



**SERS Retirement Board Agenda  
April 15 and 16, 2021**

**THURSDAY, APRIL 15, 2021**

**Click Link to Join Zoom Meeting:**

<https://ohsers.zoom.us/j/98624253188?pwd=aWJ0NjVmanplZG1nVkJLakVEVWhTZz09>

**Meeting ID:** 986 2425 3188      **Password:** 137430

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **986 2425 3188** and password: **137430**

**PLEDGE OF ALLEGIANCE**

1. Roll Call
2. Approval of Minutes (R)

**EXECUTIVE DIRECTOR'S REPORT**

3. Executive Director's Update
  - Five-Year Actuarial Experience Study 2015 -2020 – Cavanaugh Macdonald (R)

**INVESTMENT REPORT**

4. Annual Portfolio Review – Private Credit
5. Monthly Investment Report & Economic Update
6. Extension/Renewal of Investment Consultant Agreement (R)
7. Corporate Governance – New Proxy Issues 2021
8. Summary of Investment Transactions (R)

**EXECUTIVE DIRECTOR'S REPORT (cont.)**

9. Executive Director's Update
  - FY2021 Budget Modification – Capital Expense (R)
  - FY2021 Budget Modification – Personnel Expenses (R)
  - Administrative Expenses
  - Amended - Standing Committees of the Board Policy (R)
  - Proposed - Technology Committee Charter (R)
  - Compensation Committee Update (R)
10. Review Draft Administrative Budget for the ORSC
11. Superannuation and Survivor Benefits (R)
12. Special Cases (R)

**RETIREMENT REPORT**

13. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R)
14. Approval of Disability Benefits (R)
15. Disapproval of Disability Benefits (R)
16. Termination of Disability Benefits – Any Occupation (R)
17. Approval of Appeal of Termination – Any Occupation (R)

**BOARD COMMUNICATION AND POLICY ISSUES**

18. Calendar Dates for Future Board Meetings
19. Continued or New Business
  - Board Information Requests and Follow-up Items

**FRIDAY, APRIL 16, 2021**

**EXECUTIVE DIRECTOR'S REPORT (cont.)**

20. Pension Sustainability Discussion

**Click Link to Join the Zoom Meeting:**

<https://ohsers.zoom.us/j/97360511767?pwd=Qlp0WEo0UjBIZGQvelVaQXRMZDgyQT09>

**Meeting ID:** 973 6051 1767      **Password:** 250659

To join by phone dial: (301) 715-8592 & enter the meeting ID: **973 6051 1767** and password: **250659**

**ADJOURNMENT (R)**

**Retirement Board Meeting  
April 15, 2021**

\_\_\_\_\_ A.M.

Roll Call:

Hugh Garside	_____
Jeffrey T. DeLeone	_____
James Haller	_____
Matthew King	_____
Catherine Moss	_____
James Rossler	_____
Frank Weglarz	_____
Daniel Wilson	_____
Barbra Phillips	_____

**APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON  
March 18, 2021**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, March 18, 2021.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**School Employees  
Retirement System**

# Memo

**To:** Retirement Board  
**From:** Tracy Valentino  
**cc:** Richard Stensrud  
**Date:** April 5, 2021  
**Re:** **Presentation of Five-Year Experience Study by Actuary**

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On Thursday, April 15, 2021, Todd Green and John Garret from Cavanaugh Macdonald will present the Five-Year Experience Study (Quinquennial Report) to the Board. Their report will include the review of economic and non-economic assumptions that were used over the past 5 years in the annual actuarial valuations. They will also review any recommended changes to those assumptions to be used in the annual actuarial valuations for Fiscal Years 2021 through 2025.

If you have any questions, please let me know.



**ACTUARIAL FIVE-YEAR EXPERIENCE STUDY**

**ACTUARIAL ASSUMPTIONS**

SERS' actuary, Cavanaugh Macdonald, LLC, discussed with the Board the Five-Year Experience Study prepared by the actuary for the period July 1, 2015 through June 30, 2020. As required under Section 3309.21 of the Ohio Revised Code, in preparing the report, the actuary conducted a study of the mortality and service experience of active members, retirees and beneficiaries of the System, and the actuary reported on the investment return results obtained for the same five-year period.

Based on the results of the study, the actuary recommended that SERS adopt the long-term assumptions, as stated in the report, for the following:

- Rate of Price Inflation – 2.40%
- Rate of Investment Return – 7.00%
- Rate of Real Wage Growth - .85%
- Cost-of-Living-Adjustments – 2.00%
- Rates of Withdrawal – Liability Weighted Experience
- Rates of Disability Retirement – As presented in the report dated March 31, 2021
- Rates of Pre-Retirement Mortality – As presented in the report dated March 31, 2021
- Rates of Post-Retirement Mortality – Using the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females
- Rates of Disabled Mortality – Using the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females
- Rates of Service Retirement – As presented in the report dated March 31, 2021
- Rate of Wage Inflation – 2.40%
- Other Assumptions and Methods (Percent Married, Re-hired Retirees, Actuarial Cost Method, Actuarial Value of Assets, Amortization Method, and additional assumptions) – As presented in the report dated March 31, 2021
- Other Post-Employment Benefit Assumptions – Change in long-term rate of return. Changes in participation assumptions for service retirement, disability retirement and spousal coverage, and additional assumptions, as presented in the report dated March 31, 2021

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to adopt the actuary's recommended long-term assumptions.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____



**Cavanaugh Macdonald**  
CONSULTING, LLC

*The experience and dedication you deserve*

## **Ohio SERS Experience Study**

**Experience Study Results  
July 1, 2015 to June 30, 2020**



[www.CavMacConsulting.com](http://www.CavMacConsulting.com)



## Table of Contents

- Demographic Assumptions
- Economic Assumptions
- Retiree Health Care Fund
- Financial Impact



## Key Findings

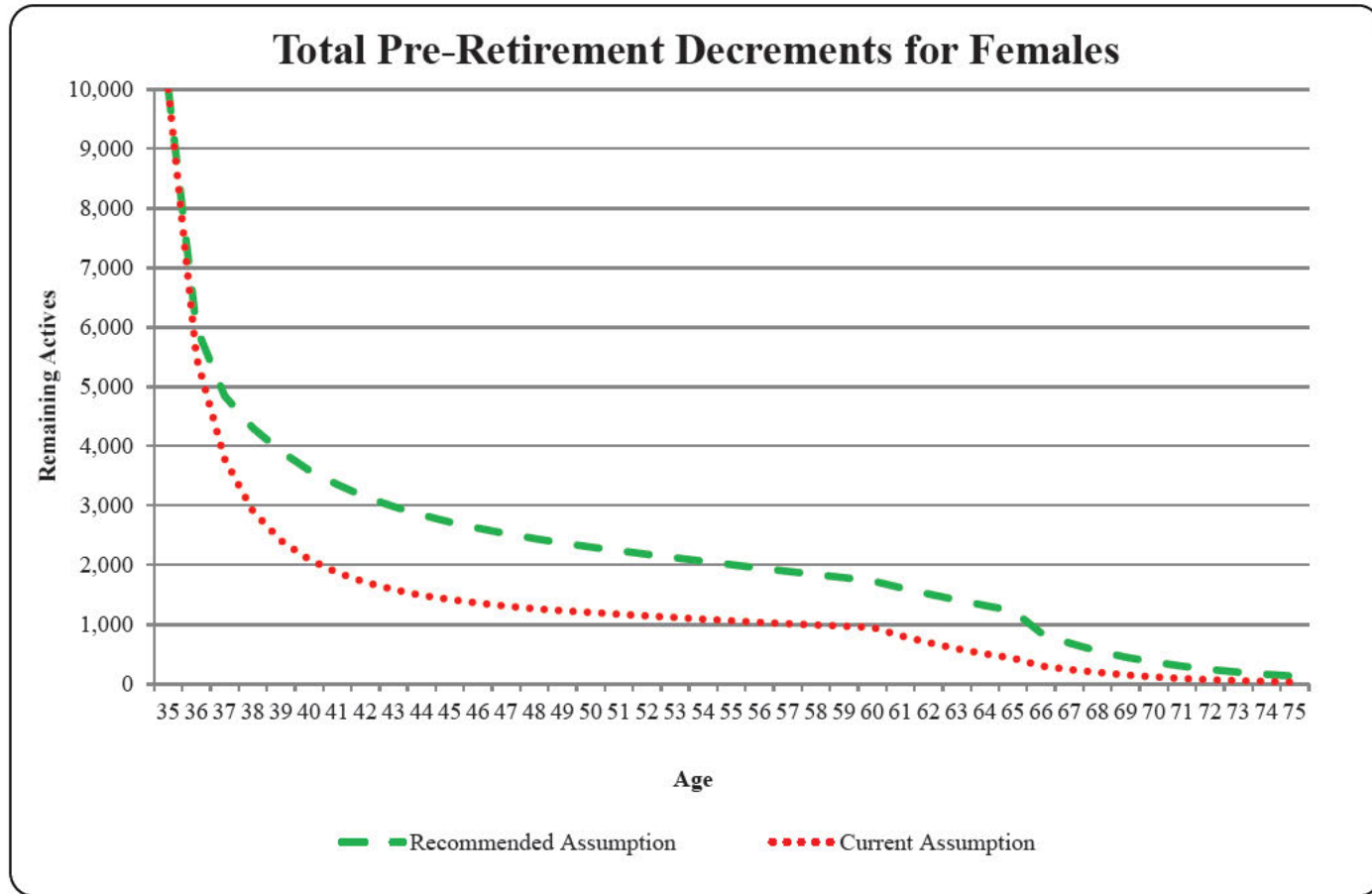
➤ Recommended Economic Assumption Changes

Item	Current	Proposed
Price Inflation	3.00%	2.40%
Investment Return	7.50%	7.00%
Wage Inflation	3.50%	3.25%
COLA's	2.50%	2.00%
Total Payroll Growth	3.50%	1.75%

➤ In compliance with Actuarial Standard of Practice (ASOP) No. 27, *“Selection of Economic Assumptions for Measuring Pension Obligations”*

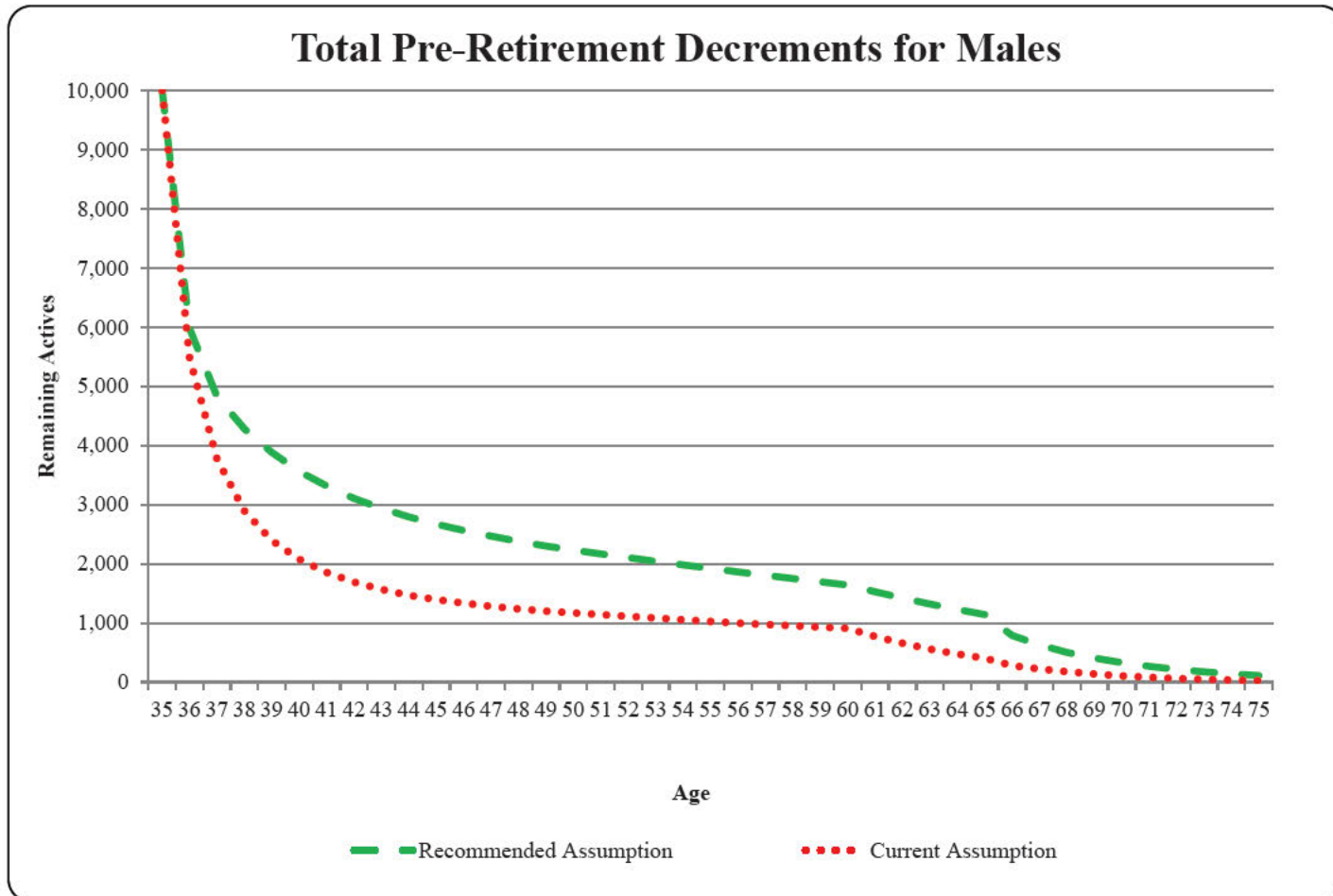


# Demographic Assumptions





# Demographic Assumptions





## Demographic Assumptions

- Assumptions Reviewed
  - Rates of Withdrawal
  - Rates of Pre-Retirement Mortality
  - Rates of Disability Retirement
  - Rates of Retirement
  - Rates of Post-Retirement Mortality
  - Rates of Salary Increase
  
- Actuarial Standard of Practice (ASOP) No. 35, *“Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations”*



## Demographic Assumptions

- Study compares what actually happened during the study period (7/1/2015 through 6/30/2020) with what was expected to happen.
- Assumption changes recommended if actual experience differs significantly from expected.
- Judgment required to extrapolate future experience from past experience.





## Demographic Assumptions

- Studies of demographic experience involve three steps:
  1. The number of members changing membership status, called decrements, during the study is tabulated by age, duration, sex, group, and membership class (active, retired, etc.).
  2. The number of members expected to change status is calculated by multiplying certain membership statistics, called exposure, by the expected rates of decrement.
  3. For observed incidents of disability, the number of actual disability retirements is compared with the number of expected disability retirements. The System's experience was liability weighted for observed incidents of withdrawal, retirement and pre- and post-mortality. When performing a liability weighted analysis, the actuarial liability attributed to the number of actual decrements is compared to the actuarial liability attributed to the number of expected decrements. These comparisons, called the actual to expected ratios (A/E Ratio), are expressed as a percentages.



## Demographic Assumptions

- Rates of Withdrawal
  - Used to determine the expected number of separations from active service that will occur prior to becoming eligible for retirement as a result of resignation or dismissal
  - Studied without regard to gender and based on years of service
  - Liability weighted analysis performed
    - Members who have a higher liability have a larger impact on the gains and losses that occur in the annual valuation
    - Studied on a liability basis using compensation and service as a proxy for the member's liability



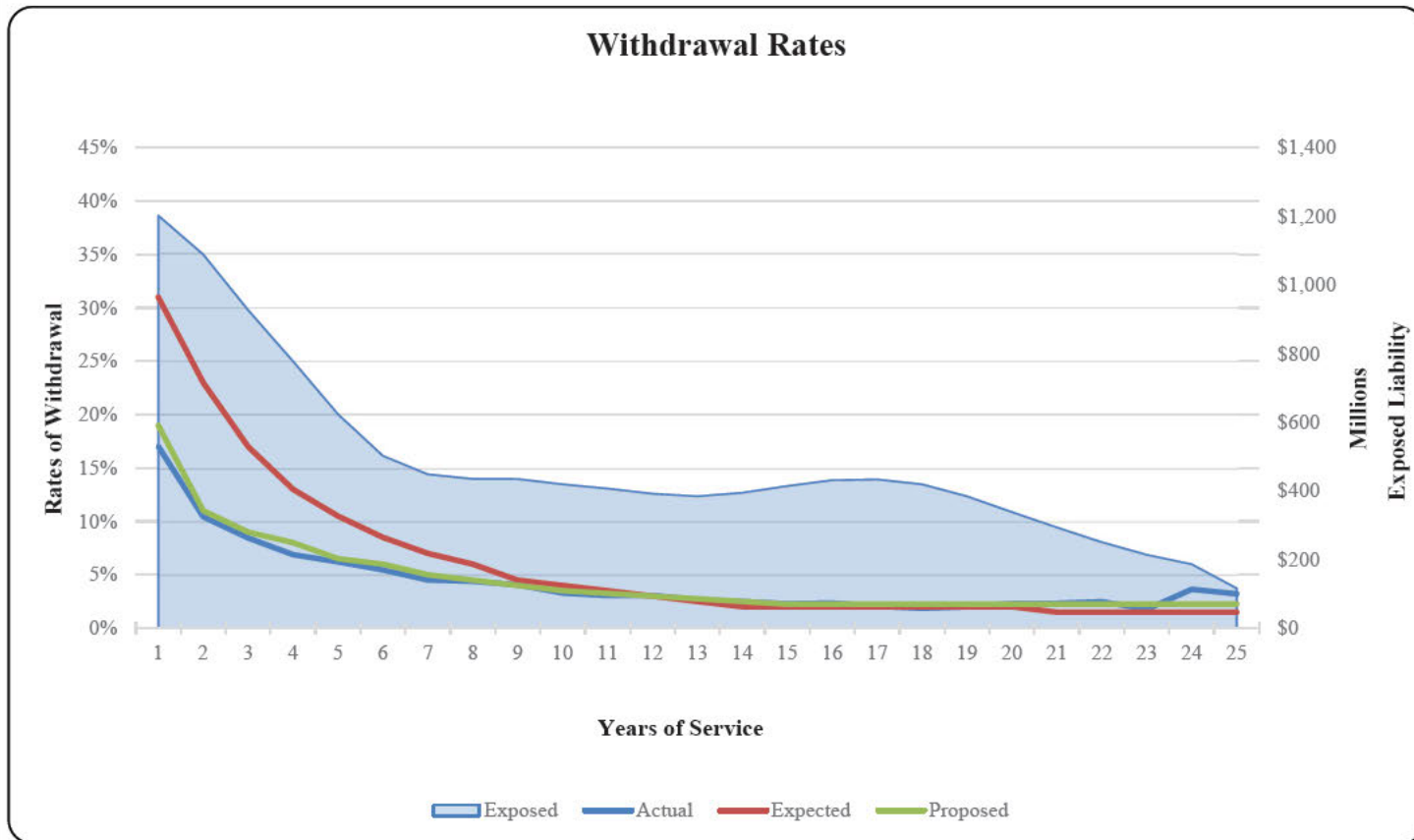
## Demographic Assumptions

### ➤ Rates of Withdrawal

- During the experience period, the current assumption overestimated the expected number of withdrawals for member with less than 12 years of service.
- Recommend updating the withdrawal assumption to reflect recent experience
- A/E ratio under current assumptions – 67%
- A/E ratio under proposed assumptions – 96%



# Demographic Assumptions





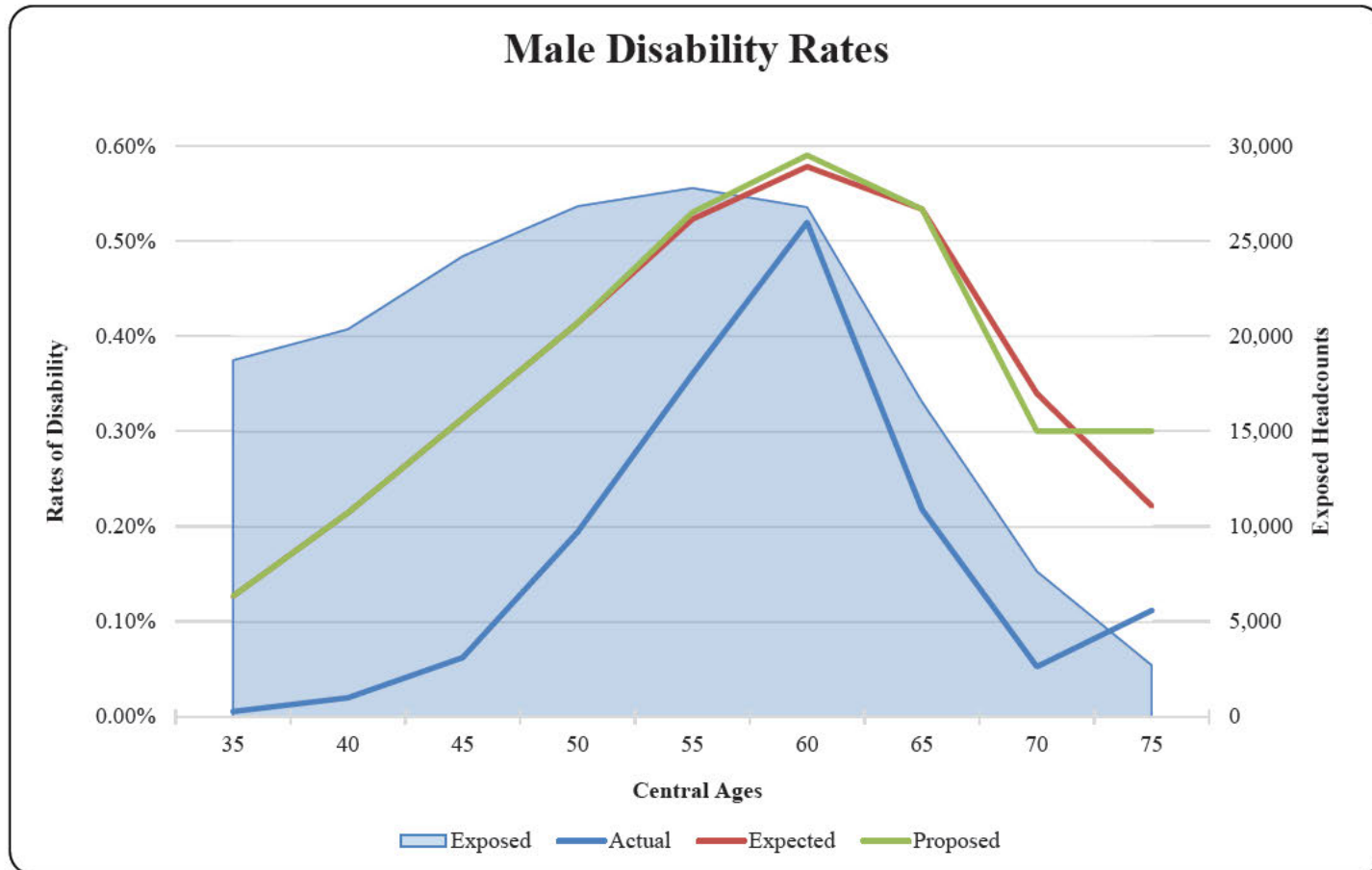
## Demographic Assumptions

- Rates of disability
  - Used to determine the expected number of members who will become disabled during the year
  - Studied based on gender and age
  - Headcount weighted analysis performed
  - A/E ratio under current assumptions
    - Males – 51%
    - Females – 65%
  - Current assumption overestimated the number of disability retirements. Since the liability associated with a single disability occurrence can be large, we recommend maintaining the significant margin with a small adjustment
  - A/E ratio under proposed assumptions
    - Males – 51%
    - Females – 65%



