00	\$6,100.00	0.00%
125-ORSC MTGS/TVL	\$7,000.00	\$4,507.96	\$7,000.00	0.00%
130-COMMUNICATIONS	\$6,500.00	\$5,710.57	\$6,500.00	0.00%
135-OFC EXPS/POSTAGE.	\$7,300.00	\$5,000.00	\$7,300.00	0.00%
140-RENT & UTIL	\$42,500.00	\$29,097.74	\$38,500.00	-9.41%
145-CONTRACT SVS	\$264,155.00	\$100,000.00	\$264,155.00	0.00%
150-PUBLICATIONS	\$8,950.00	\$8,927.44	\$8,950.00	0.00%
151-ORG. DUES	\$7,300.00	\$6,950.00	\$7,300.00	0.00%
155-AUDIT (STATE AUDITOR)	\$10,000.00	\$0.00	\$14,000.00	40.00%
<b>TOTAL</b>	<b>\$770,405.00</b>	<b>\$565,802.99</b>	<b>\$770,405.00</b>	<b>0.00%</b>
<b>YEARLY BUDGET:</b>				
<b>BALANCE PER FY 11:</b>				
<b>\$ AMOUNT INCREASE IN BUDGET REQUEST:</b>				
		\$770,405.00	\$770,405.00	0.00%
		\$204,602.01	\$0.00	0.00%

<b>Total Budget Request for FY 2012</b>	\$770,405.00
Minus Estimated Balance for FY 2011	(\$204,602.01)
Minus General Journal Adjustments	\$0.00
<b>Budget Request FY 2011 from all five systems.....</b>	<b>\$565,802.99</b>

## 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