



The Ohio Retirement Study Council

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Aristotle L. Hutras

To : ORSC Members
From : Aristotle L. Hutras
Date : May 2, 2005
Re : Proposed Fiscal Year 2006 ORSC Budget

Attached for your review is the proposed Budget Request for the operation of the Ohio Retirement Study Council for the fiscal year 2006 beginning July 1, 2005 and ending June 30, 2006. The budget request for FY 2006 is \$712,324.69, which, for the fourth year in a row, is a *0.00% increase* from the previous year's budget. The total budget request of \$712,324.69 is offset by \$183,439.59 ending balance from fiscal year 2005; therefore, the systems will be required to pay only \$528,885.10. The proposed budget also includes up to a 3% merit increase.

The total assets of the five state retirement systems are \$145,773,150,798. The proposed annual ORSC budget represents only 0.0004887% 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)). The ORSC also 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, which is due July 1, 2005;
- An actuarial audit of the five state pension funds at least once every ten years pursuant to R.C. §171.04(E).

In addition, the ORSC is required to complete 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 2006 is the ORSC budget versus final estimated expenditures for fiscal year 2005. 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 legislature has expanded the oversight responsibilities of the Council to ensure that future legislators continue to receive the necessary actuarial and other information needed to make informed decisions based on sound public policy and analysis in a timely fashion. The benefits of maintaining financially strong and well-managed public retirement systems clearly outweigh any additional costs of engaging actuarial or other professional services to assist the Council in the performance of its statutory oversight duties.

**THE OHIO RETIREMENT STUDY COUNCIL
FY 2006 BUDGET REQUEST**

PROPOSED

EXPENSE CATEGORIES	BUDGET REQUEST FY 2005	Estimated Expenses FY 2005	BUDGET REQUEST FY 2006	FY 05 to FY 06 % +/-
101-PERSONNEL	\$298,022.51	\$294,801.83	\$306,833.00	
110-EMPLER-PERS	\$40,249.34	\$39,719.08	\$41,566.00	
115-INSURANCE	\$43,211.18	\$35,007.13	\$42,278.00	
120-CAPITAL EXPENSES	\$6,500.00	\$7,172.00	\$6,500.00	
125-ORSC MTGS/TVL	\$7,000.00	\$1,591.78	\$7,000.00	
130-COMMUNICATIONS	\$6,600.00	\$5,956.96	\$6,300.00	
135-OFC EXPS/POSTAGE.	\$12,000.00	\$11,755.00	\$12,000.00	
140-RENT & UTIL	\$44,300.00	\$41,647.97	\$36,300.00	
145-CONTRACT SVS	\$231,705.81	\$78,485.35	\$230,287.69	
150-PUBLICATIONS	\$8,060.85	\$7,853.00	\$8,080.00	
151-ORG. DUES	\$4,675.00	\$4,895.00	\$5,180.00	
155-AUDIT (STATE AUDITOR)	\$10,000.00	\$0.00	\$10,000.00	
TOTAL	\$712,324.69	\$528,885.10	\$712,324.69	
YEARLY BUDGET:		\$712,324.69	\$712,324.69	0.00%
BALANCE PER FY 05:		\$183,439.59		
\$ AMOUNT INCREASE IN BUDGET REQUEST:			\$0.00	0.00%

Total Budget Request for FY 2006 \$712,324.69
 Minus Ending Balance for FY 2005 (\$183,439.59)
 Minus General Journal Adjustments \$0.00
Budget Request FY 2006 from all five systems..... \$528,885.10

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
 - Milliman USA, EAI, Computer Support, Phone Maint., Parking
 - Website Support/Maintenance, Lexis Nexis, Copies, Ads
- 150 = PUBLICATIONS
- 151 = ORGANIZATION DUES
 - GFOA, NASRA, NAPPA, NCTR, NCPERS, IFEBP
- 155 = AUDITS