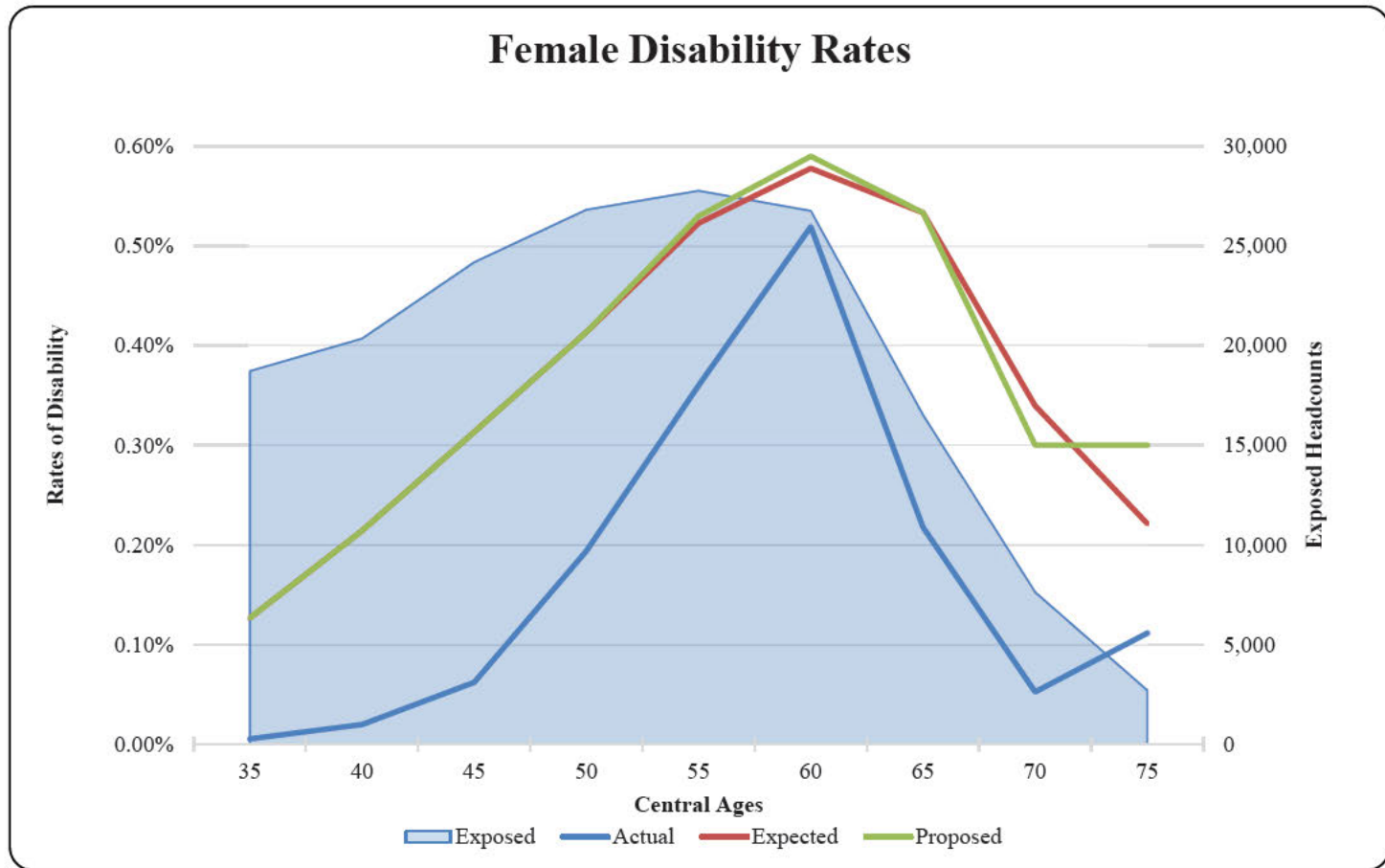


# Demographic Assumptions





# Demographic Assumptions





## Demographic Assumptions

### ➤ Rates of Retirement

- Used to determine the expected number of retirements from active service that will occur after becoming eligible for retirement
- Studies without regard to gender and based on age and years of service
- Liability weighted analysis performed
  - Members who have a higher liability have a larger impact on the gains and losses that occur in the annual valuation
  - Studied on a liability basis using compensation and service as a proxy for the member's liability





## Demographic Assumptions

- Rates of retirement
  - Grandfathered
    - Unreduced retirement
      - Age 65 with 5 years of service
      - 30 years of service
    - Reduced Retirement
      - Age 60 with 5 years of service
      - Age 55 with 25 years of service
  - Non-grandfathered
    - Unreduced retirement
      - Age 67 with 10 years of service
      - Age 57 with 30 years of service
    - Reduced Retirement
      - Age 62 with 10 years of service
      - Age 60 with 25 years of service



## Demographic Assumptions

- Rates of retirement
  - Studied in the following groups
    - Unreduced retirement (first eligibility)
    - Unreduced retirement (beyond first eligibility)
    - Reduced retirement with less than 25 years of service
    - Reduced retirement with 25 or more years of service
  - For grandfathered members, the current assumption underestimated the retirement liability that occurred during the experience period
  - A/E ratio under current assumptions – 169%
  - A/E ratio under proposed assumptions – 97%

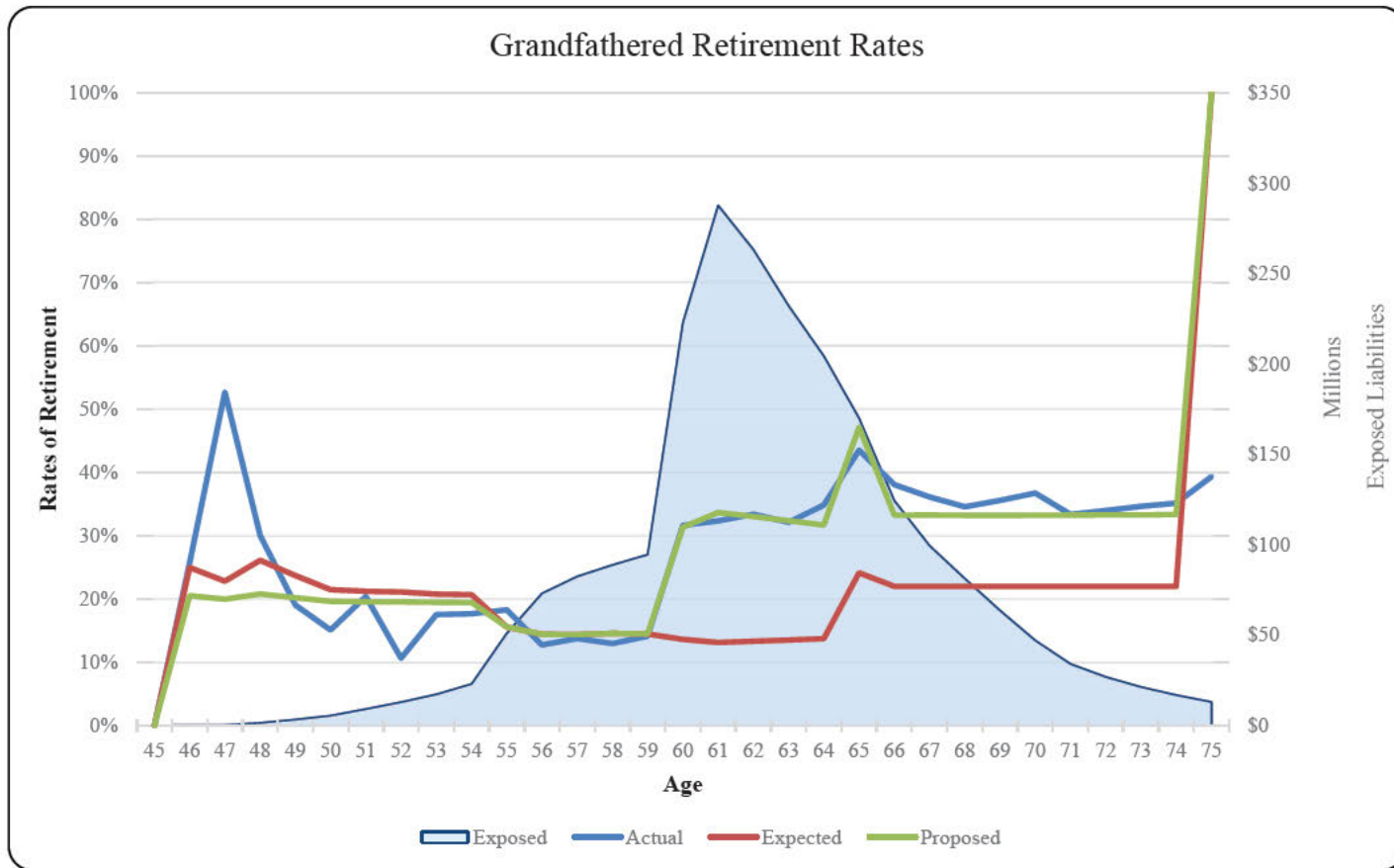


## Demographic Assumptions

- Rates of retirement
  - For non-grandfathered members, the current assumption overestimated the retirement liability that occurred during the experience period
  - A/E ratio under current assumptions – 75%
  - A/E ratio under proposed assumptions – 101%

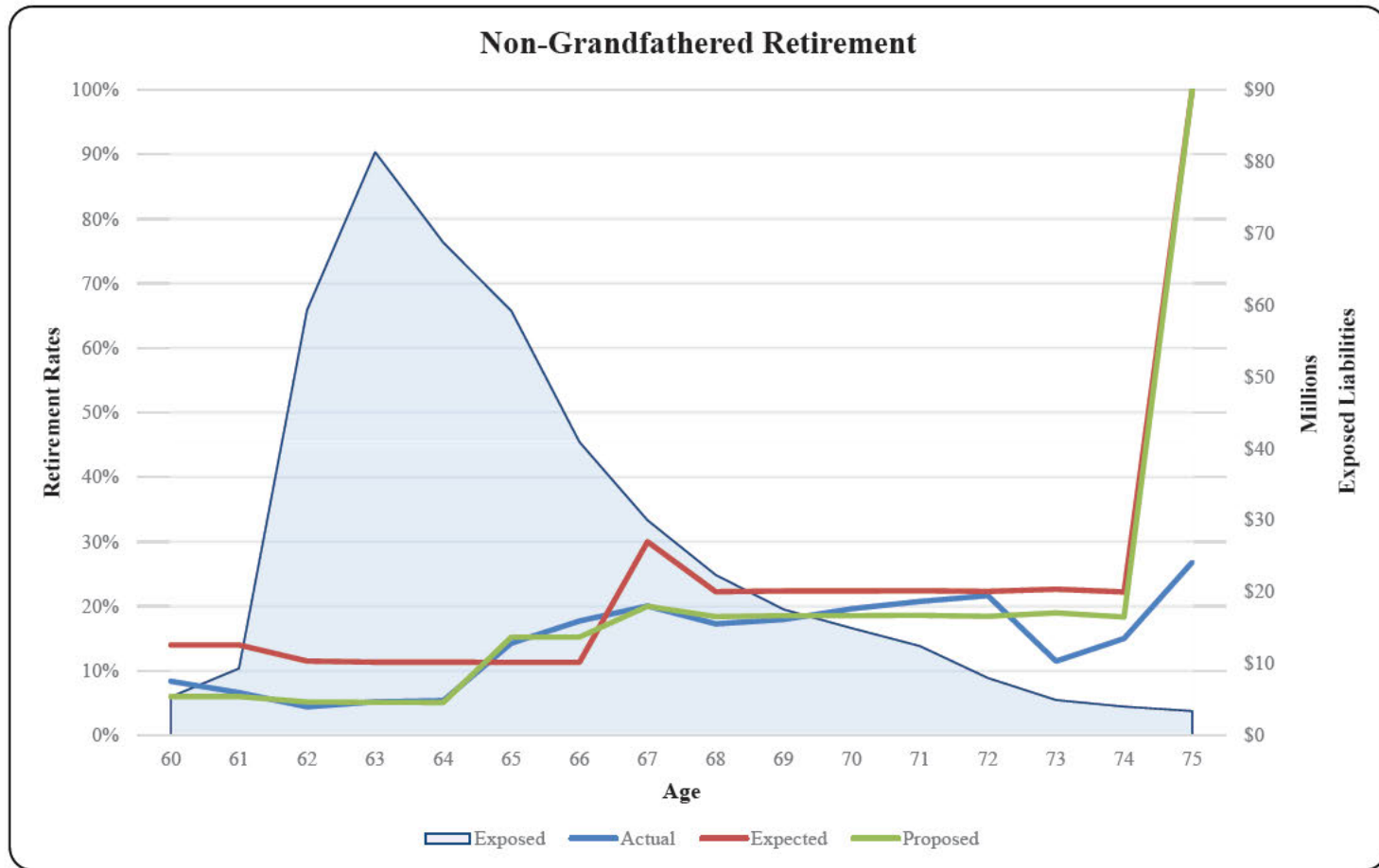


# Demographic Assumptions





# Demographic Assumptions





## Demographic Assumptions

- Rates of Pre- and Post-Retirement Mortality
  - Benefits are paid over a retiree's life; therefore, it is important to accurately reflect the typical life expectancy
  - The mortality assumption is used to determine the number of deaths that will occur during the year
  - Studied based on gender and age
  - Liability weighted analysis performed using the retirees and beneficiary's retirement benefit as a proxy for liability
  - The Society of Actuaries recently released as set of mortality tables based solely on public plan data. The family of tables is called the Pub-2010 tables





## Demographic Assumptions

- Rates of Pre- and Post-Retirement Mortality
  - The current assumption
    - Slightly overestimated the liability released due to the deaths of both male (96% A/E Ratio) and female (89% A/E Ratio) healthy retirees
    - Underestimated the liability released due to the deaths for both male (115% A/E Ratio) and female (133% A/E Ratio) contingent survivors
    - Overestimated the liability released due to the deaths of male disabled retirees (73% A/E Ratio) and slightly underestimated the liability released due to the deaths of female disabled retirees (103% A/E Ratio)



## Demographic Assumptions

- Rates of Pre- and Post-Retirement Mortality
  - We recommend that the mortality assumptions be updated to the following:
    - Pub-2010 General Employees Amount Weighted Below Median Healthy Retiree Mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted by 81.35% for females
    - Pub-2010 General Amount Weighted Below Median Contingent Survivor Mortality Table projected to 2017 with ages set forward 1 year for both males and females and adjusted 105.5% for males and 122.5% for females
    - Pub-2010 General Disabled Retiree Mortality Table projected to 2017 with ages set forward 5 years and adjusted by 103.30% for males and set forward 3 years and adjusted by 106.80% for females
    - Pub-2010 General Amount Weighted Below Median Employee Mortality
  - All table are projected generationally using scale MP-2020





## Demographic Assumptions

- Rates of Pre- and Post-Retirement Mortality
  - A/E ratios under current and proposed assumption

	Current Assumption		Proposed Assumption	
	Males	Female	Male	Female
Healthy Retirees	96%	89%	99%	99%
Contingent Survivors	115%	133%	106%	107%
Disabled Retirees	73%	103%	105%	104%

- Not enough experience (469 total deaths) to perform an analysis for active employee deaths, therefore we have recommended the standard table without adjustment.



# Demographic Assumptions

- Rates of Pre- and Post-Retirement Mortality
  - Life Expectancy for Health Retiree by age and projection year

	50/50 Male Female Blend				
	2020	2025	2030	2035	2040
50	34.51	34.97	35.44	35.93	36.42
51	33.59	34.05	34.52	35.00	35.48
52	32.67	33.13	33.59	34.07	34.54
53	31.76	32.21	32.67	33.14	33.61
54	30.85	31.30	31.75	32.22	32.67
55	29.94	30.39	30.84	31.29	31.74
56	29.04	29.48	29.93	30.38	30.82
57	28.14	28.58	29.02	29.46	29.89
58	27.25	27.68	28.11	28.54	28.97
59	26.36	26.78	27.20	27.63	28.05
60	25.48	25.88	26.30	26.72	27.14
61	24.60	24.99	25.40	25.82	26.22
62	23.72	24.10	24.51	24.91	25.31
63	22.85	23.21	23.61	24.01	24.40
64	21.97	22.33	22.71	23.10	23.49
65	21.10	21.44	21.82	22.21	22.58
66	20.25	20.57	20.94	21.32	21.69
67	19.40	19.71	20.07	20.44	20.80



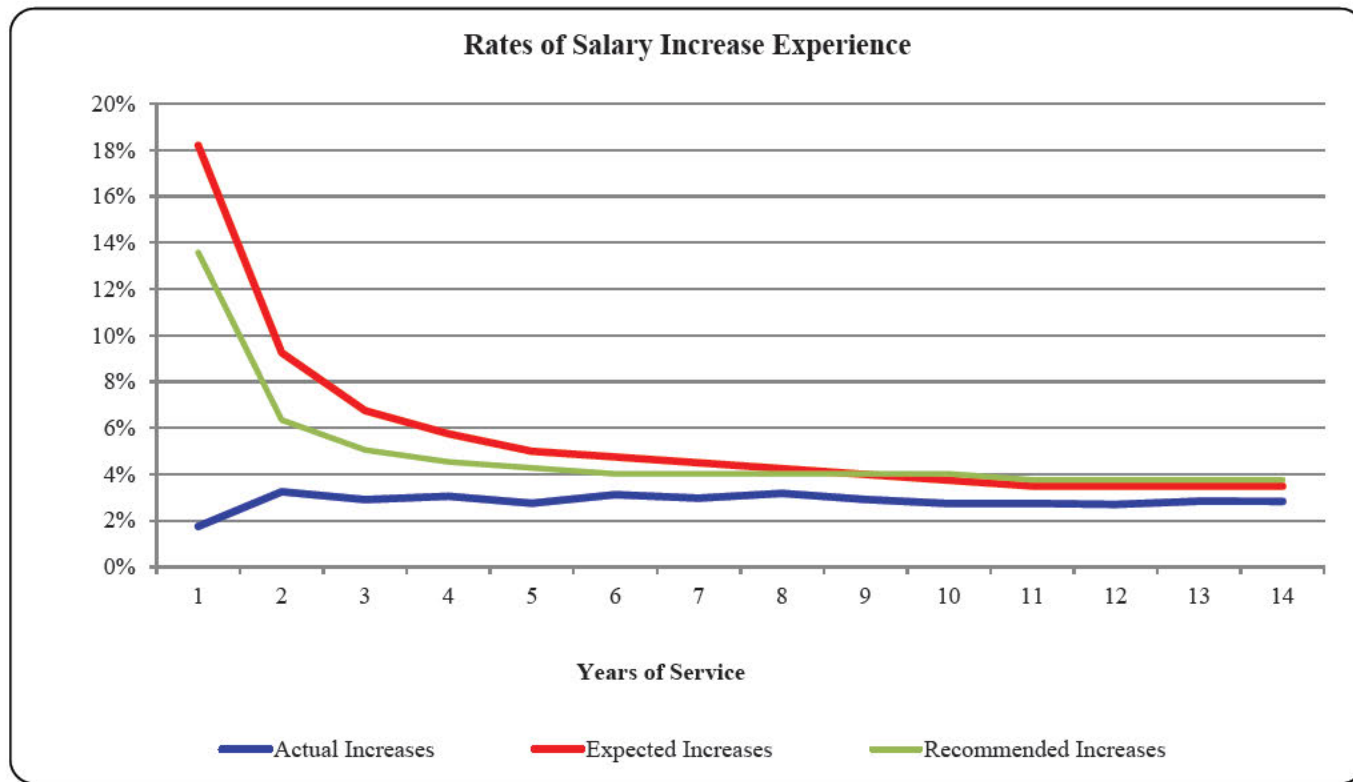
## Demographic Assumptions

### ➤ Rates of Salary Increase

- Used to determine the expected salaries for individuals as they progress toward retirement in order to calculate a member's Final Average Salary at retirement
- During the experience period, the current assumption overestimated the expected salary increases which is mainly attributed to lower than expected wage inflation of 2.06% compared to the current assumption of 3.50%
- Recommend updating the merit component of the assumed salary scale combined with the new proposed wage inflation assumption of 3.25%
- A/E ratio under current assumptions – 97%
- A/E ratio under proposed assumptions – 98%



# Demographic Assumptions





# Economic Assumptions

- Actuarial Standard of Practice (ASOP) No. 27, *“Selection of Economic Assumptions for Measuring Pension Obligations”*
- Assumptions reviewed
  - Price inflation
  - Investment return
  - Wage inflation
  - Cost-of-Living Adjustments
- Recommendations

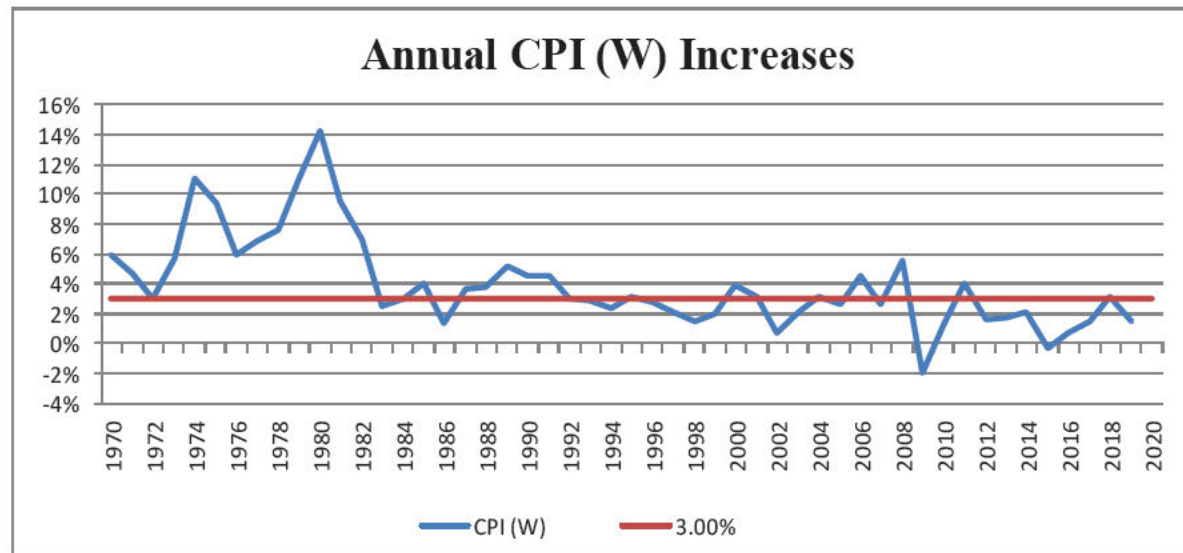
Item	Current	Proposed
Price Inflation	3.00%	2.40%
Real Rate of Return	<u>4.50%</u>	<u>4.60%</u>
Investment Return	7.50%	7.00%
Price Inflation	3.00%	2.40%
Real Wage Growth	<u>0.50%</u>	<u>0.85%</u>
Wage Inflation	3.50%	3.25%
COLA's	2.50%	2.00%



# Economic Assumptions Price Inflation



- Current assumption: 3.00%



- Recommendation:
  - In the 2020 OASDI Trustees Report, the Chief Actuary of the Social Security bases the 75-year cost projections on an intermediate inflation of 2.40%. We concur with this assumption and recommend it for use for SERS





# Economic Assumptions Investment Return



## ➤ Current Assumption

- Price inflation 3.00%
- Real rate of return 4.50%
- Total return (net of investment and administrative expenses) 7.50%

Nominal Total Rate of Return		
Year Ending 6/30	Actuarial Value	Market Value
2016	7.9%	0.6%
2017	7.4%	13.0%
2018	6.3%	9.0%
2019	7.1%	5.7%
2020	7.4%	2.7%
Average	7.2%	6.2%



# Economic Assumptions Investment Return



## ➤ Peer Group Analysis (Assumed Rate of Return)

- *NASRA Issue Brief: Public Pension Plan Investment Return Assumptions* update as of February 2021 indicates the median assumed return is 7.23% while the mean is 7.15%
- Out of 131 respondents, 61 have an assumed rate of return of 7.00% or less
- Trends shows that Systems have been lowering their assumed rate of return

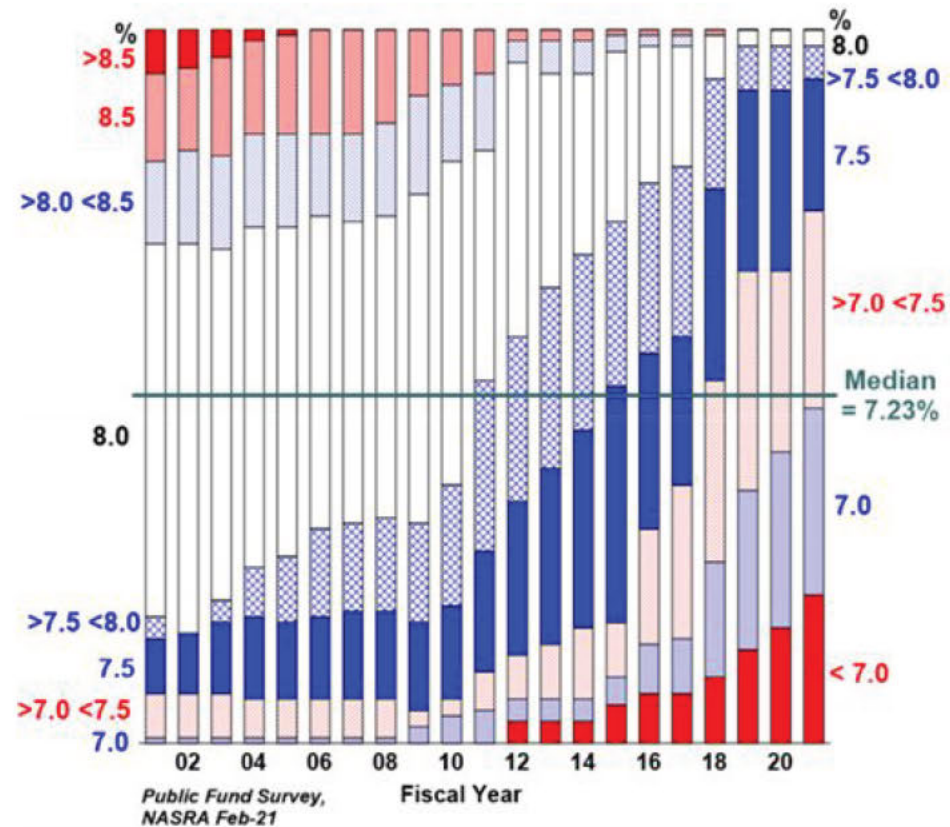




# Economic Assumptions Investment Return



## ➤ Public Fund Survey





# Economic Assumptions Investment Return



- Expected range of return performed by SERS investment consultant

Time Span in Years	Mean Real Return	Assumed Inflation	Total Return
10	2.98%	2.33%	5.38%
20	3.68%	2.33%	6.10%
30	4.38%	2.33%	6.81%



# Economic Assumptions Investment Return



- Stochastic projection expected range of real rates of return

Time Span in Years	Mean Real Return	Standard Deviation	Real Returns by Percentile				
			5th	25th	50th	75th	95th
1	5.80%	10.67%	-10.79%	-1.64%	5.26%	12.65%	24.20%
5	5.37%	4.74%	-2.25%	2.11%	5.26%	8.50%	13.35%
10	5.31%	3.35%	-0.11%	3.03%	5.26%	7.54%	10.92%
20	5.29%	2.37%	1.44%	3.68%	5.26%	6.87%	9.23%
30	5.28%	1.93%	2.13%	3.97%	5.26%	6.57%	8.49%
40	5.27%	1.67%	2.54%	4.14%	5.26%	6.40%	8.05%
50	5.27%	1.50%	2.83%	4.26%	5.26%	6.28%	7.75%

- Based on Survey of Capital Market Assumptions: 2020 Edition published by Horizon Actuarial Services, LLC



# Economic Assumptions Investment Return



- Administrative Expenses
  - \$ Thousands

FY Ending June 30	Administrative Expenses	Market Value of Assets	Expense Ratio
2016	\$24,555	\$12,821,835	0.19%
2017	\$26,985	\$13,995,748	0.19%
2018	\$29,626	\$14,706,145	0.20%
2019	\$34,446	\$15,007,887	0.23%
2020	\$30,879	\$14,902,210	0.21%

- Recommended long-term expense ratio of 0.22% which is the average of the most recent two years



# Economic Assumptions Investment Return



## ➤ Recommendation

- ASOP No. 27 “building block” approach
- Projection results

Item	50 <sup>th</sup> Percentile
Real Rate of Return	4.82%
Inflation	2.40%
Expenses	<u>(0.22)%</u>
New Investment Return	7.00%

Investment Return Assumption	
Current	7.50%
Recommended	7.00%

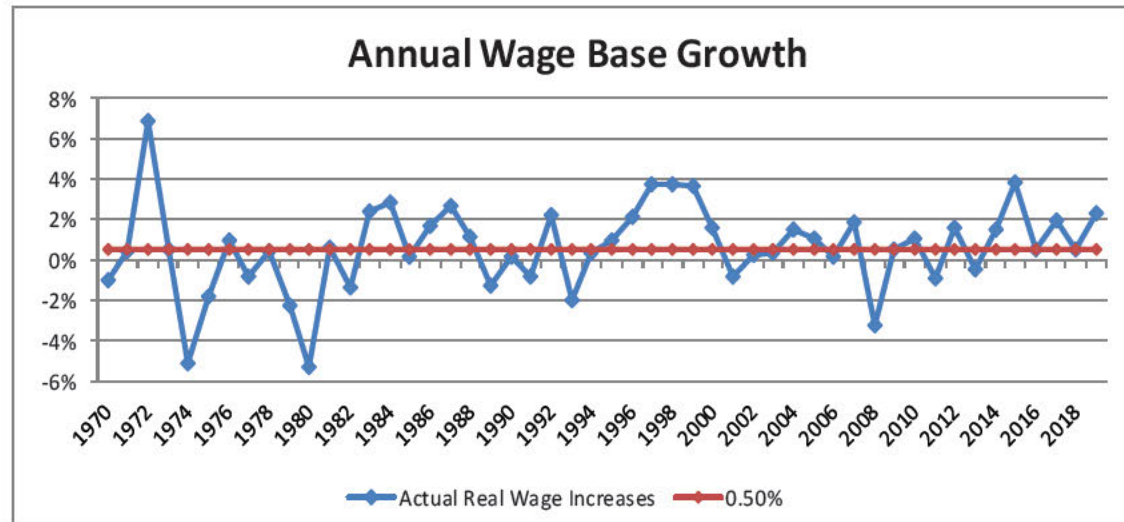
- Real rate of return is equal to the average of 5.26% and 4.38% noted on previous slides



# Economic Assumptions

## Wage Inflation

- Current assumption: 3.50%, which is 0.50% above price inflation
- Social Security Administration data







# Economic Assumptions

## Wage Inflation



- Social Security 75-year projection of national wage growth assumption is 1.14% greater than price inflation.
- Recommendation

Wage Inflation Assumption	
CPI (W)	2.40%
Real Wage Inflation	0.85%
Total Wage Inflation	3.25%



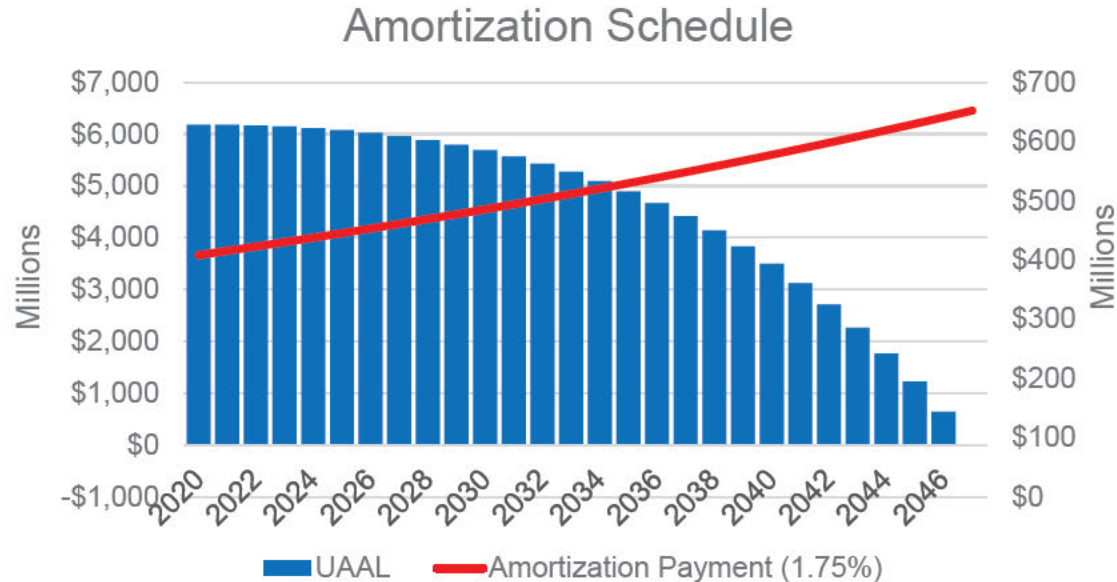
## Cost-of-Living Adjustments

- COLAs are provided beginning with the 4<sup>th</sup> anniversary of a member's retirement at the rate established by the Board for the applicable calendar year. The rate of the annual COLA is determined as the annual rate of increase in the Consumer Price Index, but not less than 0% and capped at 2.5%. The annual COLA rate is applied to the base pension amount to determine the amount of increase in the pension benefit. The current assumption is an annual rate of 2.5% based primarily on the current inflation assumption of 3.0%.
- We have stochastically modeled the distribution of expected COLA rates under the specific provisions of the System using the current recommended 2.40% assumed rate of inflation with an annual standard deviation in rates of inflation of 1.75%. The modeled average rate of COLA over a 30-year period is 1.85%. We recommend a 2.00% assumed annual rate of COLAs which will maintain a reasonable margin above the modeled average COLA rate.



# Payroll Growth Assumptions

- Since 2017, total payroll has grown by only 1.73% per year. Based on our most recent open-group projections of the System, the expected longer-term future rate of growth is also less 2.0% annually. We recommend reducing this assumption to 1.75% to better reflect recent experience and the expected slower growth in future years.





## Retiree Health Care Fund

- Investment Return Assumption
  - Currently use 7.50% investment return and 3.50% wage growth assumption for accounting solvency projections.
  - Currently use 5.25% investment return for Actuarially Determined Employer Contribution (ADEC), reflecting benefits are projected to be primarily pay-as-you-go.
- Recommendation
  - GASB 74/75 implementation separates accounting standards from funding with ADEC to be based on plan's anticipated asset returns.
  - Use 7.00% investment return and 3.25% wage growth assumption for GASB 74/75 accounting solvency projections and funding purposes as assets invested same as Basic Benefits Plan.





# Retiree Health Care Fund

➤ Participation Assumption – Service Retirements

- For Service Retirees, current assumption for pre-65 and post-65 participation is based on years of service at retirement because that determines level of premium subsidy.
- Actual experience exhibits lower pre-65 participation and higher post-65 participation for certain years of service brackets.
- Recommended

Years of Service	Current Assumption	Recommended Pre-65	Recommended Post-65
10-14	25%	25%	25%
15-19	45%	25%	45%
19-24	70%	45%	70%
25-30	75%	50%	75%
30-34	80%	75%	85%
35+	90%	90%	90%



## Retiree Health Care Fund

➤ Participation Assumption – Disability Retirements

- For Disabled Retirees, current assumption for pre-65 and post-65 participation is based on years of service at retirement because that determines level of premium subsidy.
- Actual experience exhibits lower pre-65 participation and higher post-65 participation for certain years of service brackets.
- Recommended

Years of Service	Current Assumption	Recommended Pre-65	Recommended Post-65
10-14	50%	25%	70%
15-19	70%	45%	70%
19-24	75%	50%	75%
25-30	75%	75%	75%
30-34	80%	75%	85%
35+	90%	90%	90%





## Retiree Health Care Fund

- Spouse Coverage Assumption
  - Current assumption:
    - 50% of male retirees who participate in health care cover a spouse
    - 30% of female retirees who participate in health care cover a spouse
  - Actual experience shows that only about 25% of retirees who participate in health care cover a spouse
- Recommendation
  - 25% of male retirees who participate in health care cover a spouse
  - 25% of female retirees who participate in health care cover a spouse



# Financial Impact

## Financial Impact on 6/30/20 Basic Benefits Valuation

	Valuation 6/30/2020	Assumption Changes
<b>Employer Contribution Rate:</b>		
Normal Rate	0.06%	1.95%
UAAL	<u>10.80%</u>	<u>11.99%</u>
Total Employer Rate	10.86%	13.94%
Actuarial accrued liability	\$21,033,809,319	\$21,218,685,659
Actuarial value of assets	\$15,036,735,150	\$15,036,735,150
UAAL	\$5,997,074,169	\$6,181,950,509
Amortization Period	24	27



# Financial Impact

## Financial Impact on 6/30/20 Basic Benefits Valuation

Valuation As of June 30, 2020	Before Change Current Demographic Assumptions  Investment Rate of Return = 7.50%	After Change Proposed Demographic Assumptions  Investment Rate of Return = 7.00%
UAL	\$5,997,074,169	\$6,181,950,509
Funded Status		
All Basic Benefits	71.49%	70.87%
Pension Benefits	71.90%	71.28%
Medicare Part B	50.66%	49.98%
Post Retirement Death Benefits	66.81%	65.11%



# Financial Impact

## Financial Impact on 6/30/20 Retiree Health Care Valuation

	Valuation 6/30/2020	Assumption Changes
<b>Employer Contribution Rate:</b>		
Normal Rate	2.09%	1.31%
UAAL	<u>1.58%</u>	<u>1.44%</u>
Total Required Employer Rate	3.67%	2.75%
Actuarial accrued liability	\$1,796,503,544	\$1,262,355,624
Actuarial value of assets	\$482,611,478	\$482,611,478
UAAL	\$1,313,892,066	\$779,744,146
Solvency Period	2053	2049
Amortization Period	30	30



# Financial Impact

## Financial Impact on 6/30/20 Retiree Health Care Valuation

Valuation As of June 30, 2020	Before Change Current Demographic Assumptions  Investment Rate of Return = 5.25%	After Change Proposed Demographic Assumptions  Investment Rate of Return = 7.00%
UAL	\$1,313,892,066	\$779,744,146
Funded Status	26.86%	38.23%
Solvency Period	2053	2049

# Ohio SERS Investment Report

## Monthly Report to the Board

For the period ending:  
February 28, 2021

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

*Meeting Date: April 2021*

*Serving the People Who Serve Our Schools<sup>®</sup>*







## Ohio SERS Investment Report

Month Ending: 02/28/2021

### **Investment Agenda**

---

Annual Portfolio Review – Private Credit  
Extension / Renewal of Investment Consultant contract (possible vote)  
Investment Report (February 28, 2021)  
Corporate Governance – New Proxy Issues 2021



Ohio SERS Investment Report

Month Ending: 02/28/2021

# Economic and Financial Market Outlook



## Ohio SERS Investment Report

Month Ending: 02/28/2021

- The US economy continued to recover in Q4, 2020 with a growth rate of 4.3%. In 2020, the real GDP declined 3.5%; services sector decreased 3.9% while goods sector and government contracted 2.7% and 2.1%, respectively. Looking forward, Blue Chip consensus expects 5.7% growth for 2021 helped by the nationwide vaccination and supportive fiscal and monetary policy. (Source: *Bureau of Economic Analysis and March Blue Chip Indicators*)
- The US unemployment rate decreased to 6.2% in February and non-farm employment gained 379,000 jobs in February. (Sources: *Bureau of Labor Statistics and Department of Labor*)
- The US headline inflation was 1.7% in February, 0.3% higher than January. Over the last 12 months, the energy index and the food index increased 2.4% and 3.6%, respectively. The core inflation, excluding food and energy, was 1.3%. Blue Chip consensus projected 2.4% headline inflation in 2021. (Source: *Bureau of Labor Statistics and March Blue Chip Indicators*)
- The 10-year Treasury nominal yield rose to 1.44% in February and continued to rise in March, reaching levels above 1.60% since mid-March; nevertheless, Blue Chip consensus expected it to stay around 1.5% in 2021. The yield curve has steepened significantly since mid-2020. The 10-year real yield was (0.26%). (Source: <https://www.treasury.gov> and *March Blue Chip Indicators*)
- The housing price continued to rise. The S&P Case-Shiller 20-City home price index posted an annual gain of 11.1% in January, up from 10.1% in December 2020.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was 76.8, well below the historical average level. The US Economic Surprise index was at a healthy level of 86.5. The Leading Economic Index (LEI) issued by the Conference Board continued its recovery, reaching 110.5 in February.
- The US manufacturing PMI was strong at 60.8, a 2% increase from January. The JPMorgan Global Manufacturing PMI was 53.9 in February. (Source: *Institute for Supply Management, Markit*).
- Equity markets were up in February. The US markets were up 3.13% while the non-US developed and emerging markets returned 2.55% and 0.76%, respectively.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 1.44% for February.

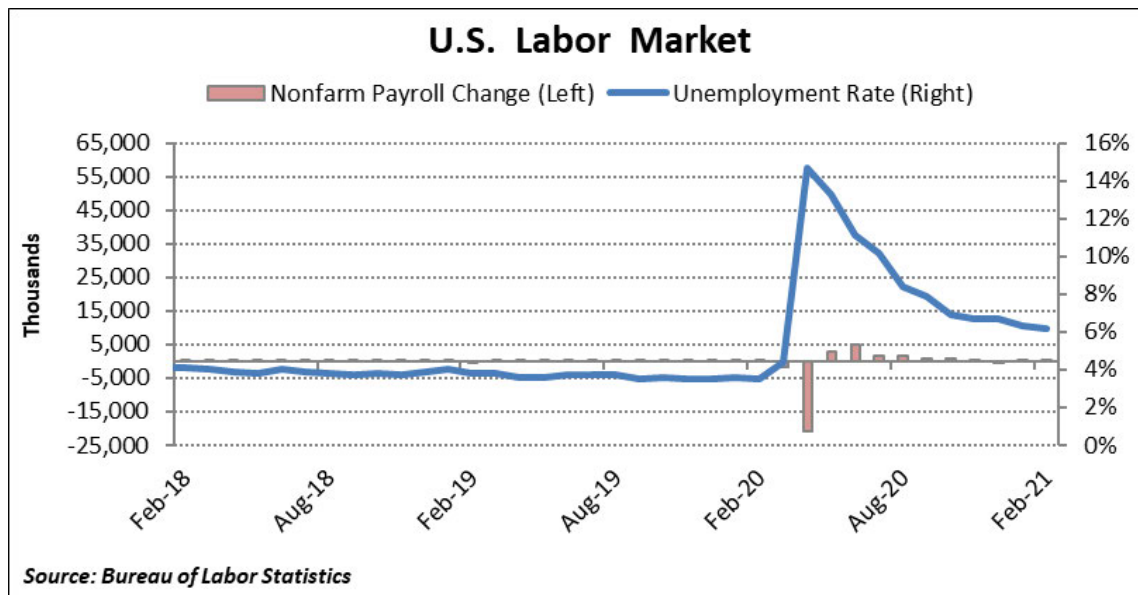
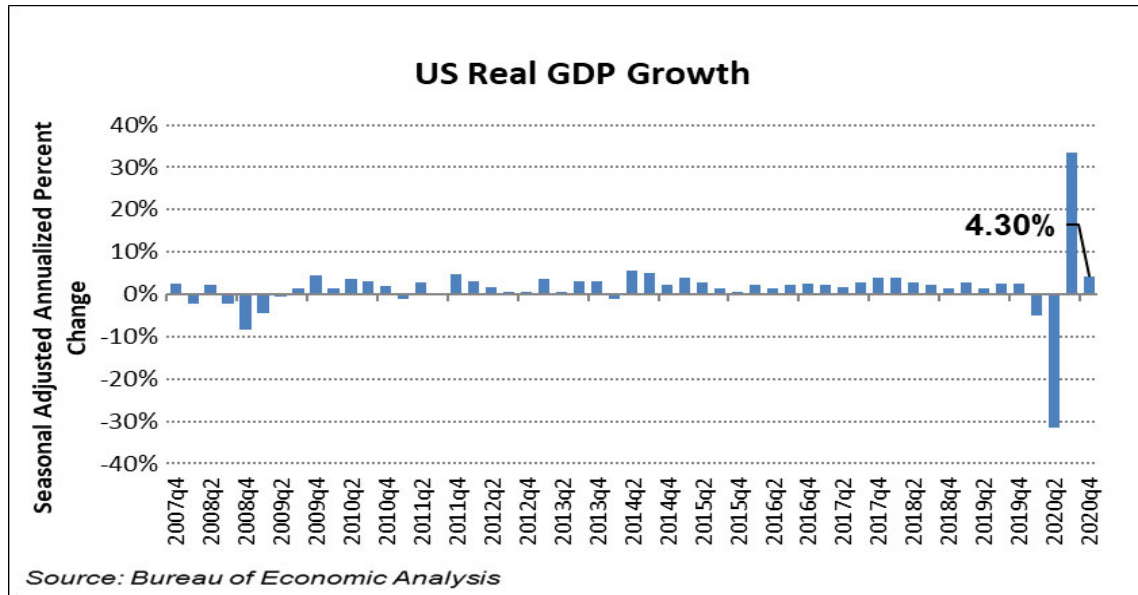
Notes: Acronym – PMI – Purchasing-Managers' Index



Ohio SERS Investment Report

Month Ending: 02/28/2021

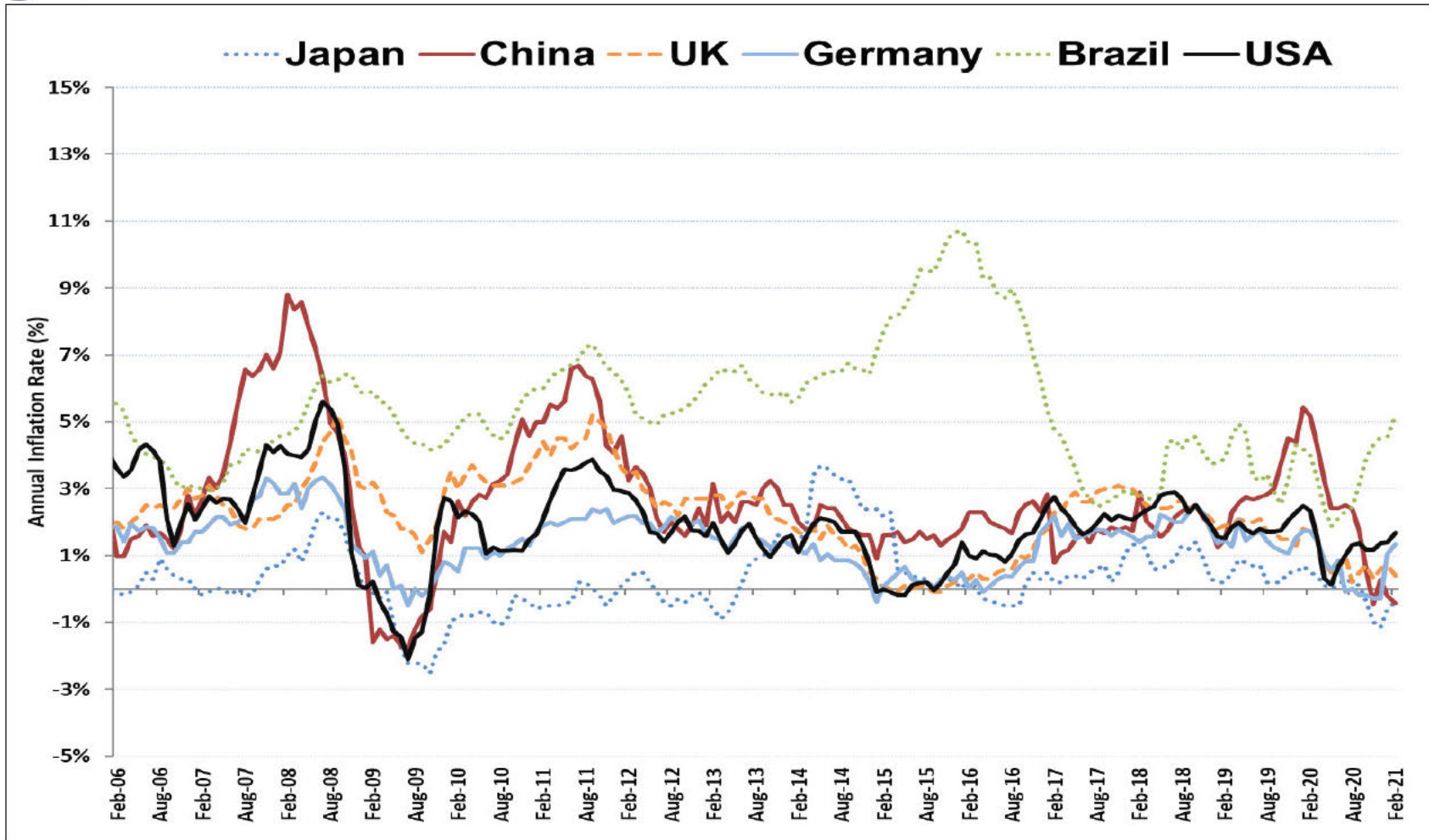
**ECONOMY** US Real GDP Growth and Labor Market





Ohio SERS Investment Report  
**ECONOMY** Headline Inflation

Month Ending: 02/28/2021



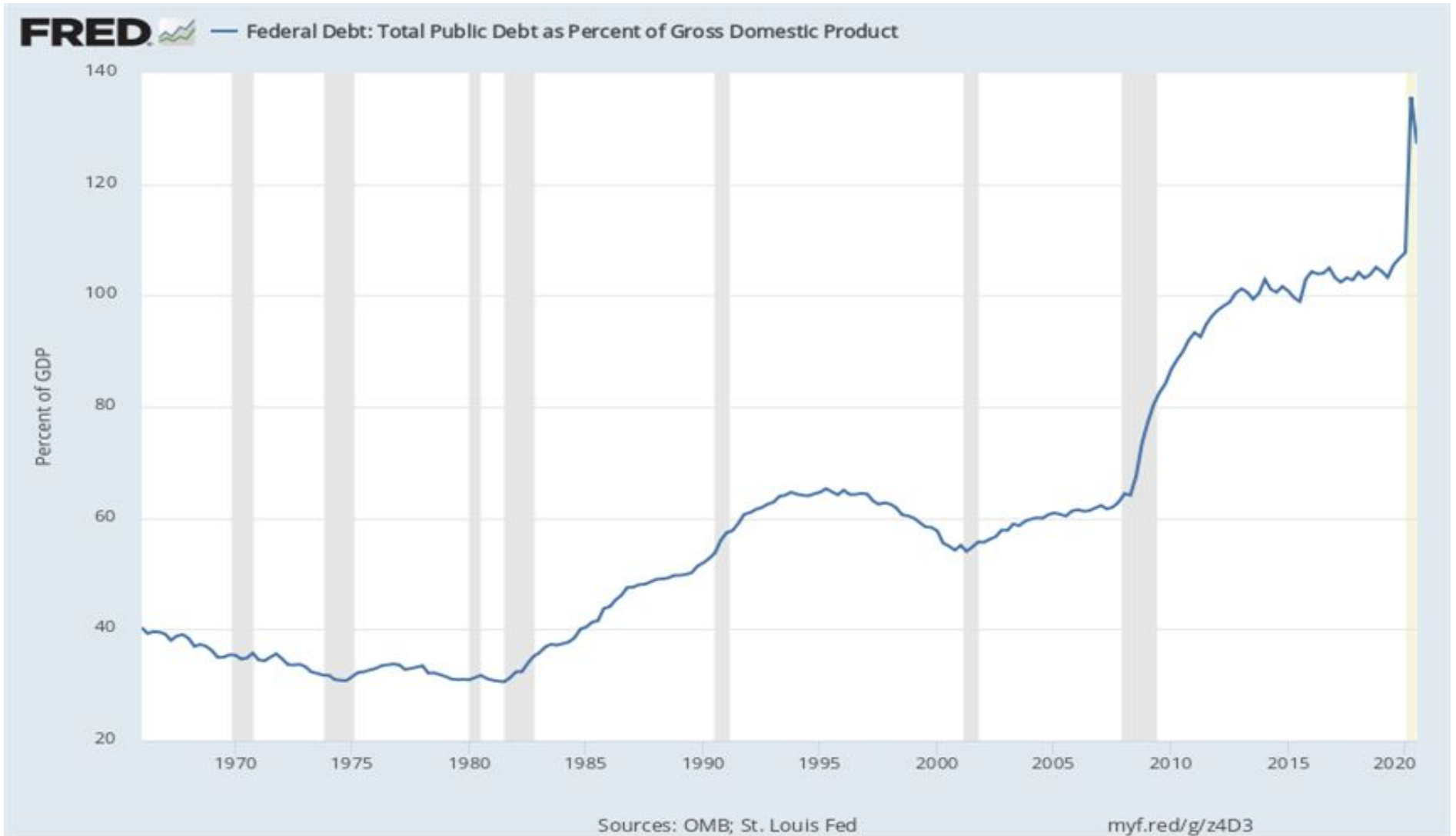
	Japan	China	UK	Germany	Brazil	USA
<b>Feb-21</b>	-0.4	-0.4	0.4	1.3	5.2	1.7

Sources: [www.ons.gov.uk](http://www.ons.gov.uk), [www.oecd.org](http://www.oecd.org), [www.inflation.eu](http://www.inflation.eu), and [www.tradingeconomics.com](http://www.tradingeconomics.com)



Ohio SERS Investment Report  
**ECONOMY** US Government Debt

Month Ending: 02/28/2021



Source: <https://fred.stlouisfed.org>

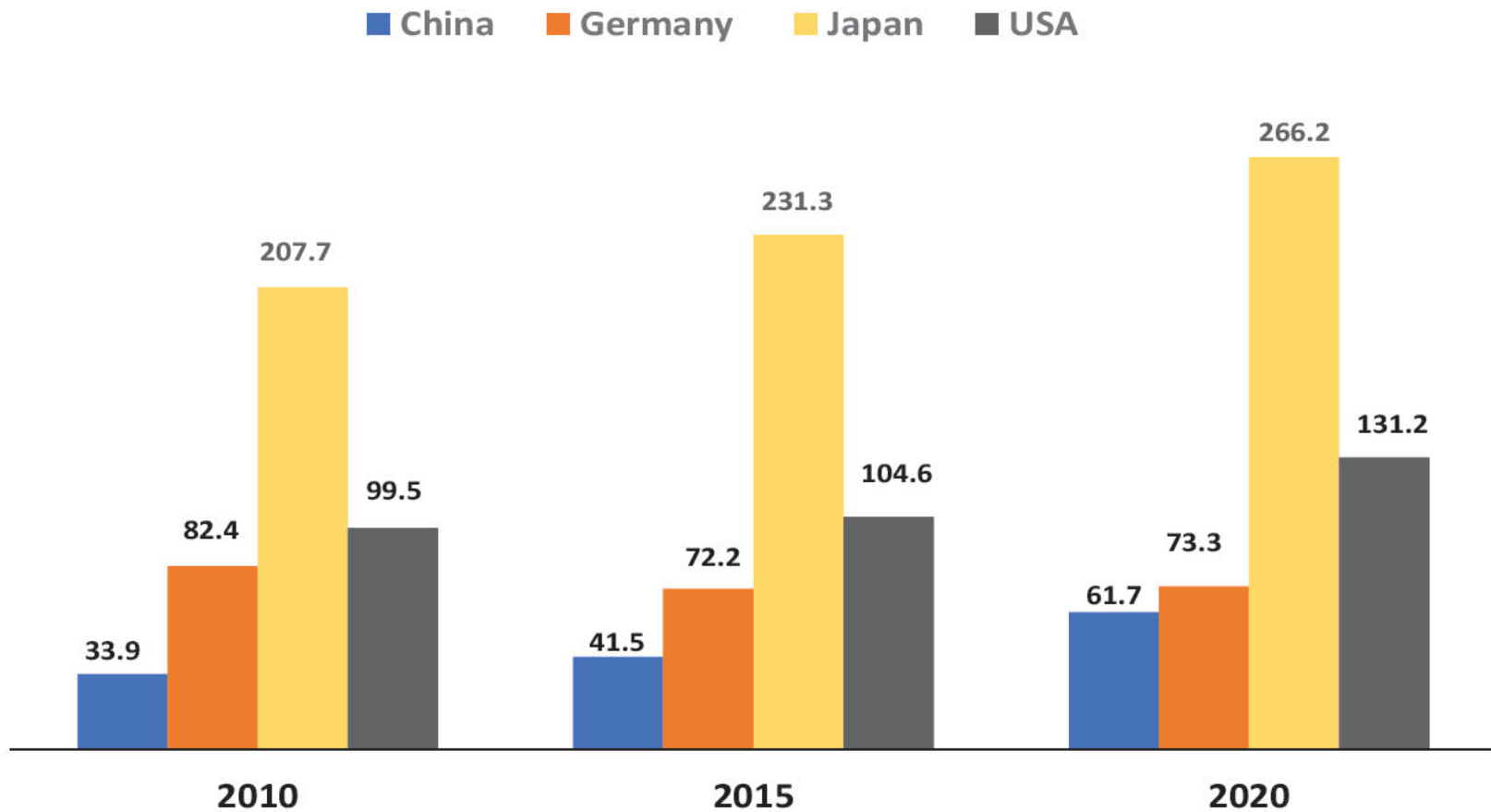




Ohio SERS Investment Report  
**ECONOMY** Government Debt

Month Ending: 02/28/2021

### Government Gross Debt (Percent of GDP)



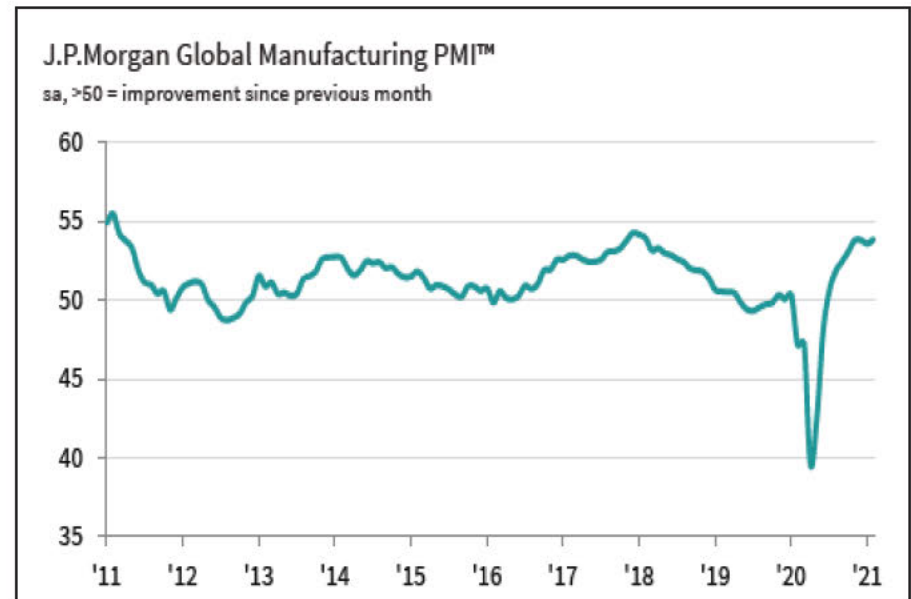
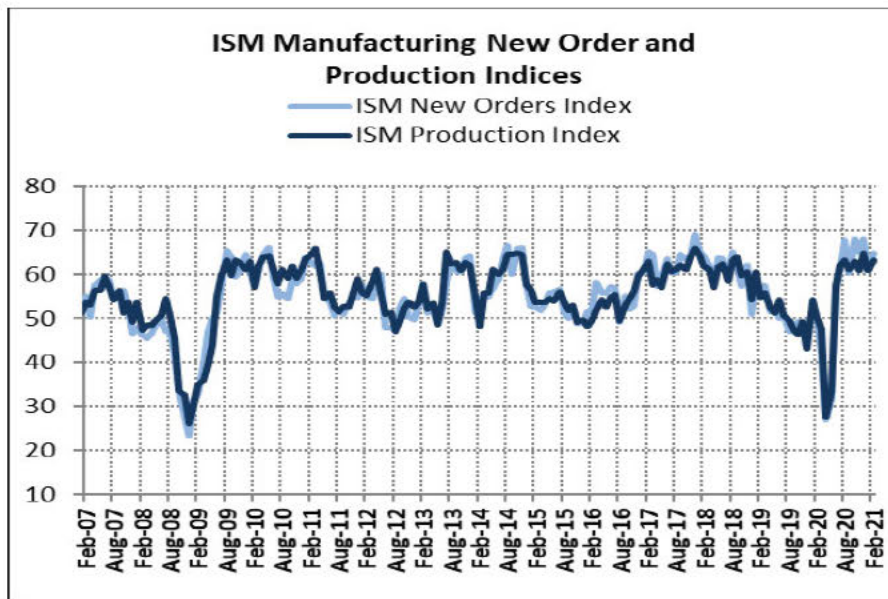
Source: [www.imf.org](http://www.imf.org), IMF data – October 2020



# Ohio SERS Investment Report

## ECONOMY US & Global Manufacturing Activities

Month Ending: 02/28/2021

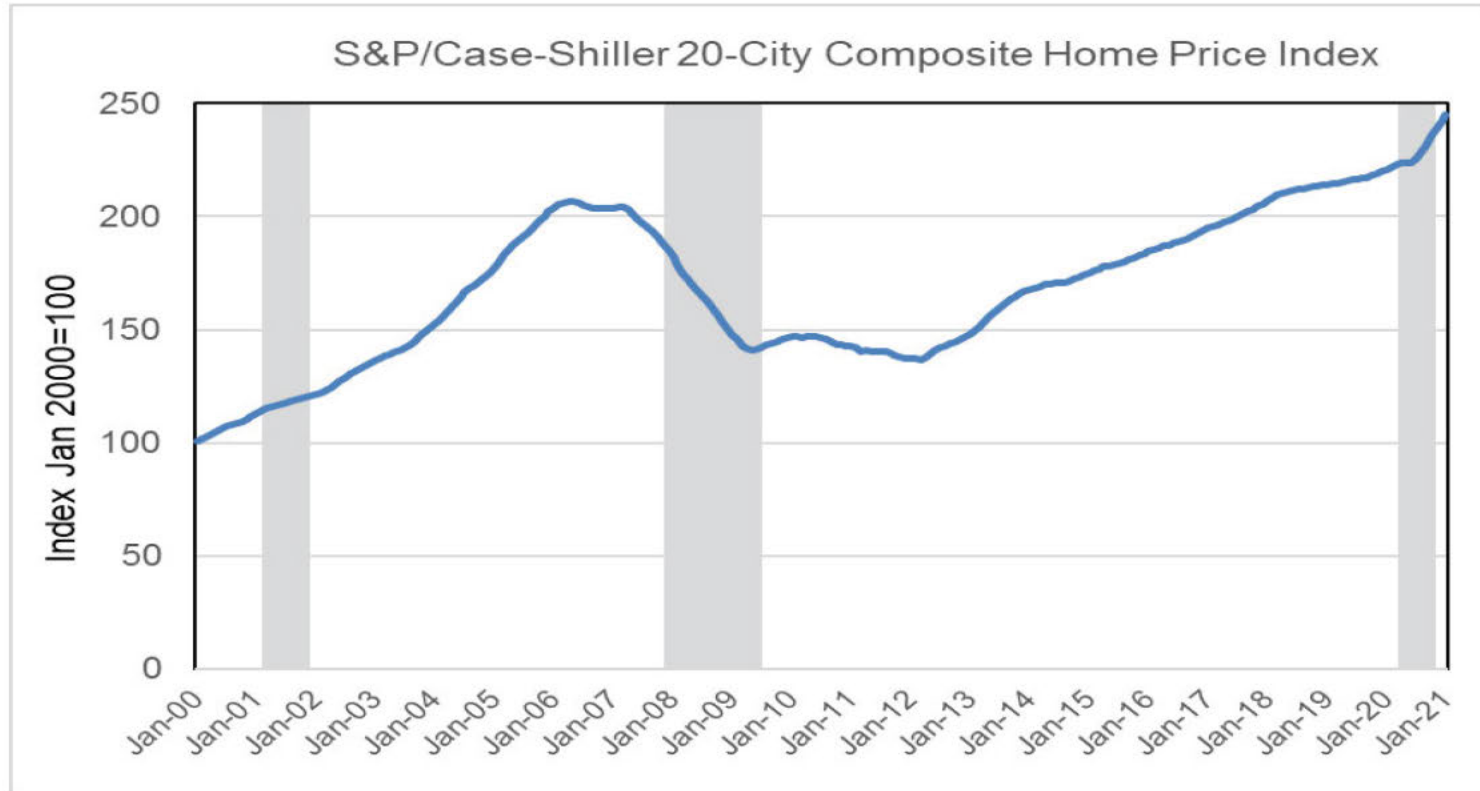


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™  
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



Ohio SERS Investment Report  
**ECONOMY** US Housing Market

Month Ending: 02/28/2021



Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-16	188.76
Jul-17	200.02
Jul-18	211.97
Jul-19	216.09
Jul-20	225.49
Jan-21	245.12

Source: www.research.stlouisfed.org



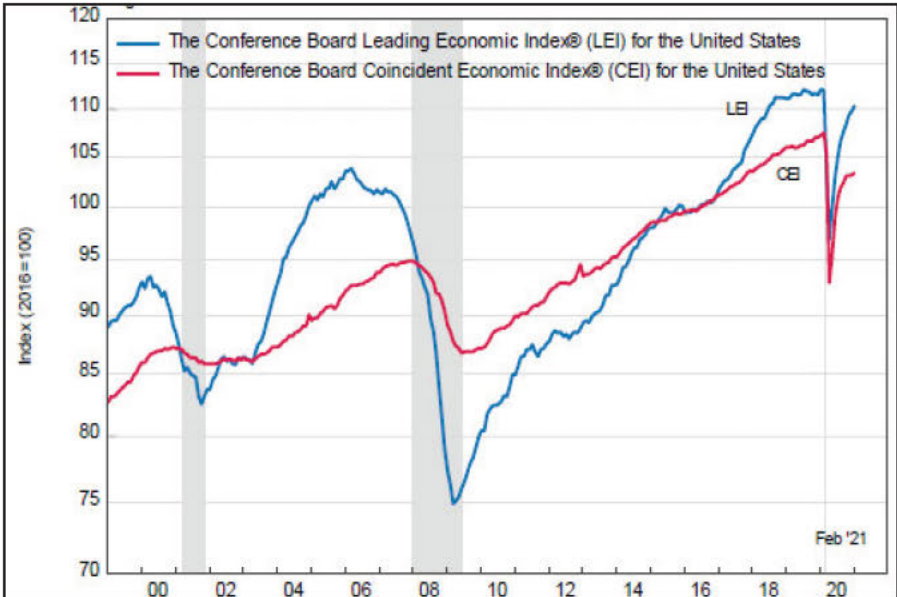
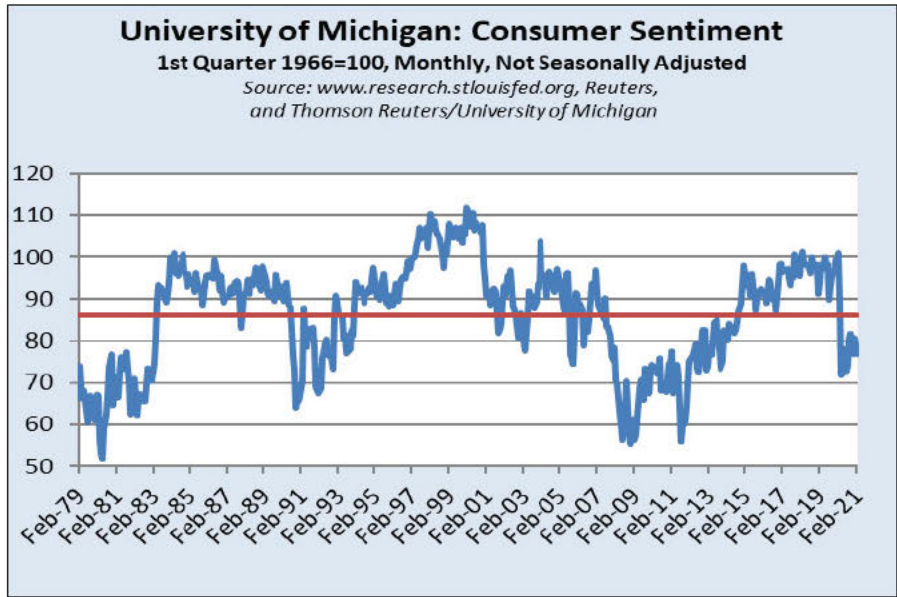
# Ohio SERS Investment Report

## ECONOMY

### Consumer Sentiment

Month Ending: 02/28/2021

### The Leading Economic Index (LEI) and Coincident Economic Index (CEI) for the United States



Index of Consumer Sentiment				
Jan-21	Feb-21	Feb-20	M-M Change	Y-Y Change
79.0	76.8	101.0	-2.8%	-24.0%

Index	Dec-20	Jan-21	Feb-21	Month -Month Percent Change	6-Month Percent Change
LEI	109.7	110.3	110.5 p	0.2	3.8
CEI	102.9 r	103.1 r	103.0 p	-0.1	1.2

p Preliminary; r Revised; Indexes equal 100 in 2016

Sources: Thomson Reuters / University of Michigan;

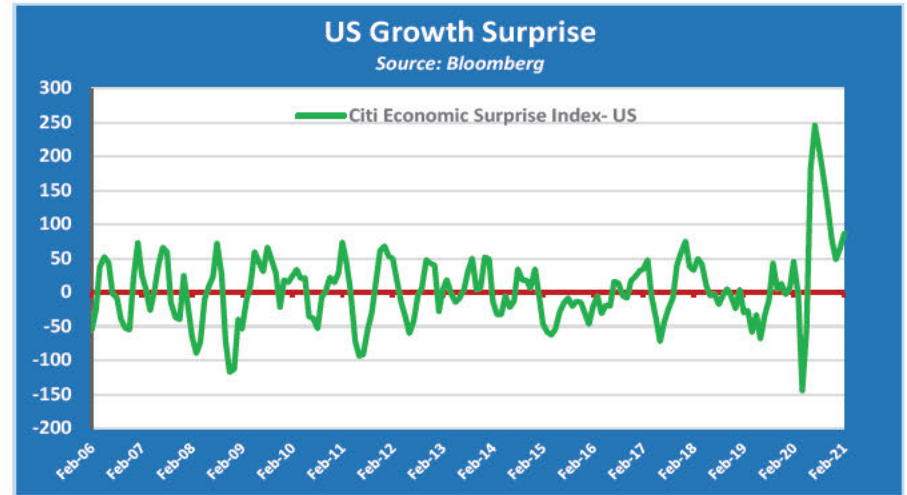
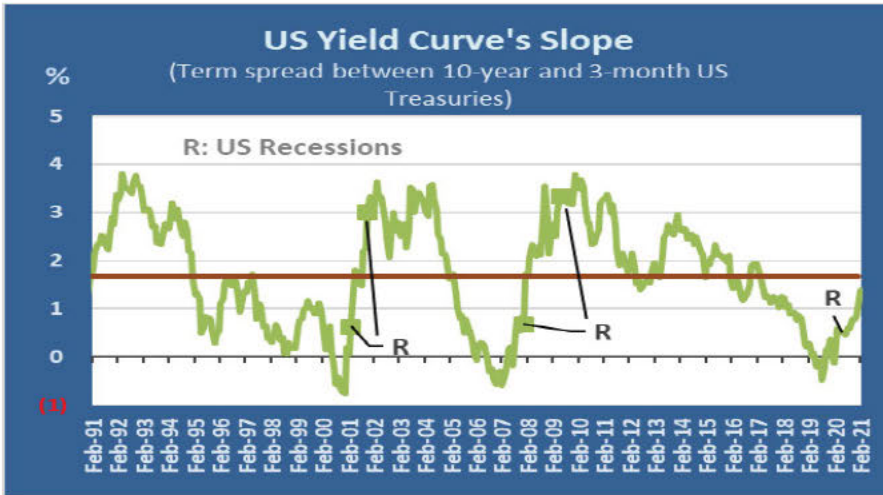
Sources: The Conference Board and advisorperspectives.com



# Ohio SERS Investment Report

## ECONOMY

Month Ending: 02/28/2021

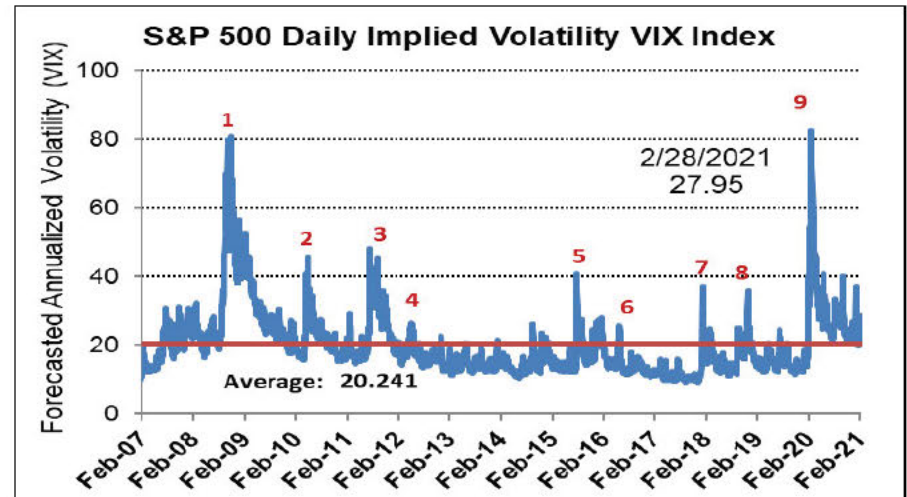
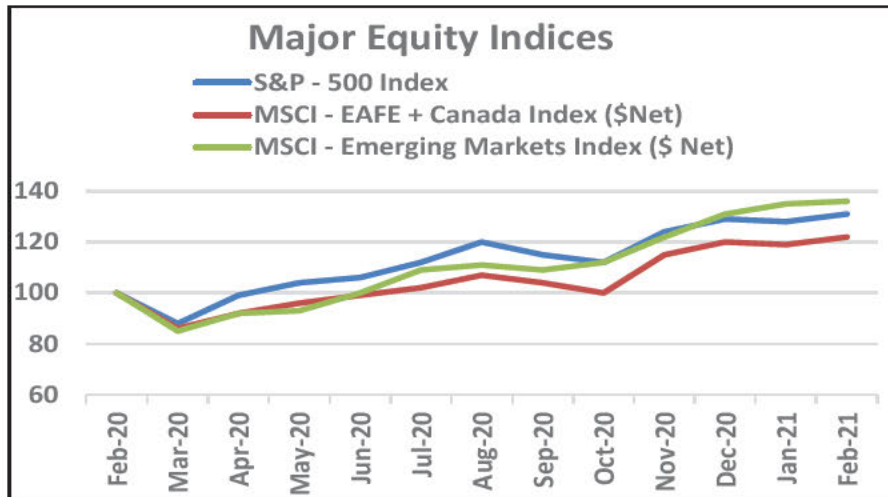






Ohio SERS Investment Report  
**MARKETS** Equity

Month Ending: 02/28/2021



	Return as of 2/28/2021	
	1 Year	FYTD
S&P 500	31.29	24.26
MSCI - EAFE + Canada Index (\$Net)	22.15	23.32
MSCI - Emerging Markets Index (\$Net)	36.05	36.19

- 1 2008 (Nov.) Financial Crisis S&P 500: -48.8%
- 2 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3 2011 (Aug.) US downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, China, Fed S&P 500: -12.4%
- 6 2016 (Feb.) Oil crash, US recession fear, China S&P 500: -10.5%
- 7 2018 (Feb.) Inflation, trade, tech S&P 500 : -10.2%
- 8 2018 (Dec.) Interest rate hike, trade tension, global slowdown S&P 500: -10.5%
- 9 2020 (Mar.) Coronavirus, S&P 500 : -23.7%

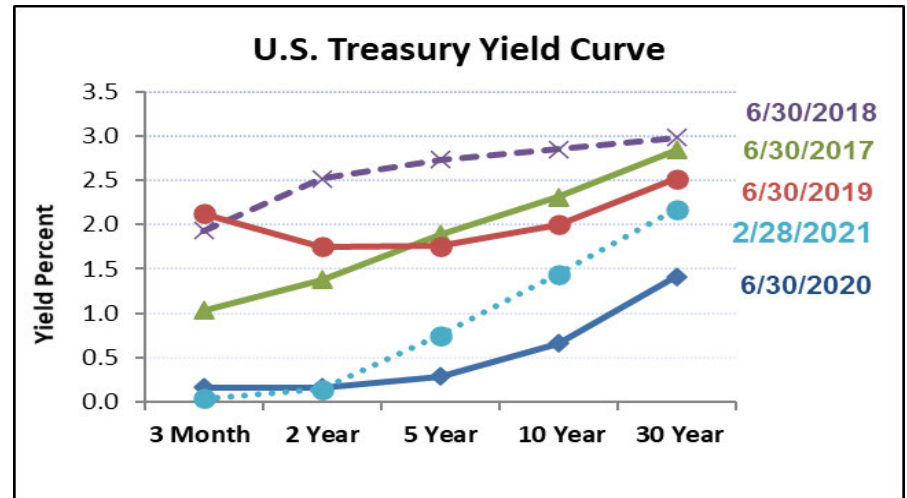
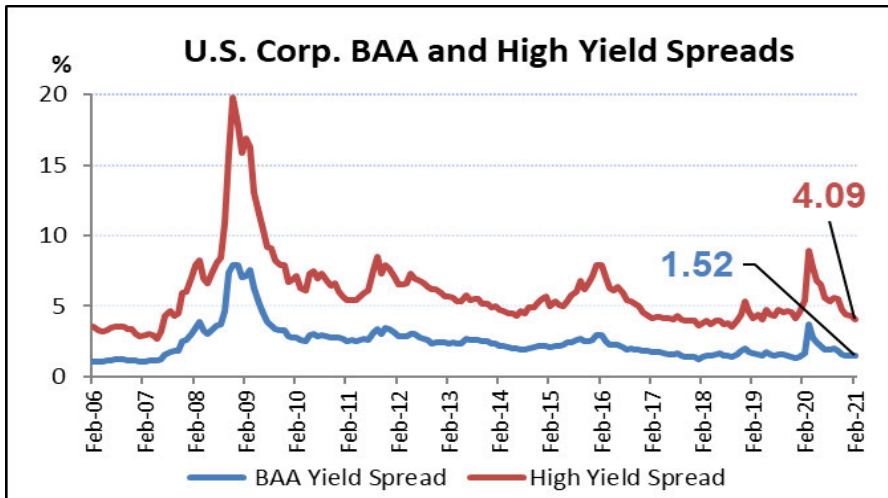
Sources: [www.research.stlouisfed.org](http://www.research.stlouisfed.org), and Wilshire Compass





Ohio SERS Investment Report  
**MARKETS** Fixed Income

Month Ending: 02/28/2021

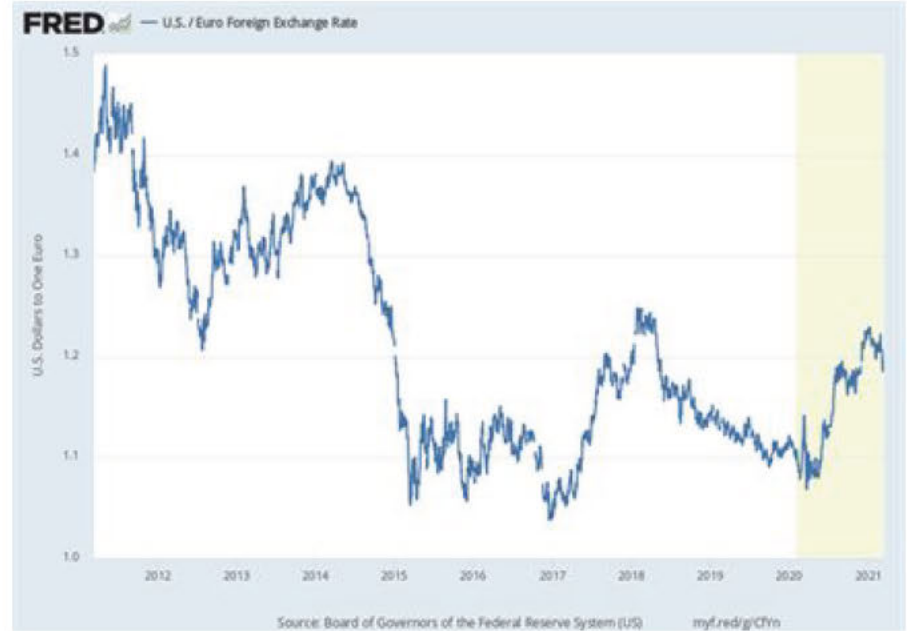
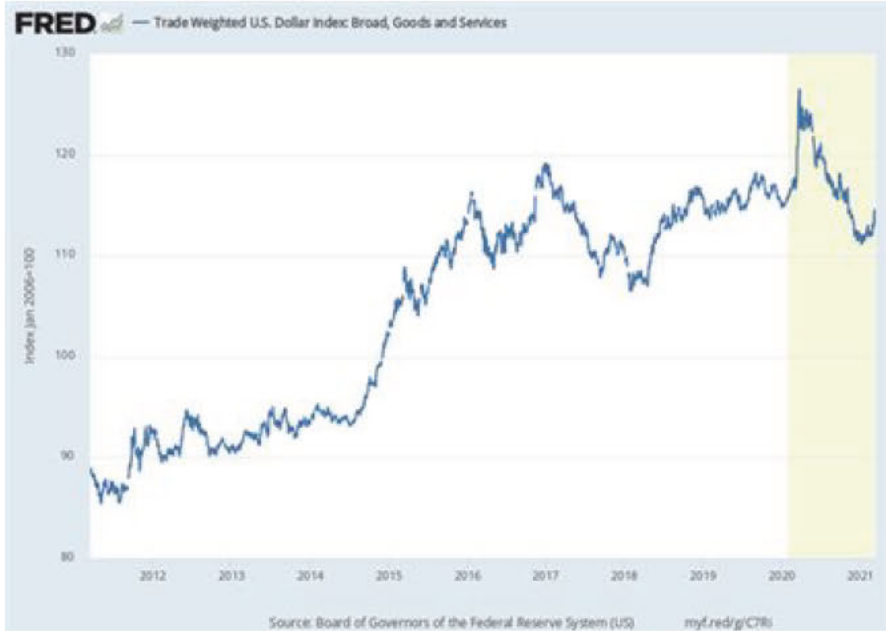


Sources: Wilshire Compass, ThomsonReuters, and Bloomberg



Ohio SERS Investment Report  
**MARKETS** Foreign Exchange

Month Ending: 02/28/2021



Date	Trade Weighted Broad U.S. Dollar Index January 1997=100
June-16	112.15
June-17	111.97
June-18	113.27
June-19	114.56
June-20	120.86
February-21	113.12

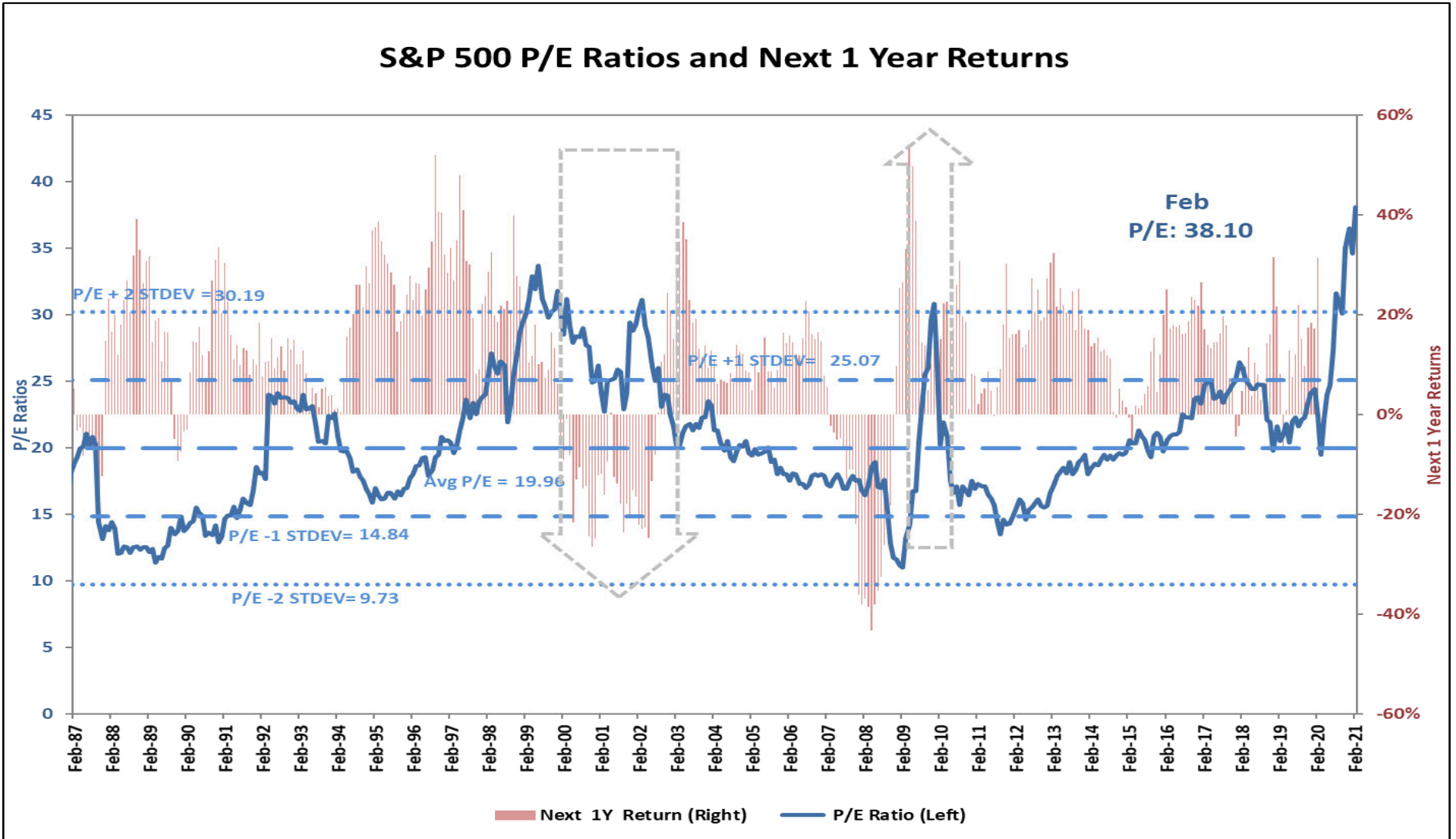
Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-16	1.10
June-17	1.14
June-18	1.17
June-19	1.14
June-20	1.12
February-21	1.21

Source: www.research.stlouisfed.org



Ohio SERS Investment Report  
**VALUATION** US Equity

Month Ending: 02/28/2021



Source: Wilshire Compass



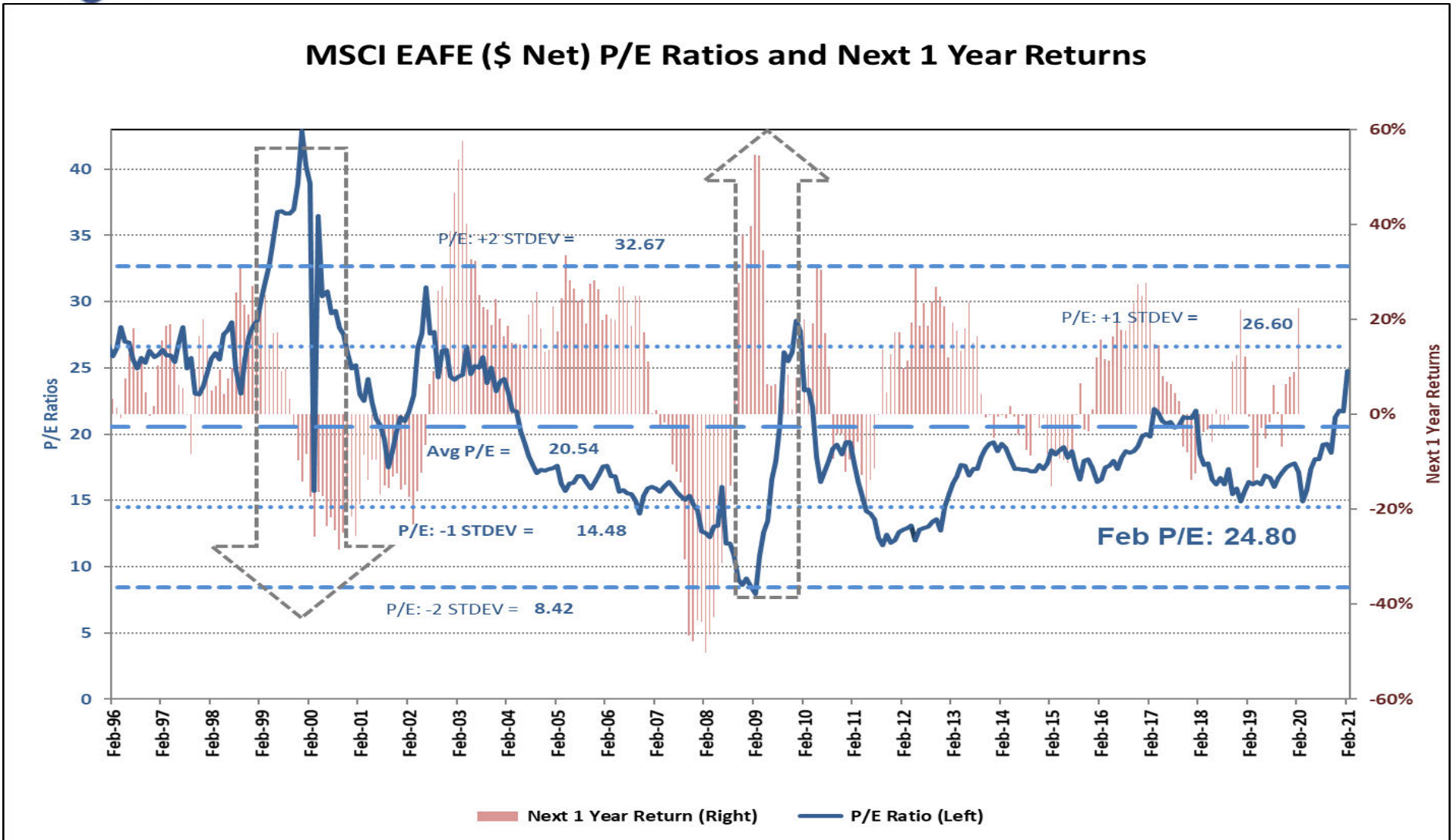
Ohio SERS Investment Report

**VALUATION**

**Non US Developed Market Equity**

Month Ending: 02/28/2021

**MSCI EAFE (\$ Net) P/E Ratios and Next 1 Year Returns**



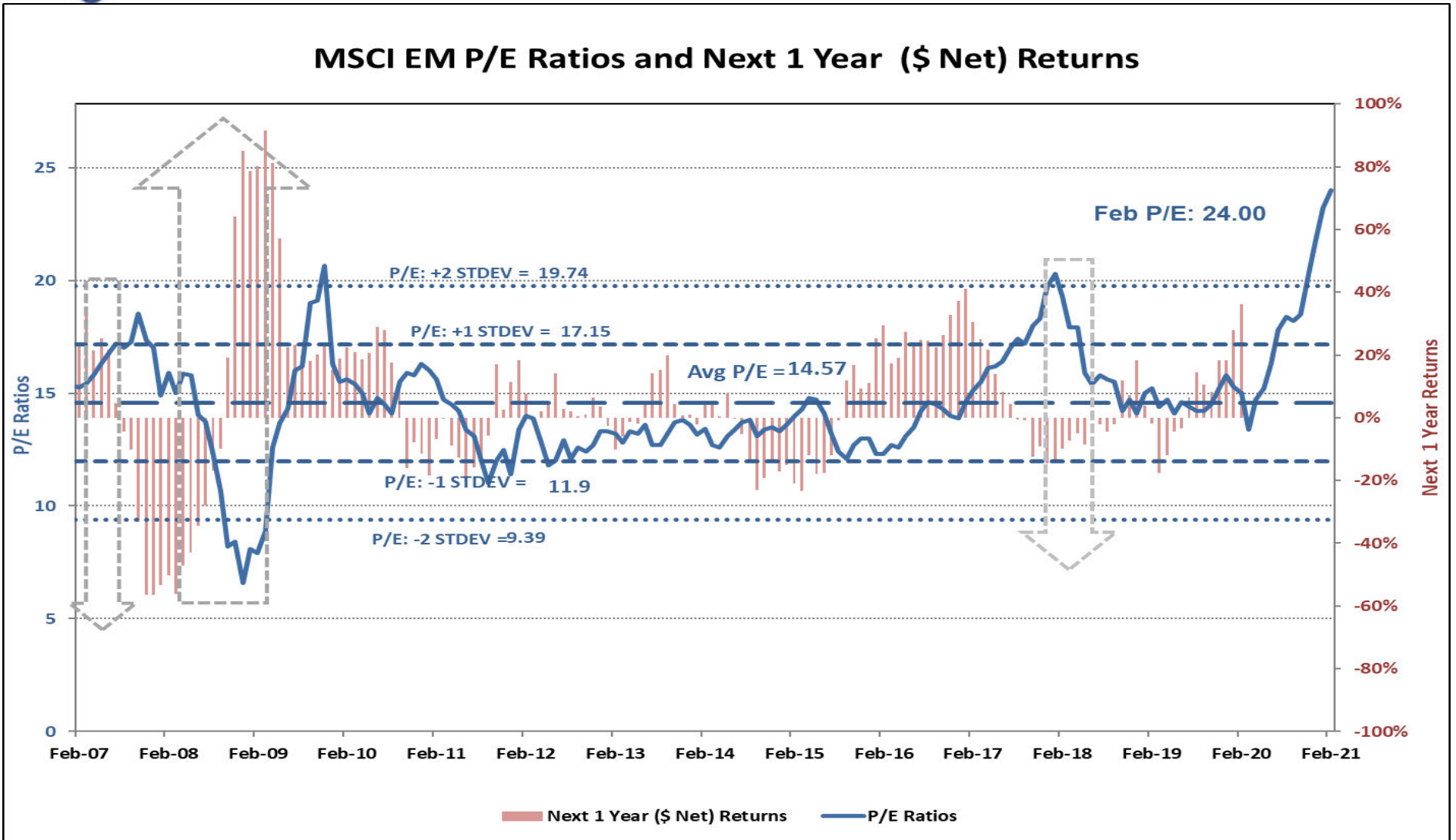
Source: Wilshire Compass



Ohio SERS Investment Report

**VALUATION** Emerging Market Equity

Month Ending: 02/28/2021



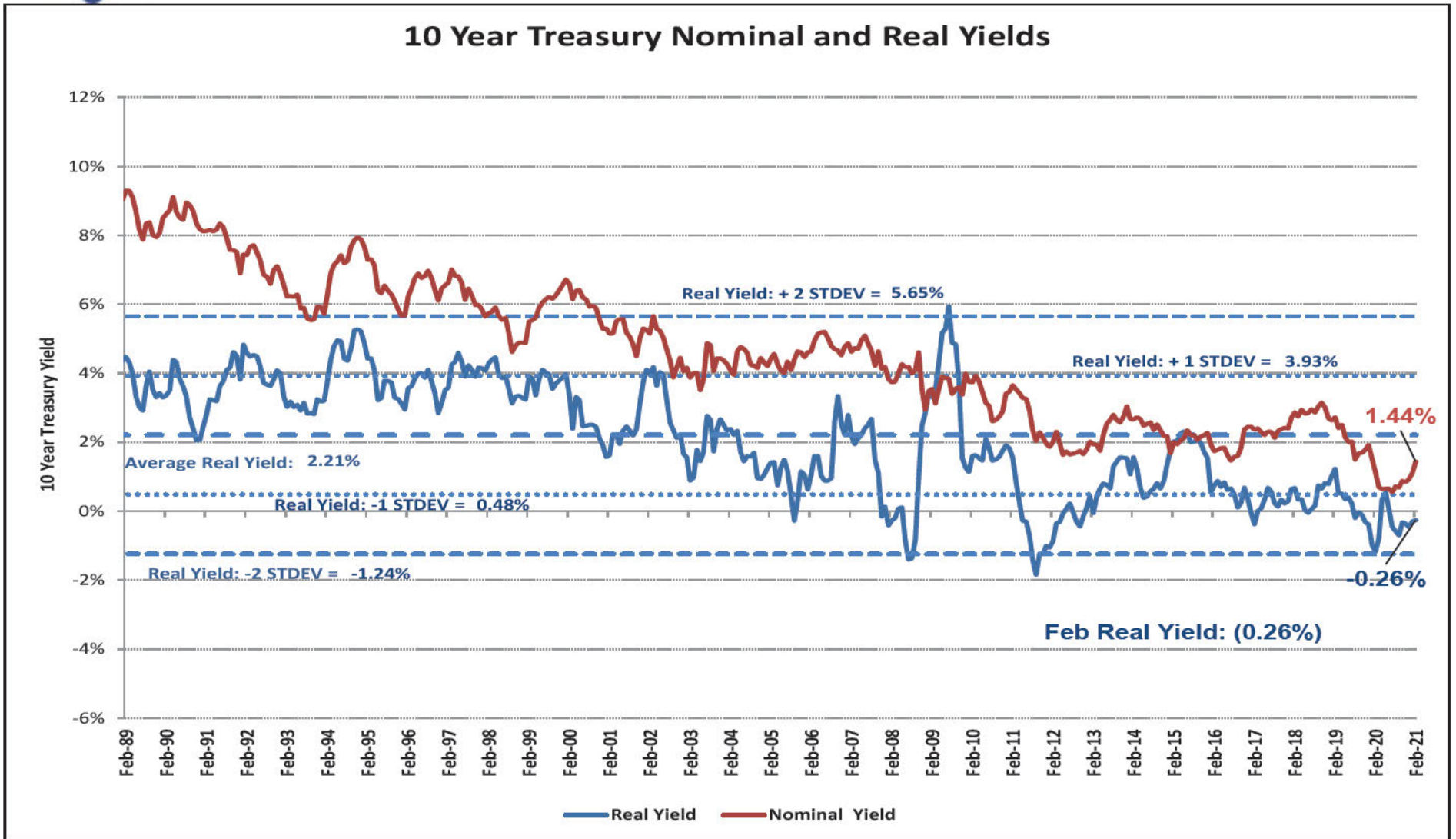
Source: Wilshire Compass





Ohio SERS Investment Report  
**VALUATION** US Treasury Bonds

Month Ending: 02/28/2021



Sources: Wilshire Compass and U.S. Bureau of Labor Statistics





## Ohio SERS Investment Report

Month Ending: 02/28/2021

# SERS' Investment Portfolios Review



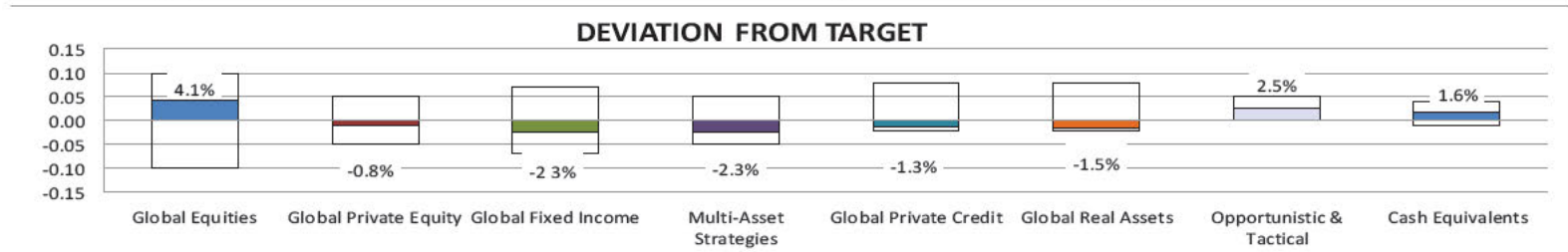
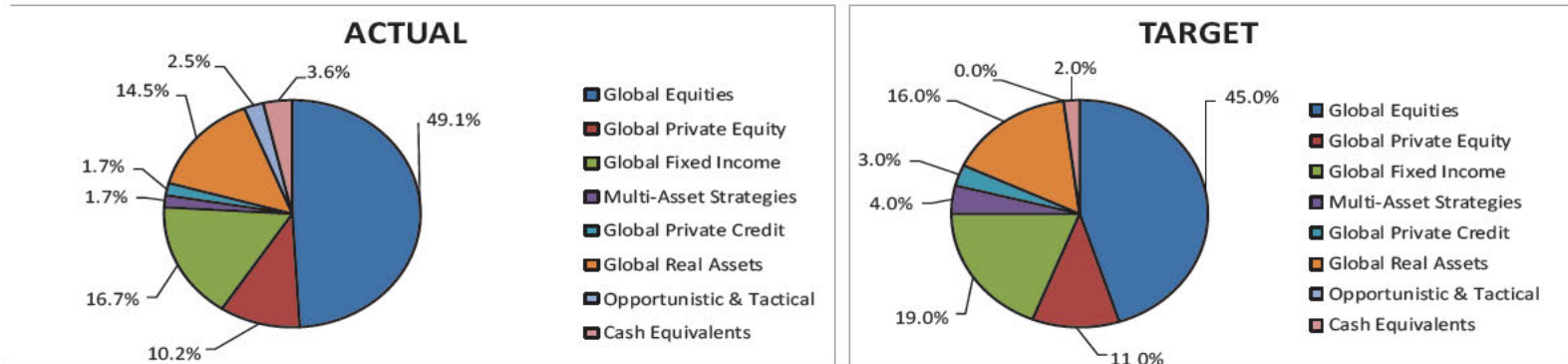
# Ohio SERS Investment Report

Month Ending: 02/28/2021

• Total Fund: Asset Allocation & Valuation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,137,957,210	49.1%	45.0%	35% - 55%
<i>US Equity</i>	4,184,604,906	25.2%	24.8%	19.25% - 30.25%
<i>Non-US Equity Developed Market</i>	2,920,029,667	17.6%	13.5%	10.50% - 16.50%
<i>Non-US Equity Emerging Market</i>	1,033,322,637	6.2%	6.8%	5.25% - 8.25%
Global Private Equity	1,683,249,260	10.2%	11.0%	8% - 16%
Global Fixed Income	2,764,986,035	16.7%	19.0%	12% - 26%
Multi-Asset Strategies	279,865,731	1.7%	4.0%	0% - 0%
Global Private Credit	289,164,901	1.7%	3.0%	3% - 7%
Global Real Assets	2,410,884,547	14.5%	16.0%	14% - 20%
Opportunistic & Tactical	408,619,261	2.5%	0.0%	0% - 5%
Cash Equivalents	602,715,954	3.6%	2.0%	0% - 5%
<i>Short-Term</i>	587,510,043	3.5%	2.0%	
<i>Russell EA Overlay</i>	-882,332	0.0%	0.0%	
<i>Direct Rebalance Overlay</i>	0	0.0%	0.0%	
<i>Currency Overlay</i>	16,088,243	0.1%	0.0%	
<b>Total Fund</b>	<b>16,577,442,900</b>	<b>100.0%</b>	<b>100.0%</b>	

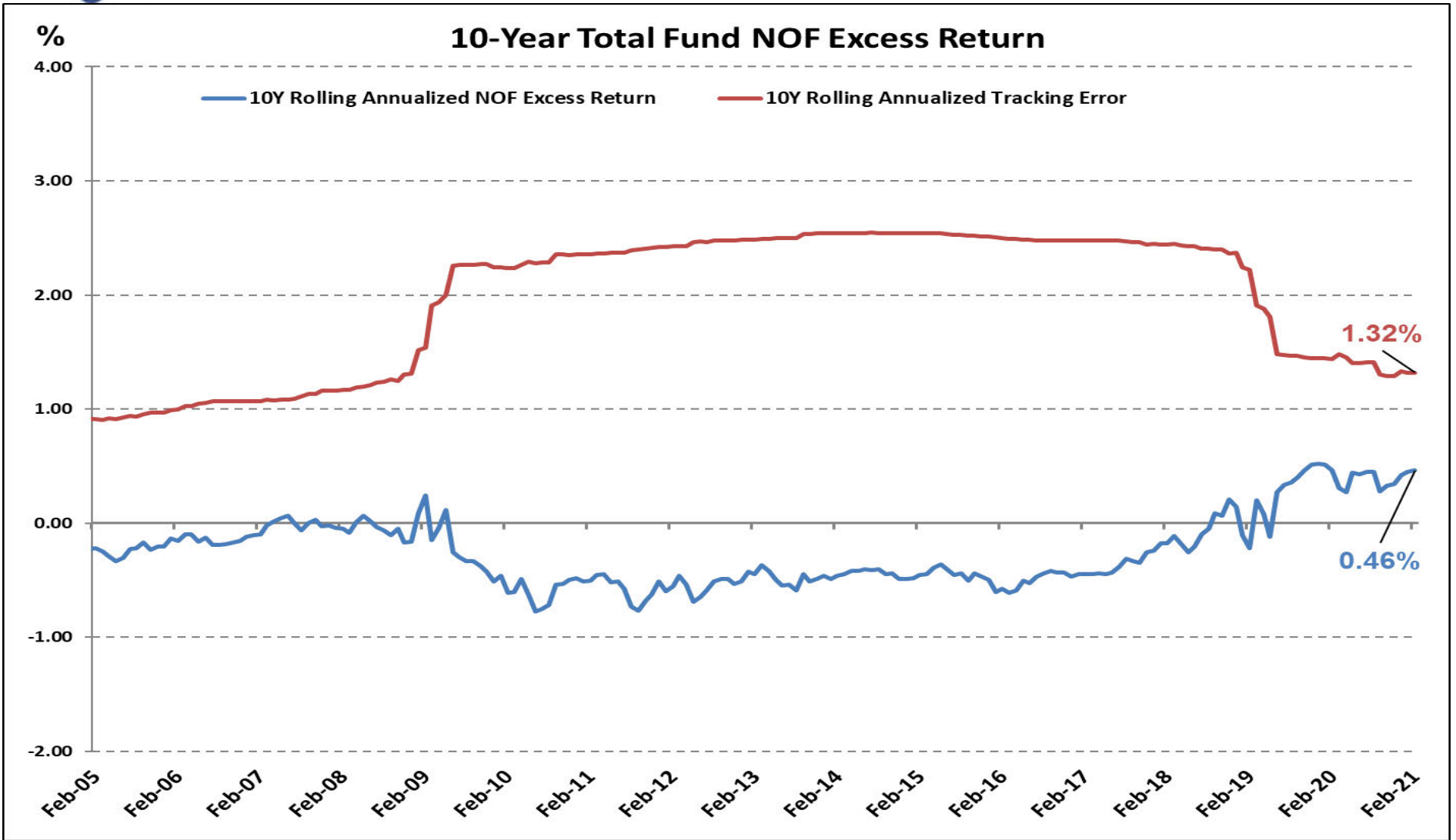
Source: BNY Mellon GRS





# Ohio SERS Investment Report

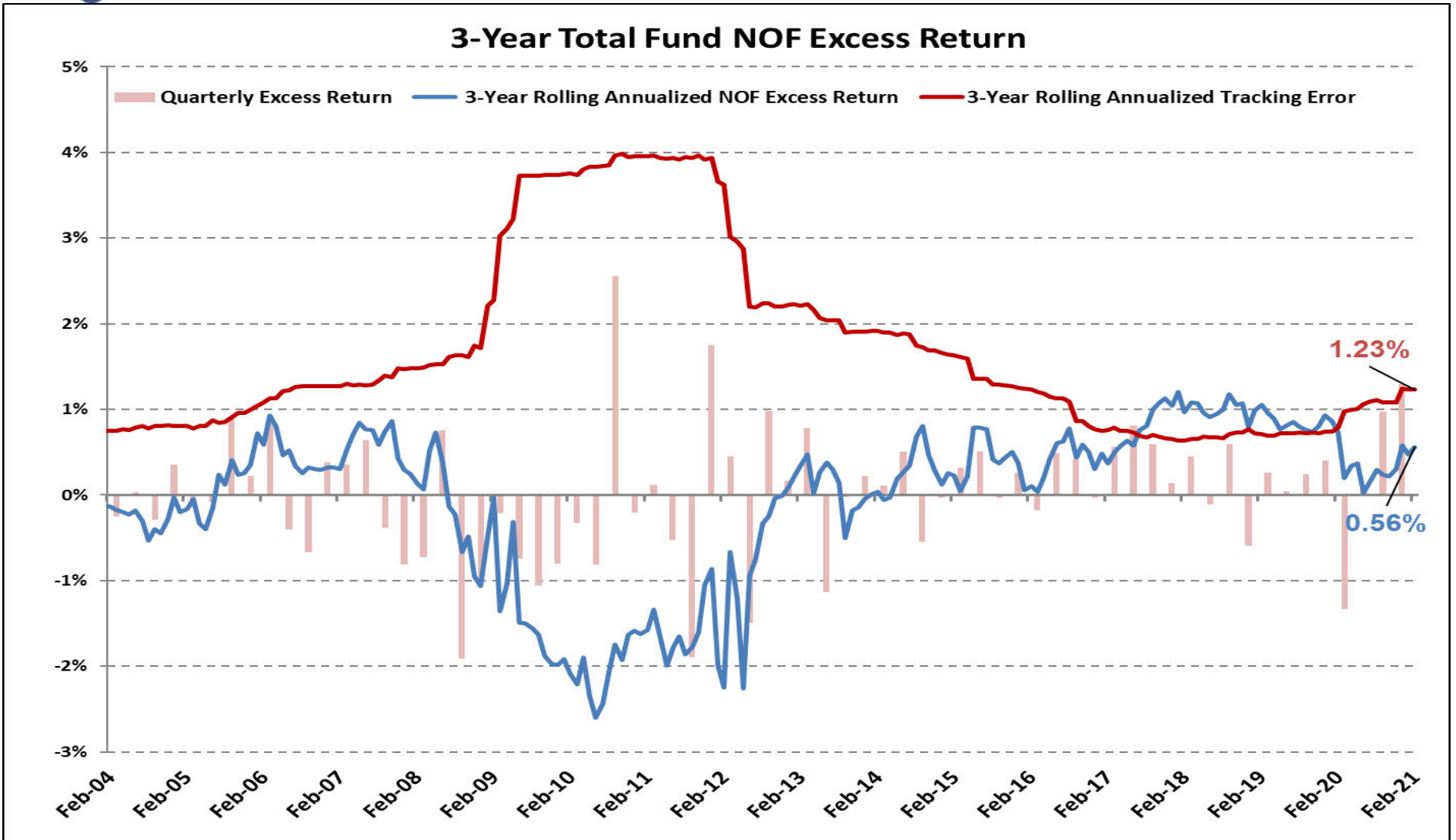
Month Ending: 02/28/2021





# Ohio SERS Investment Report

Month Ending: 02/28/2021





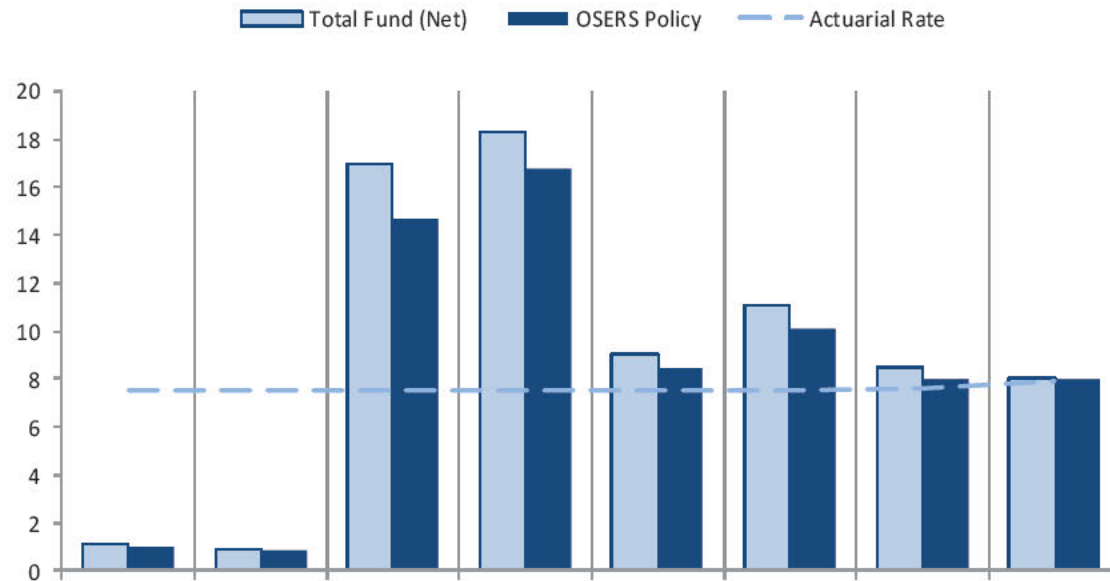
# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Total Fund Performance

### Current Benchmark:

- 24.75% Russell 3000
- 13.50% MSCI World Ex US Index  
(net dividends)
- 6.75% MSCI Emerging Markets Index  
(net dividends)
- 11.00% Burgiss All Private Equity  
benchmark (1q lag) (BAPE)
- 19.00% Bloomberg Barclays  
Aggregate Bond
- 16.00% NCREIF Property (1q lag)
- 4.00% HFRI Fund of Funds  
Composite plus 1%
- 3.00% LIBOR + 4.5%
- 2.00% Citigroup 30 Day US T-Bill



### Actuarial Rate

(7.5% adopted 4/21/16)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	1.16	0.95	17.24	18.80	9.69	11.74	9.18	8.45
Total Fund (Net)	1.15	0.91	16.93	18.25	9.05	11.06	8.48	7.93
OSERS Policy	1.03	0.83	14.66	16.74	8.49	10.10	8.02	8.02
Value Added (Net of Fee)	0.11	0.08	2.27	1.51	0.56	0.95	0.46	(0.09)

Source: BNY Mellon GRS

\*ITD is Inception date 10/1/1994 (26 years and 5 months)



## Ohio SERS Investment Report

Month Ending: 02/28/2021

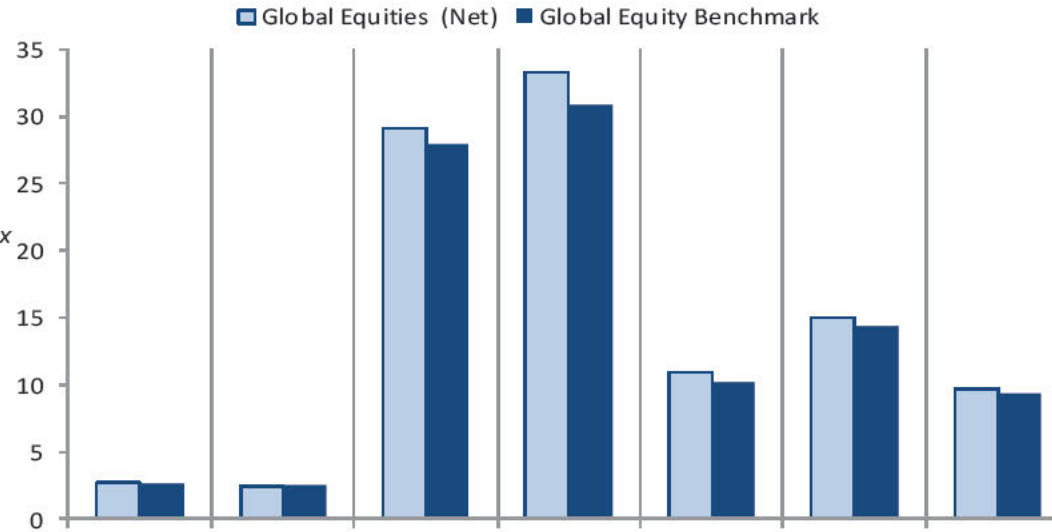
### Global Equities Performance

**Current Benchmark:**

55% Russell 3000

30% MSCI World Ex United States  
Index (Net dividends)

15% MSCI Emerging Markets Index  
(Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	2.69	2.52	29.30	33.69	11.27	15.33	10.09
Global Equities (Net)	2.66	2.47	29.08	33.31	10.94	14.97	9.72
Global Equity Benchmark	2.60	2.49	27.91	30.83	10.20	14.36	9.28
MSCI ACWI	2.35	1.91	26.63	30.87	10.87	14.84	9.43
Value Added (Net of Fee)	0.06	(0.02)	1.16	2.48	0.74	0.62	0.44

Source: BNY Mellon GRS

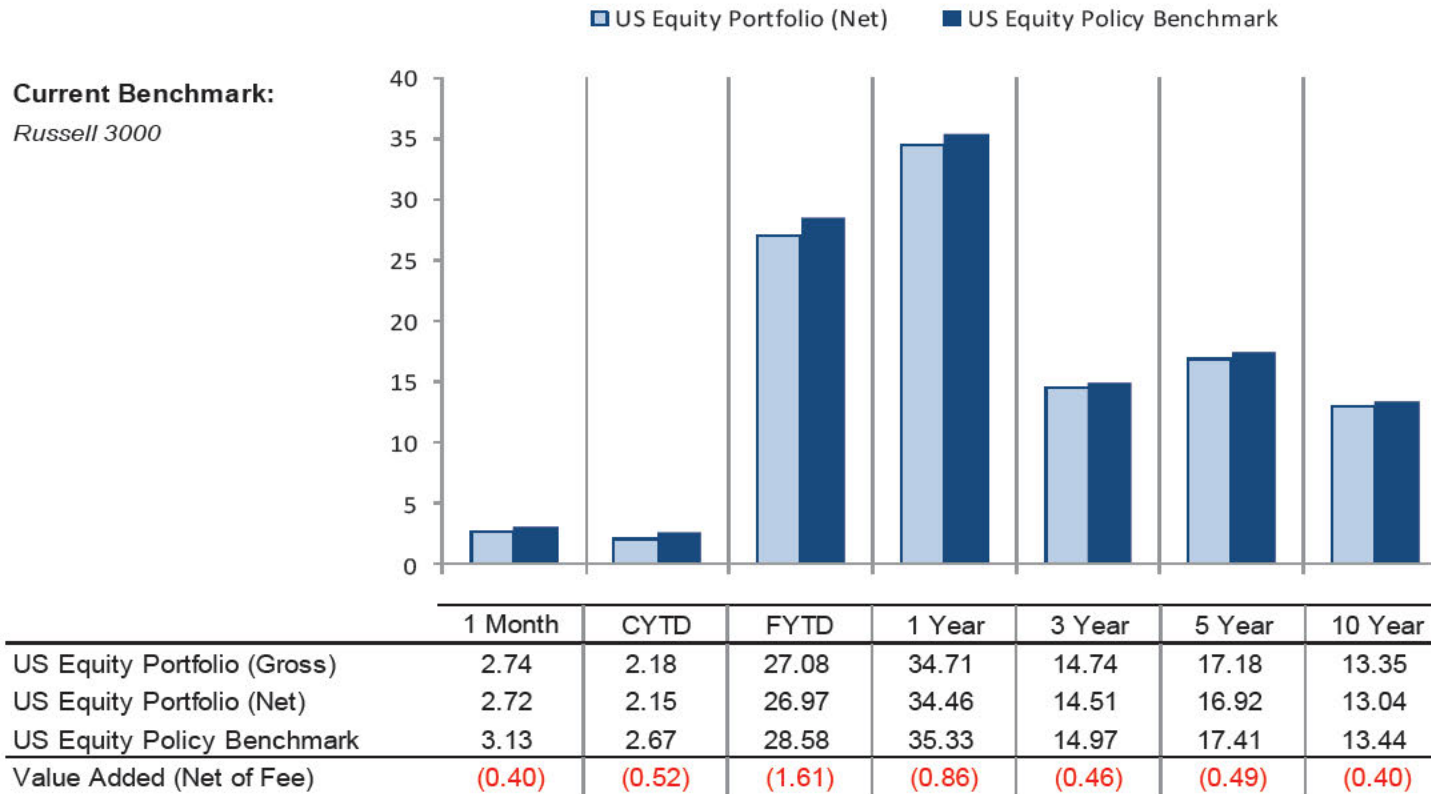




## Ohio SERS Investment Report

Month Ending: 02/28/2021

### US Equity Performance



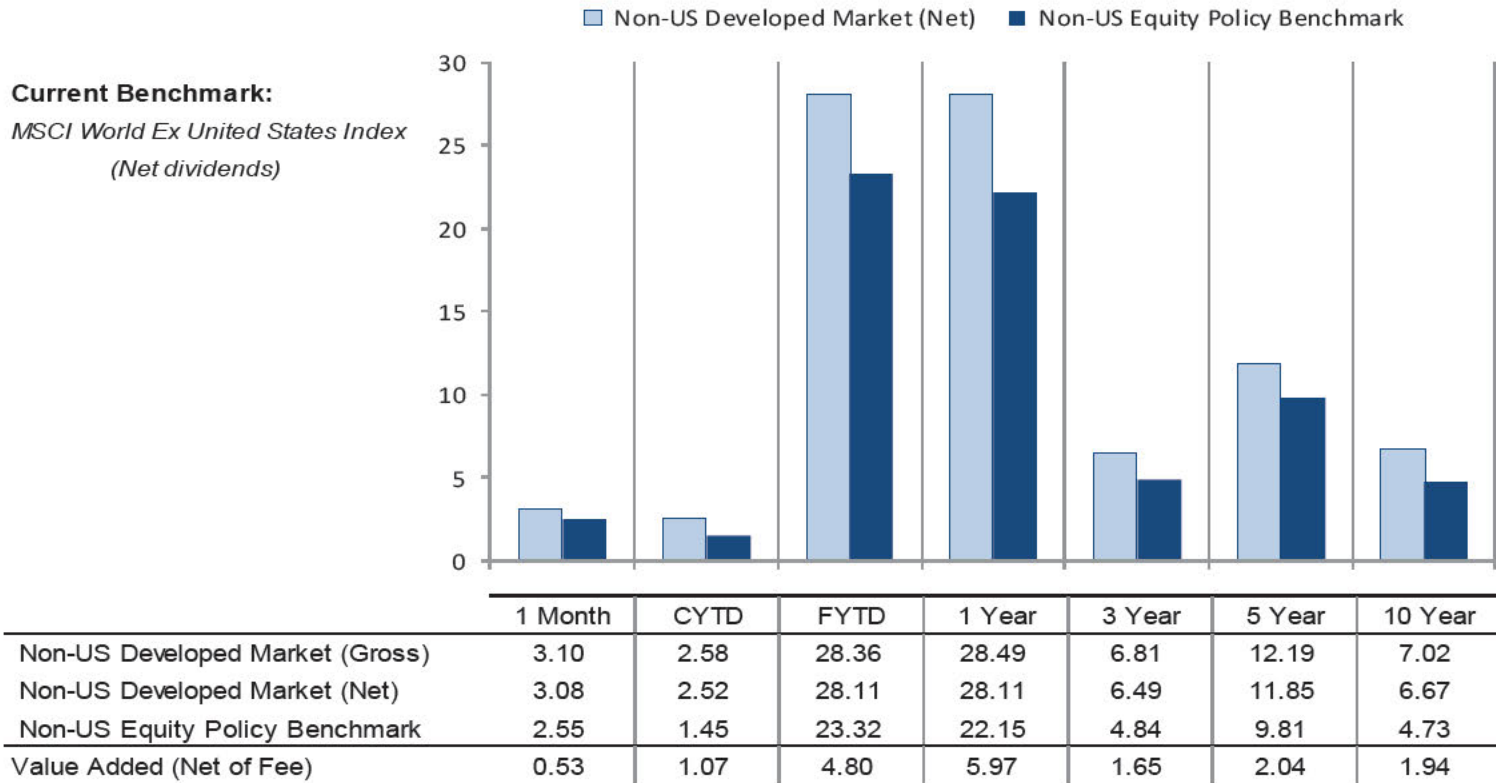
Source: BNY Mellon GRS



# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Non-US Equity Developed Market Performance



**Current Benchmark:**  
 MSCI World Ex United States Index  
 (Net dividends)

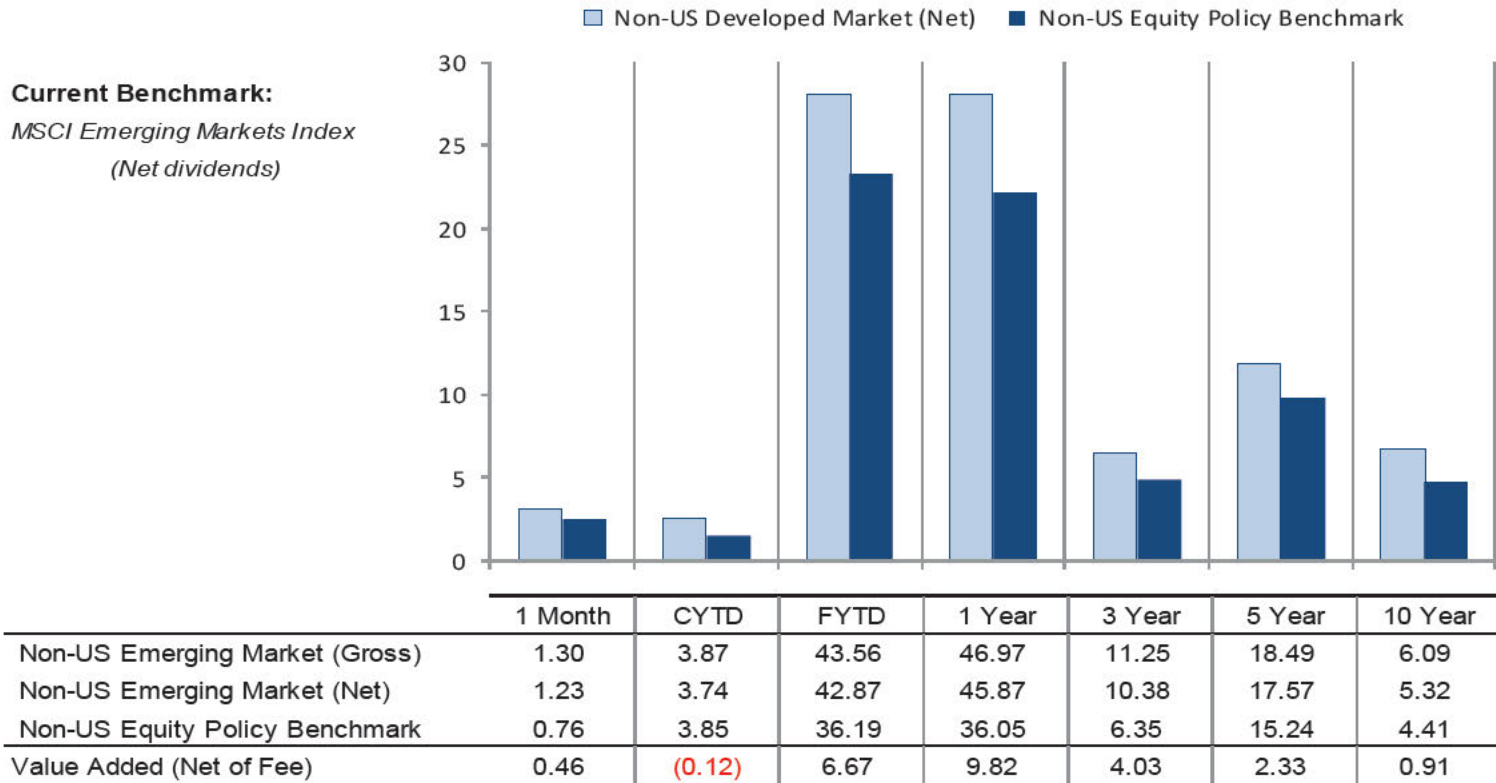
Source: BNY Mellon GRS



## Ohio SERS Investment Report

Month Ending: 02/28/2021

### Non-US Equity Emerging Market Performance



Source: BNY Mellon GRS



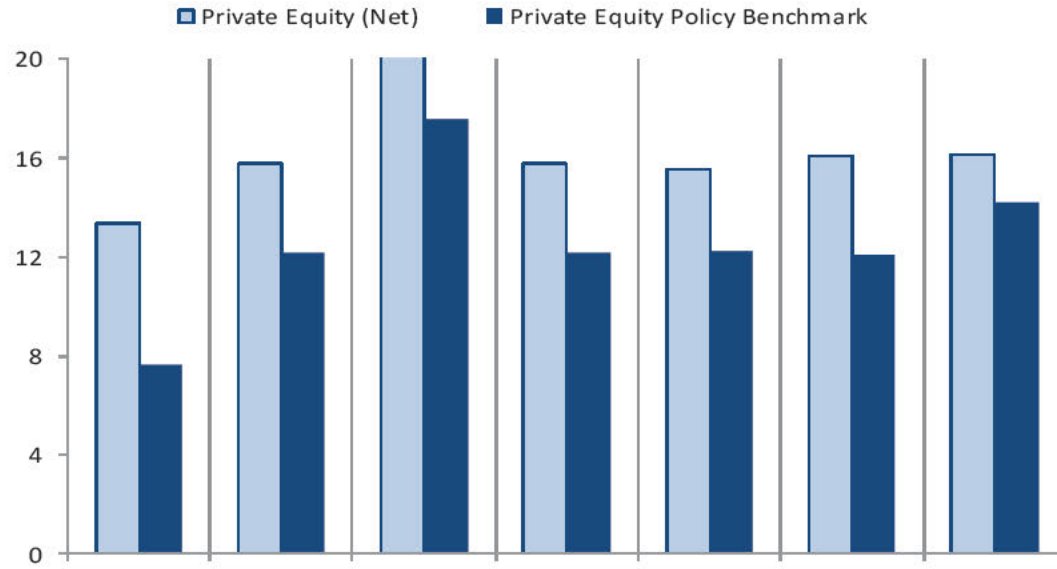
## Ohio SERS Investment Report

Month Ending: 02/28/2021

### Global Private Equity Performance

**Results as of: 12/31/2020**

**Current Benchmark:**  
Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	13.56	17.14	21.62	17.14	17.14	17.65	17.80
Private Equity (Net)	13.38	15.77	20.84	15.77	15.58	16.10	16.13
Private Equity Policy Benchmark	7.66	12.16	17.59	12.16	12.28	12.11	14.20
Value Added (Net of Fee)	5.72	3.61	3.26	3.61	3.30	3.98	1.93

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

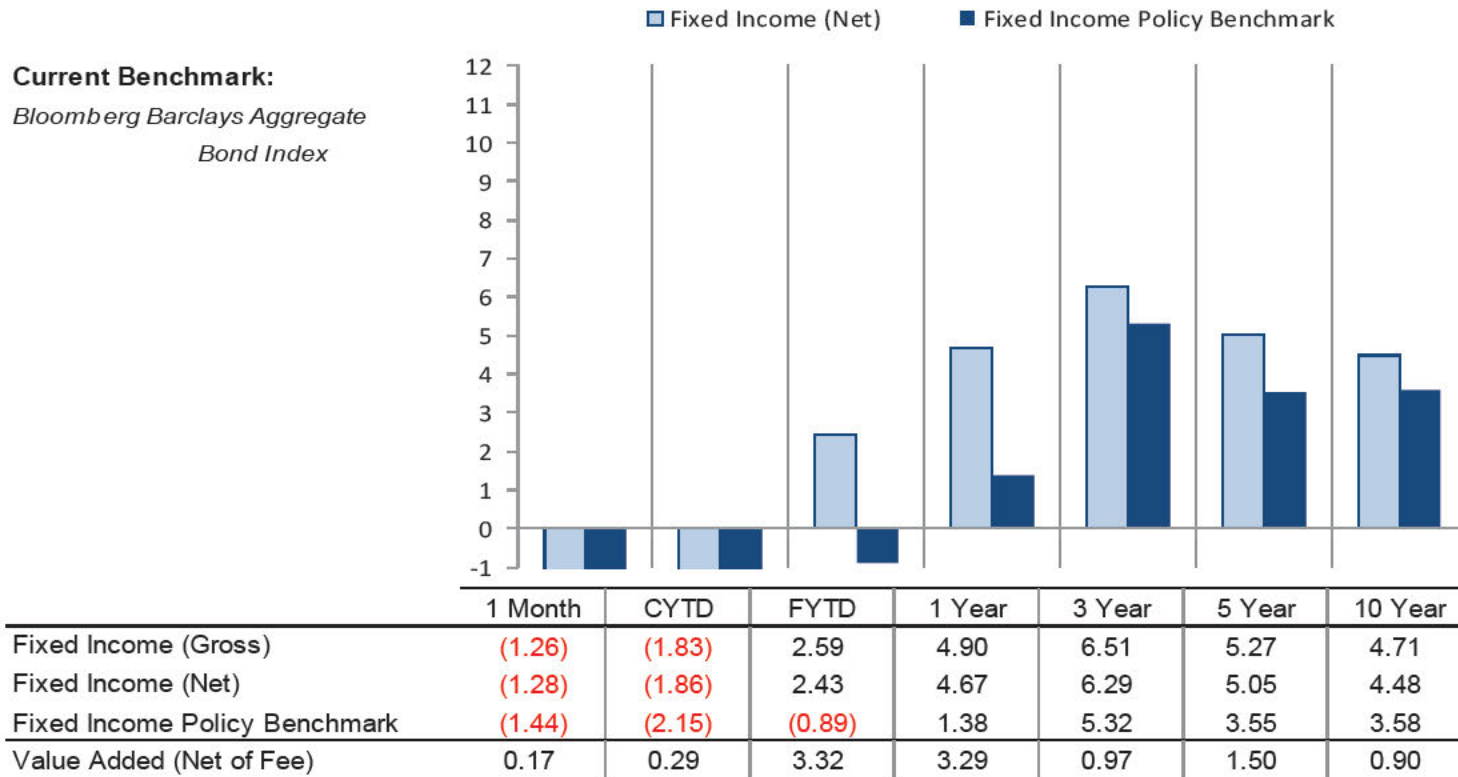
Global Private Equity performance is reported one quarter in arrears.



# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Global Fixed Income Performance



Source: BNY Mellon GRS



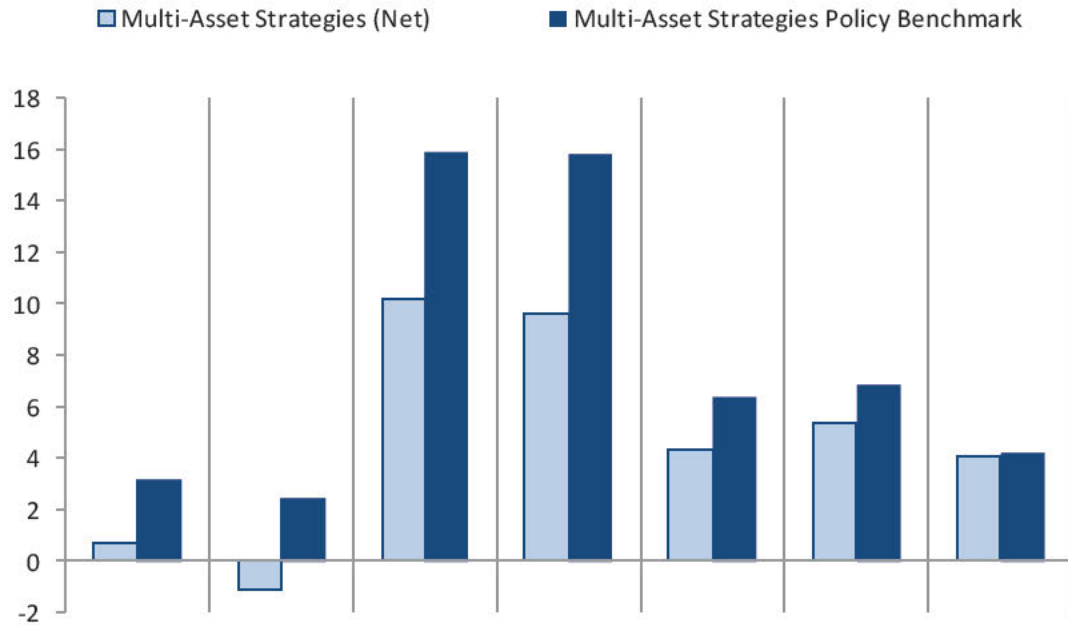
# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Multi-Asset Strategies Performance

**Current Benchmark:**

*HFRI Fund of Funds Composite  
plus 1%*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Multi-Asset Strategies (Gross)	0.80	(1.03)	10.62	10.53	5.53	6.69	5.55
Multi-Asset Strategies (Net)	0.76	(1.14)	10.13	9.60	4.33	5.37	4.09
Multi-Asset Strategies Policy Benchmark	3.15	2.40	15.86	15.78	6.38	6.84	4.21
Value Added (Net of Fee)	(2.39)	(3.54)	(5.72)	(6.17)	(2.04)	(1.47)	(0.12)

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.



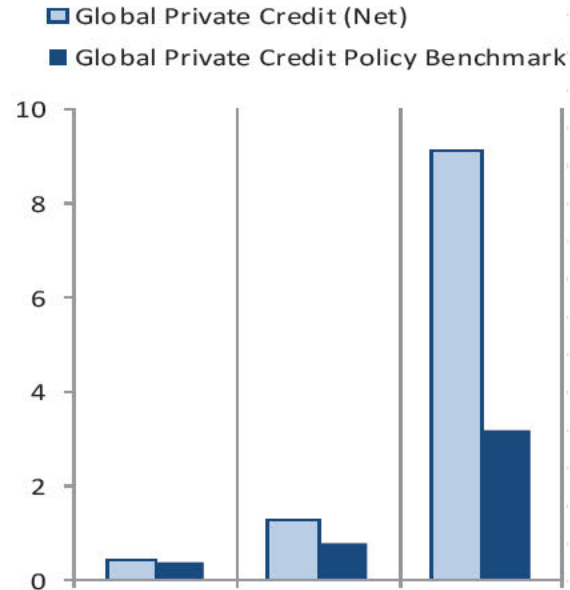


## Ohio SERS Investment Report

Month Ending: 02/28/2021

### Global Private Credit

**Current Benchmark:**  
3 Month LIBOR plus 4.5%



	1 Month	CYTD	FYTD
Global Private Credit (Gross)	0.44	1.28	9.75
Global Private Credit (Net)	0.44	1.29	9.14
Global Private Credit Policy Benchmark	0.38	0.78	3.16
Value Added (Net of Fee)	0.05	0.50	5.97

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.



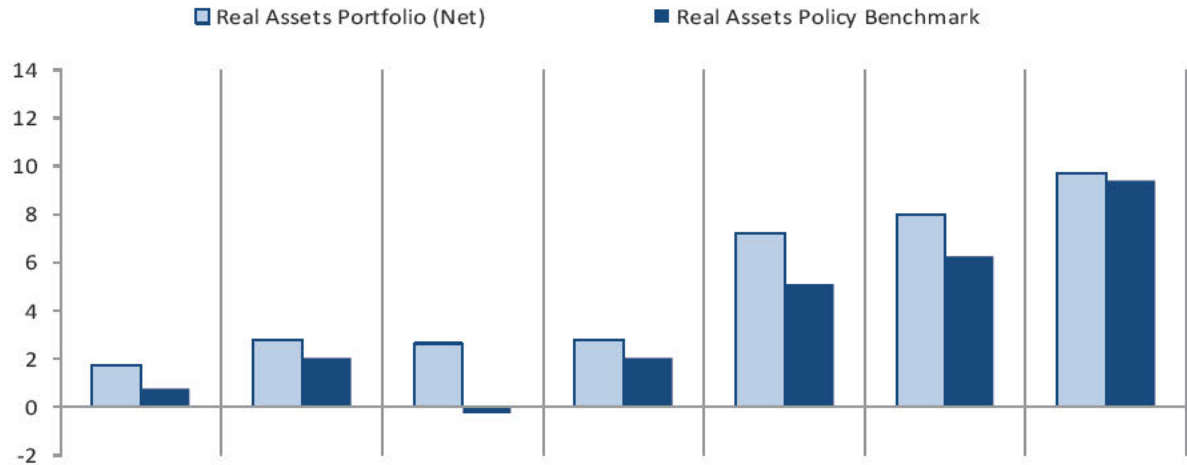
# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Global Real Assets Performance

Results as of: 12/31/2020

**Current Benchmark:**  
NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	1.75	3.30	2.90	3.30	8.13	8.97	10.86
Real Assets Portfolio (Net)	1.74	2.76	2.66	2.76	7.18	7.96	9.73
Real Assets Policy Benchmark	0.74	2.00	(0.26)	2.00	5.11	6.28	9.37
Real Assets Value Added (NOF)	1.00	0.75	2.92	0.75	2.07	1.68	0.36
Real Assets Core (Net)	0.94	2.51	(0.29)	2.51	6.37	7.40	10.24
Real Assets Policy Benchmark	0.74	2.00	(0.26)	2.00	5.11	6.28	9.37
Real Assets Core Value Added (NOF)	0.20	0.51	(0.03)	0.51	1.26	1.12	0.87
Real Assets Non-Core (Net)	0.05	(0.70)	0.10	(0.70)	6.11	7.58	9.21
Real Assets Policy Benchmark	0.74	2.00	(0.26)	2.00	5.11	6.28	9.37
Real Assets Non-Core Value Added (NOF)	(0.69)	(2.70)	0.36	(2.70)	1.00	1.30	(0.16)
Real Assets Infrastructure (Net)	3.54	6.51	11.46	6.51	11.77	n/a	n/a
Real Assets Policy Benchmark	0.74	2.00	(0.26)	2.00	5.11	n/a	n/a
Real Assets Infrastructure Value Added (NOF)	2.80	4.51	11.72	4.51	6.66	n/a	n/a

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

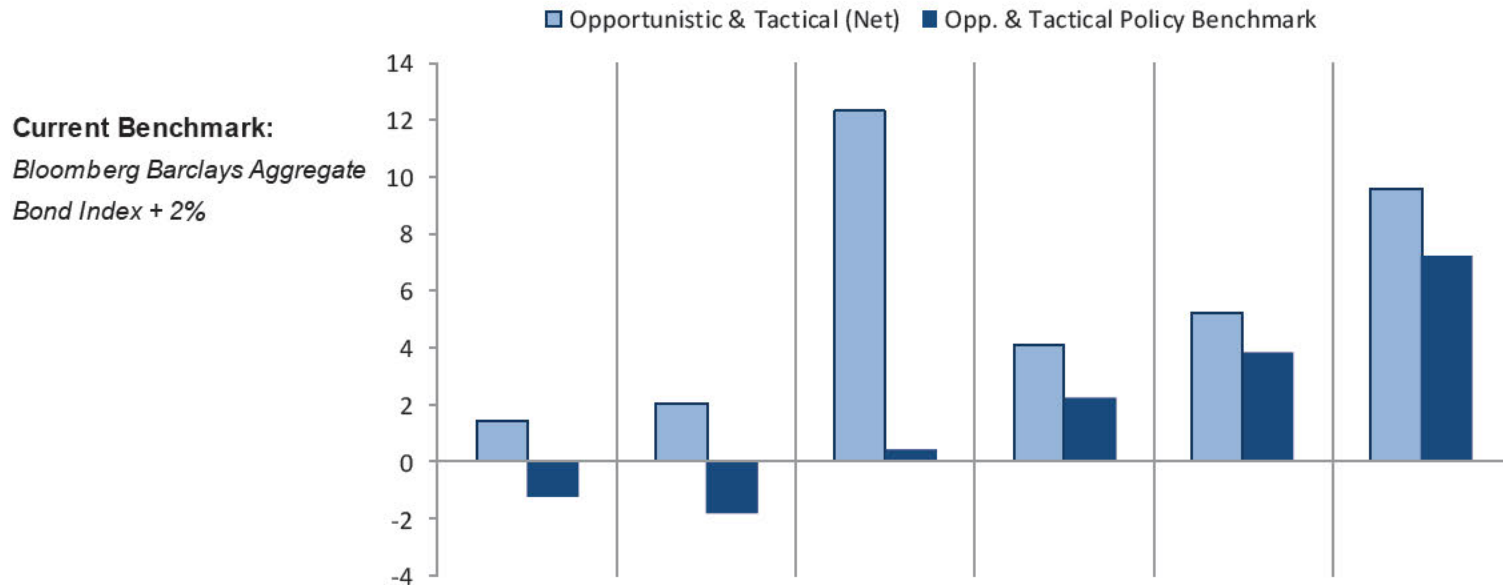
Global Real Assets performance is reported one quarter in arrears.



# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Opportunistic & Tactical Performance



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	1.44	2.03	12.78	5.15	6.71	11.01
Opportunistic & Tactical (Net)	1.44	2.03	12.30	4.05	5.23	9.59
Opp. & Tactical Policy Benchmark	(1.26)	(1.80)	0.44	2.27	3.81	7.22
Value Added (Net of Fee)	2.70	3.84	11.85	1.79	1.42	2.37

Source: BNY Mellon GRS



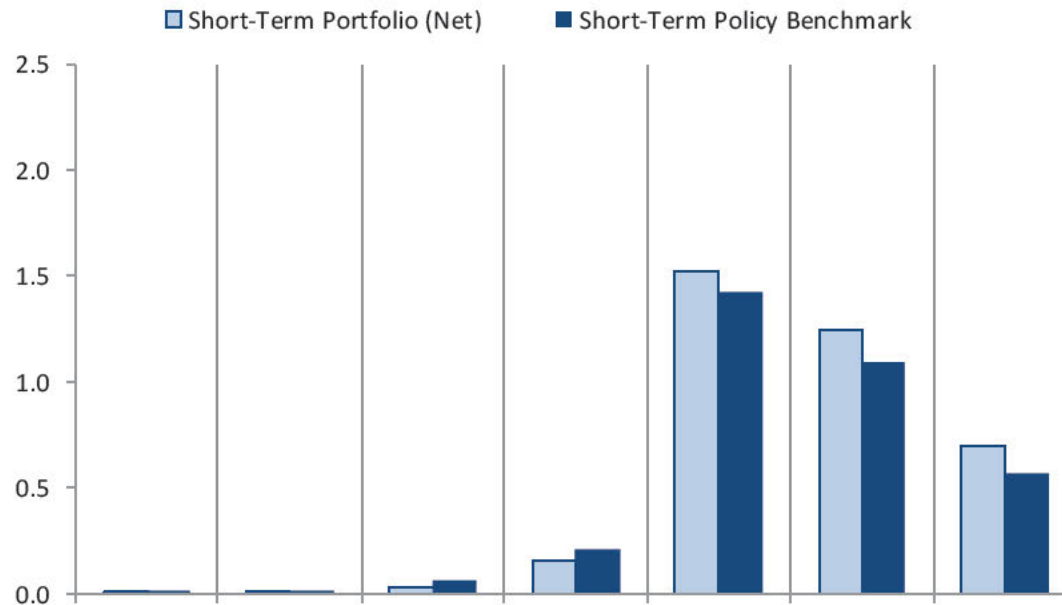
# Ohio SERS Investment Report

Month Ending: 02/28/2021

## Short-Term Performance

**Current Benchmark:**

*Citigroup 30 Day Treasury Bill Index*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.00	0.01	0.02	0.16	1.52	1.24	0.69
Short-Term Portfolio (Net)	0.00	0.01	0.02	0.16	1.52	1.24	0.69
Short-Term Policy Benchmark	0.00	0.01	0.06	0.21	1.42	1.09	0.56
Value Added (Net of Fee)	(0.00)	(0.00)	(0.03)	(0.05)	0.10	0.15	0.14

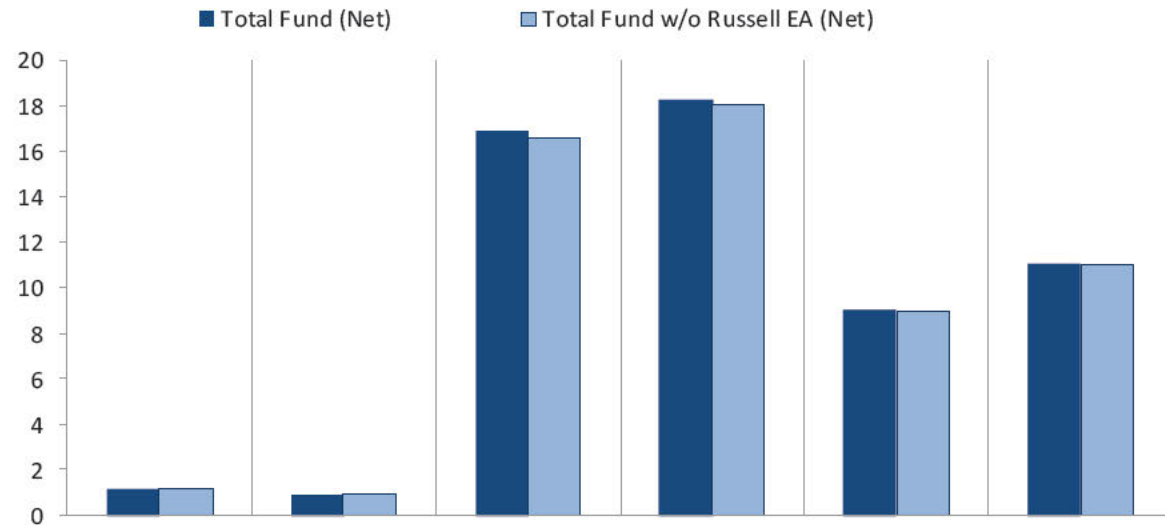
Source: BNY Mellon GRS



## Ohio SERS Investment Report

Month Ending: 02/28/2021

### Russell EA Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	1.16	0.95	17.24	18.80	9.69	11.74
Total Fund w/o Russell EA (Gross)	1.17	0.96	16.90	18.53	9.63	11.68
Total Fund (Net)	1.15	0.91	16.93	18.25	9.05	11.06
Total Fund w/o Russell EA (Net)	1.15	0.92	16.61	18.01	9.00	11.01
Russell EA Overlay Impact (Net of Fee)	(0.01)	(0.01)	0.32	0.24	0.05	0.05

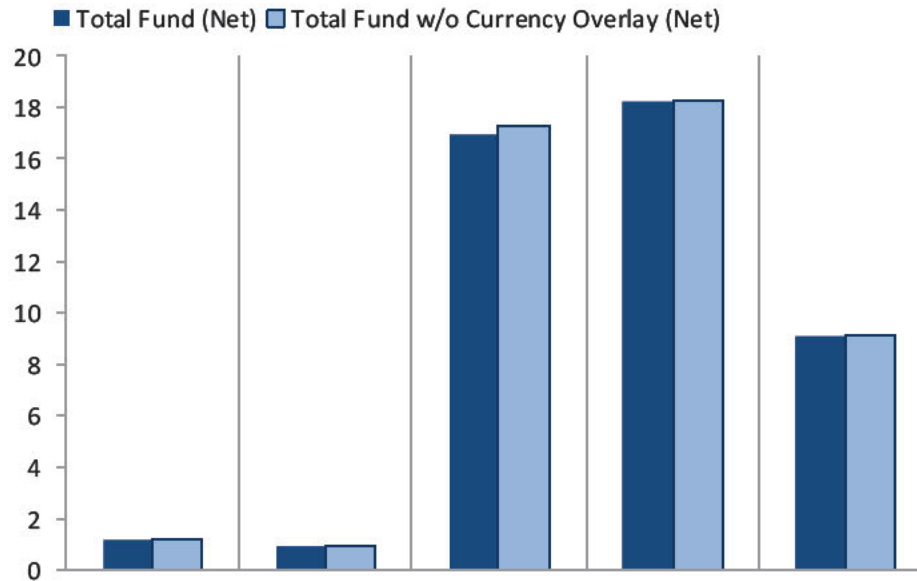
Source: BNY Mellon GRS



## Ohio SERS Investment Report

Month Ending: 02/28/2021

### Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year
Total Fund (Gross)	1.16	0.95	17.24	18.80	9.69
Total Fund w/o Currency Overlay (Gross)	1.19	0.97	17.61	19.24	9.76
Total Fund (Net)	1.15	0.91	16.93	18.25	9.05
Total Fund w/o Currency Overlay (Net)	1.18	0.93	17.30	18.25	9.14
Currency Overlay Impact (Net of Fee)	(0.03)	(0.02)	(0.37)	0.00	(0.09)

Source: BNY Mellon GRS





## Ohio SERS Investment Report

Month Ending: 02/28/2021

### Proposed Investment Agenda – Next Meeting

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Annual Overlay Program Review

Wilshire Quarterly Performance Report (March 31, 2021)

Quarterly Investment Report (March 31, 2021)

Draft of Annual Investment Plan

Draft of Investment Department Incentive Program (possible vote)

**EXTENSION OF INVESTMENT CONSULTANT SERVICES**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve extending the Investment Consultant Services Agreement with Wilshire Associates, currently set to terminate June 30, 2021, through June 30, 2026, upon terms satisfactory to the Executive Director, Chief Investment Officer and legal counsel. Be it further provided that the Executive Director be authorized to execute any contracts or documents necessary to complete this extension.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**School Employees  
Retirement System**

# Memo

**To:** Retirement Board  
**From:** Chris Collins  
**cc:** Richard Stensrud  
**Date:** April 2, 2021  
**Re:** **New Proxy Issues for 2021**

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Attached to this memo is a summary list of the new and/or updated proxy issues our proxy voting advisor, ISS, expects to see on proxy ballots in 2021. There are 42 issues on the list.

SERS' staff has reviewed the 42 issues, contemplated ISS' recommendations and decided upon the voting stance SERS will take on each issue. SERS' staff relied upon guidance from the Board-adopted Corporate Governance Principles in deciding how SERS will vote. High-level information regarding ISS policy updates and new policies as they relate to SERS' voting instructions is provided in the attached matrix.

With this month's materials, you have received an updated Proxy Voting book for 2021. As in years past, this booklet contains some background information on our proxy voting program, our Proxy Voting Policy, our Corporate Governance Principles, and our Proxy Voting Guidelines. The Corporate Governance Principles were approved by the Board in 2012, and the issue-specific Proxy Voting Guidelines were developed by the internal Proxy Voting Committee to outline SERS' approach to specific proxy voting issues including director elections, "say on pay" votes, mergers and acquisitions, board diversity, and environmental, social and governance (ESG) issues. The Guidelines contain some of the more frequently occurring proxy issues and are not intended to be all-inclusive of every issue that SERS will vote on this year. All of the guidelines are subject to revisions over time, but there have been no substantive changes to the guidelines for this year.

To promote diversity on corporate boards, SERS continues to be an active member of the Midwest Investors Diversity Initiative, which is a group of Midwestern institutional investors that engages public companies that are also located in the Midwest with the goal of encouraging diversity on their boards of directors. The group asks nominating and governance committees at these companies to consider adopting a policy that would require them to expand their candidate pools to include qualified, diverse candidates each time they initiate a search to fill an open board seat. Over the past year, the group has had a number of successful engagements with companies that have agreed to adopt a diverse director search policy.

SERS continues its involvement in the Investors for Opioid and Pharmaceutical Accountability (IOPA) Group. The IOPA is a group of institutional investors that engages with public companies associated with the opioid crisis and pharmaceutical pricing to encourage corporate governance reforms that include increased oversight and transparency. The group has had successful engagements with 13 companies who have agreed to issue reports on governance measures they have implemented to manage opioid-related risks more effectively.

IOPA members have engaged with companies on a host of compensation-related changes seeking to hold companies accountable for their role in the opioid crisis and address the risks facing the company. IOPA has encouraged “vote no” on Say-on-Pay issues at companies that were proposing generous executive compensation packages despite facing substantial losses because of opioid litigation fines and settlements.

IOPA has also been engaging with companies around their response to the COVID-19 pandemic relating to worker safety and business continuity issues. IOPA has sent letters to 7 corporations including retail pharmacies (Rite Aid, Walgreens, CVS Health, Walmart) and pharmaceutical distributors (Cardinal Health, AmerisourceBergen, McKesson). The purpose of the engagement is to ensure company policies addressing workforce and customer safety during this pandemic are in fact being implemented and are not in conflict with other operational objectives and business goals.

SERS is also a part of the Investor Stewardship Group (ISG), which is a nationwide initiative that developed a Framework for U.S. Stewardship and Governance best practices. The ISG Framework has been recognized as the definitive corporate governance code in the United States and includes basic investment stewardship and corporate governance standards for U.S. institutional investors and boardroom conduct. SERS is a signatory to the ISG Framework and continues to support the group's efforts.

Additionally, SERS is an active member of the Council of Institutional Investors (CII). We have been supportive of their advocacy at the federal level and are in alignment with CII's opposition to the SEC's rules regarding proxy advisors and shareholder proposals. CII filed an amicus brief in support of ISS' lawsuit challenging the validity of the Commission's final proxy advisory regulations and related guidance. We will continue to monitor the SEC's actions and any impact to SERS' corporate governance activities.

I will keep you apprised of our efforts in all of these areas through my quarterly memos to the Board. If you have any questions, please let me know.

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the following summary of investment transactions made in compliance with the Ohio revised Code Section 3309.15 during the period of **February 1, 2021 through February 28, 2021**. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$ 243.5
Fixed Income	442.4
Multi-Asset Strategies	0.6
Private Equity Capital Calls	35.4
Real Asset Capital Calls	1.5
Opportunistic	n/a
Global Private Credit	9.4
Cash Equivalents	445.5

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$391.2	\$ 129.8
Fixed Income	416.4	8.8
Multi-Asset Strategies	0.5	n/a
Private Equity distributions	43.0	n/a
Real Asset distributions	1.4	n/a
Opportunistic	n/a	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	289.0	n/a

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

## MEMORANDUM

To: Christopher Collins, SERS Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: March 31, 2021

Re: Federal Legislative and Regulatory Report

### **OVERVIEW**

**Highlights for March:** the passage of President Biden's "American Recovery Plan Act," a \$1.9 trillion effort to combat COVID-19 and address other concerns, including multiemployer pension solvency; continued dialogue between Republican and Democratic Senators on potential changes to the filibuster rule; discussions on bringing back earmarks; use of the Congressional Review Act by Congress; federal election reform; the newly announced Biden infrastructure packages that would be introduced in two separate bills; final confirmation hearings in the Senate for Cabinet officials in the Biden administration; submission of requests for report language in the House Committee on Appropriations and discussions with House Legislative Assistants in the Ohio delegation on pension and health care issues for SERS.

**The House of Representatives will return on Tuesday, April 13 and will be in session until Friday, April 22.** The House is scheduled for Committee work until May 11; however, no voting days are scheduled during this time. One hearing of interest has been announced:

- Virtual Hearing – Committee on House Administration, Subcommittee on Elections  
Voting In America: Ensuring Free And Fair Access To The Ballot  
Thursday, April 1, 2021 - 12:00pm

**The Senate is scheduled to be in session starting on Monday, April 12 and will remain in session for the rest of the month.** Majority Leader Chuck Schumer (D-NY) is working through the rules of the budget reconciliation process to determine whether the Senate has at least one more opportunity in Fiscal Year 2021 for its use. If the Senate Parliamentarian agrees, Majority Leader Schumer may have a way to force a simple majority vote on another key bill that the Biden Administration would like to see pass. Issues such as voting reform, infrastructure and health care are top of mind.

**Another Senate stumbling block is the filibuster rule, which requires a 60-vote cloture threshold to move a bill forward.** Senate Minority Leader Mitch McConnell (R-KY) was quoted in the media saying that any dismantling of the filibuster rule to move bills forward with a simple majority vote (other than through reconciliation) would result in a "scorched Earth" approach. He warned that when Republicans take over the Senate in the future, the response could create a "nuclear winter." Last week, President Biden said that the filibuster rule is a "relic of the Jim Crow era," and changes should be considered if Republicans block legislative priorities.

**With respect to earmarks, Ohio's Senators have different perspectives.** Senator Rob Portman (R-OH) said, "Instead of reviving earmarks, Congress should be pushing to ban them permanently and I've consistently supported legislation to do so." He was one of several Republican Senators that cosponsored S. 501, a bill introduced earlier in March to permanently ban the use of earmarks. House Republicans voted in March to support the renewed earmark process, which was already approved by House Democrats. Earmarks were banned several years ago due to overuse and media attention as members were able to direct federal money for projects in their states or districts. Senator Sherrod Brown (D-OH) issued a statement that he "supports the return of earmarks, so long as the process is transparent and projects represent a good use of taxpayer money."

**On March 25, Senator Sherrod Brown (D-OH) introduced S.J.Res.16, a joint resolution providing for disapproval under chapter 8 of title 5, United States Code, of the rule finalized by the Securities and Exchange Commission (SEC).** The joint resolution, filed under the Congressional Review Act



(CRA), would reverse the SEC's final rule in September 2020 relating to "Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8." Action on S.J.Res.16 would mean that the rule setting forth higher thresholds for shareholder proposals and other purposes could be set aside.

<https://www.congress.gov/bill/117th-congress/senate-joint-resolution/16?q=%7B%22search%22%3A%5B%22senate+joint+resolution+16%22%5D%7D&s=5&r=1>

**There are a number of high profile rules that were promulgated under the former Trump Administration that some industry, individuals, investors and organizations would like to see reversed under the CRA.** The CRA provides an avenue should Congress wish to reverse a final rule, however, there are some requirements that give Congress pause when using it. Under the CRA, if Congress disapproves a rule, the agency must revert back to the rules that were in place before the contested rule. The CRA also effectively blocks the federal agency that promulgated the rule, from introducing a similar rule. Finally, only rules that have taken effect within a certain time frame are eligible for reversal under the CRA. According to NPR, Majority Leader Chuck Schumer (D-NY) has until April/May to bring the resolutions to the Senate floor before the deadline ends. [Democrats Could Use The Congressional Review Act To Undo Some Trump Policies : Shots - Health News : NPR](#)

**The Senate held its first hearing last Wednesday on the House-passed, "For the People Act."**

The bill would create revised and new federal campaign finance rules, make changes to the Federal Election Commission, and address partisan gerrymandering after the U.S. Supreme Court deferred to Congress in previous cases.

## **INFRASTRUCTURE**

**President Biden announced a massive \$2 trillion infrastructure plan in Pittsburgh, PA, on Wednesday, March 31.** In his remarks, President Biden said that the "American Jobs Plan," would allow for the U.S. to become the "strongest, most resilient innovative economy in the world." The Administration is planning on introducing two separate bills. The first bill would include more typical infrastructure spending, including \$100 billion just for school buildings, also airports, roads, bridges, water treatment facilities and dams. It includes funding to replace 50,000 diesel transit vehicles and electrify at least 20 percent of the country's "yellow school bus fleet" and a significant increase in electric charging stations. Also included is an \$111 billion allocation for clean, lead-free drinking water for schools. The infrastructure investment package would take place over a 15 year time frame.

**The second bill will include "family infrastructure" provisions.** That bill will be called the "American Family Plan." Jen Psaki, White House press secretary, said:

In the coming weeks, the President will lay out his vision for a second package that focuses squarely on creating economic security for the middle class through investments in childcare, healthcare, education, and other areas. Throughout this process, we look forward to working with a broad coalition of members of Congress to gather their input and ideas, and determine the path forward, create good jobs, and make America more competitive. (Full remarks may be read here: [Press Briefing by Press Secretary Jen Psaki, March 29, 2021 | The White House](#)).

**The President's proposal would be paid for by a series of tax increases, impacting the corporate tax rates by raising them from 21% to 28% and include higher taxes on Americans that earn over \$400,000.** Republicans are voicing concerns with the cost and the undoing of the 2017 Tax Act that lowered corporate tax rates. Some Democrats have expressed a desire to change the State and Local Tax Deduction (SALT) cap of \$10,000 in the discussion as a way to gain their votes. Speaker Nancy Pelosi (D-CA) expressed a desire pass the first round of the package by July 4.

## **SENATE CONFIRMATION HEARINGS**

**On Wednesday, March 10, the Senate confirmed Rep. Marcia Fudge (D-OH) to lead the Department of Housing and Urban Development (HUD) in a bipartisan vote, 66-34.** Both Senators Brown and Portman supported her confirmation. Governor Mike DeWine (R-OH) announced that the primary for the vacant 11th Congressional District would take place on August 3.

**The Senate confirmed Xavier Becerra as the Secretary of the Department of Health and Human Services (HHS) by a 50-49 vote.** Sen. Susan Collins (R-ME) was the only Republican to vote in favor of his confirmation. The Senate also confirmed Rachel Levine as the Assistant Secretary for Health at the Department of Health and Human Services and Marty Walsh as the Secretary of Labor. Mr. Walsh was the Mayor of the city of Boston previously.

### **CORONAVIRUS LEGISLATION**

**H.R. 1319, the “American Rescue Plan Act of 2021,” included relief for multiemployer and single employer pension plans.** The effort was supported by many Ohio delegation members, especially Senators Sherrod Brown and Rob Portman. The bill also included language that the \$350 billion in funding for state and local governments could **not** be used for pensions. Chris Collins, Government Relations Officer for SERS, and I discussed concerns with “strings” being attached to the funding. After a review of the language, it appeared that public employers would still be able to make their required contributions. We talked to several members of the delegation and Governor DeWine’s federal office.

**One area of concern was raised by the Ohio Township Association, in relation to whether the state and local funding in the Act would be applicable to the township form of government.** In order to ensure that townships were eligible, Senator Rob Portman (R-OH), Representatives Anthony Gonzalez (R-OH), Steve Chabot (R-OH), Brad Wenstrup, (R-OH), Jim Jordan (R-OH), Bob Latta (R-OH), Bill Johnson (R-OH), Bob Gibbs (R-OH), Warren Davidson (R-OH), Michael Turner (R-OH), Troy Balderson (R-OH), David Joyce (R-OH), and Steve Stivers (R-OH) sent a letter in March to Treasury Secretary Janet Yellen, asking that she clarify the eligibility for federal stimulus dollars for townships.

**The stimulus bill contained an interesting provision that limits the tax deductions that companies are able to use for executive pay and compensation purposes.** The bill restricts tax deductions for a larger number of a company’s highest paid executives from 5 to 10 who earn more than \$1 million per year. A company may not deduct the cost of anything more than \$1 million a year in compensation for these employees, who are typically the chief executive officer, the chief financial officer or other high paid executives at the company. The five new positions are not grandfathered in either.

### **EDUCATION**

**Reps. Steve Stivers (R-OH) and Kathleen Rice (D-NY) have not added any cosponsors to H.R. 902, the “Decreasing Employees Burdensome Taxes from Student Loans or DEBT Act of 2021,”** to amend the Internal Revenue Code of 1986 to expand the exclusion for employer-provided educational assistance and to expand the availability of the student loan interest deduction. The bill has not moved out of Committee.

### **FINANCIAL SERVICES**

**Rep. Patrick McHenry (R-NC) introduced H.Res.249, a Resolution which is “Expressing the sense of the House of Representatives that the Congress should not impose a financial transaction tax on individuals or market intermediaries in connection with trades executed on the National Market System or alternative trading systems.”** The Resolution was introduced on March 17 and was referred to the Committee on Ways and Means. Three Ohio Representatives, Steve Stivers (R-OH), Warren Davidson (R-OH) and Anthony Gonzalez (R-OH) are cosponsors.

**H.R. 328, the “Wall Street Tax Act,” still has 27 cosponsors, including Rep. Tim Ryan (D-OH) and has not advanced out of Committee.** The legislation would create a financial transaction tax on the sale of stocks, bonds, and derivatives at 0.1 percent (10 basis points), which could raise approximately \$777 billion over ten (10) years. A Senate companion bill has not been introduced yet.

### **SERS ADVOCACY ON THE HRA WRAPAROUND PLAN AND PRESCRIPTION DRUG PRICES**

**On behalf of SERS, I submitted the required forms for Requests for Appropriation on March 24 and 26 to the three members of the Ohio delegation, Reps. Marcy Kaptur (D-OH), David Joyce (R-OH) and Tim Ryan (D-OH), who serve on the House Committee on Appropriations.** The Appropriation Forms requested that language be added into the Report that accompanies the final House Appropriations bill. The Committee on Appropriations, Subcommittee on Labor, Health and Human

Services, Education, and Related Agencies was designated as the Subcommittee for the issue. SERS is seeking a change in the cap for the HRA Excepted Benefits Wraparound Plan that is currently set at \$1,800 per enrolled family. Due to utilization, SERS has requested that the cap be changed to \$1,800 per enrolled participant.

**Chris Collins, Christi Pepe and I have been holding “Zoom” calls with Legislative Assistants in each of the Ohio delegation offices, to discuss possible legislative and/or regulatory actions for consideration on the rebate rule, for the under-65 retiree population and to address the high cost of prescription drug costs.** Several documents have been shared to educate on SERS, including:

- State and Congressional District data for active or inactive members and benefit recipients that reside in the Districts, pension benefits and health care payments;
- A 7-slide document that provides FAST FACTS about SERS, the 62nd largest public pension fund in the country and the 153rd largest retirement fund in the country, including both public and private funds. Fund assets, funded status, average age of new retirees, average pension benefit, breakdown of retirees showing 74% are women, 93% of benefit recipients live in Ohio, as of FY2020, SERS members are the lowest paid of all five retirement systems. In 2020, based on all 156,579 active members, benefit recipients are receiving \$15,267/year or \$1,272/month, which was only 20% higher than the federal poverty level of \$12,760/year or \$1,063/month for a household of one; benefit payments by county; breakdown on sources of revenue, investment performance vs. policy benchmarks, and employer contributions.
- A statement from SERS based upon the latest discussion prior to passage of the American Rescue Plan. "Any time the federal government earmarks funding for state and local governments, some legislators express concerns that once the money is delivered to the states it will be used to “bail out” public pension funds instead of its intended purpose. While the relief bill does have language regarding funding for private multi-employer pension plans, these are not public pension plans. For more on how these plans are different, read our story at [www.ohsers.org/public-pensions-are-not-the-same-as-multiemployer-pensions/](http://www.ohsers.org/public-pensions-are-not-the-same-as-multiemployer-pensions/). SERS neither needs nor wants any federal funding to pay down its liabilities. SERS is within the state-mandated 30-year funding window and based on anticipated future funding will be able to pay off all unfunded liabilities in 24 years. Our contribution funding is reliable, and our employers pay their statutorily required contributions in full every month. This is a key component in maintaining a well-funded pension plan."
- A letter signed by SERS and 15 other organizations seeking a repeal of the Rebate Rule. The Public Sector HealthCare Roundtable was also a signatory.
- A six-page Health Care document that provides more information on the request to rescind the Rebate Rule and comments on the higher Health Care costs for the under-65 retiree population.

**SERS continues to work with the group of plan sponsors, industry organizations and providers to collaborate on ways to address the high cost of prescription drugs.** The Public Sector HealthCare Roundtable is one of the stakeholders in the working group. A Roundtable webinar was held on Wednesday, March 31, to discuss the first 100 days of the Biden Administration and next steps for its health care priorities and those of House and Senate leadership.

#### **WINDFALL ELIMINATION PROVISION (WEP)**

**On March 24, the Coalition to Preserve Retirement Security held its annual virtual meeting.** One of the speakers was Elisa Walker, a Professional Staff Member for the Committee on Ways and Means, Subcommittee on Social Security. Ms. Walker mentioned that Rep. Richard Neal (D-MA), Chairman of the House Committee on Ways and Means, would be introducing “The Public Servants Protection and Fairness Act of 2021,” soon while cosponsors sign on to the bill. Ms. Walker also mentioned that Chairman Neal is hopeful that interested parties sign on as supporters of the bill. The bill is expected to:

- Provide relief payments of \$150 a month to current WEP retirees.
- Establish a new, fairer formula – the Public Servant Protection (PSP) formula – that will apply to future retirees, paying Social Security benefits in proportion to the share of a worker’s earnings on which they paid Social Security contributions.

- Include a permanent benefit guarantee, which ensures that no one will receive lower benefits as a result of the legislation, relative to current law. This protects all current and future retirees.

**Chris Collins and I have scheduled a call with the Minority Staff Director for the Subcommittee on Thursday, April 1.** We are interested to hear her viewpoint when Rep. Kevin Brady (R-TX) might be introducing a bill that would be similar to the bills he has introduced in the past to address the WEP.

#### **SOCIAL SECURITY ADMINISTRATION (SSA)**

**On March 25, Andrew Saul, Commissioner of Social Security, issued a Statement about the Economic Impact Payments (EIPs) which were provided in the American Rescue Plan Act.** The Statement was issued because of concerns raised by the length of time it was taking for Treasury, IRS and the SSA to issue stimulus payments. He said:

At each turn over the last 12 months, immediate delivery of EIPs has been, and remains, a top priority for this agency. SSA's public service mission is squarely focused on many of those who are most economically vulnerable in our society and we owe it to our beneficiaries to ensure they receive their EIPs right away.

The full statement is here: <https://www.ssa.gov/news/press/releases/2021/#3-2021-4>

**Five members of the Ohio delegation have joined the other 106 cosponsors (111 total) of H.R. 82, the "Social Security Fairness Act of 2021," including Rep. Joyce Beatty (D-OH), Tim Ryan (D-OH), David Joyce (R-OH), Michael Turner (R-OH) and Bob Gibbs (R-OH).** The bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government, eliminates the government pension offset and the windfall elimination provision. These changes would be effective for benefits payable after December 2021.

#### **INTERNAL REVENUE SERVICE (IRS)**

**The Internal Revenue Service issued a notice that it would extend the federal income tax filing deadline from Thursday, April 15 to Monday, May 17, 2021.** The state of Ohio also moved the 2021 tax filing deadline from April 15 to May 17.

**The IRS has posted information on its website to help people determine if they are eligible for the latest round of stimulus payments and if so, when they may expect the payments:**

The [third round of Economic Impact Payments](#) are being sent in phases. The IRS started sending the first batch of payments with an official payment date of March 17. If you haven't received one yet, it doesn't mean you won't. We'll send the third payments each week to eligible individuals as we continue to process tax returns. Payments are sent by direct deposit or mail as a check or debit card. If you didn't get the full amount of the first or second payment you were eligible for, you may be eligible to claim the [2020 Recovery Rebate Credit](#) and must file a 2020 tax return, even if you aren't required to file. [Get My Payment | Internal Revenue Service \(irs.gov\)](#)

#### **HHS/ MEDICARE AND MEDICAID/CMS**

**Unless Congress acts soon, Medicare could be subjected to the 2% sequester cuts that are required under the Budget Control Act.** The Senate passed its extension of the Medicare sequester cuts, in HR 1868 as amended, a bill to prevent across-the-board direct spending cuts, on March 25 with a vote of 90-2. Both Senators Sherrod Brown (D-OH) and Rob Portman (R-OH) voted "Yea." The extension until the end of the year does not include a provision from the House that addresses sequester cuts due to the passage of the American Rescue Plan Act. The bill will be sent back to the House for final action.

**On March 23, President Biden announced that the Centers for Medicare & Medicaid Services (CMS) would be extending the Special Enrollment Period (SEP) until August 15.** CMS indicated:

As a result of the American Rescue Plan, additional savings will be available for consumers through HealthCare.gov starting April 1. These savings will decrease premiums for many, on average, by \$50 per person per month and \$85 per policy per month. On average, one out of four enrollees on HealthCare.gov will be able to upgrade to a higher plan category that offers better out of pocket costs at the same or lower premium compared to what they're paying today.

[2021 Special Enrollment Period Access Extended to August 15 on HealthCare.gov for Marketplace Coverage | CMS](#)

**HEALTH CARE**

**During the call with representatives of the Public Sector HealthCare Roundtable on March 31, a Policy Advisor who works in the office of Speaker Nancy Pelosi (D-CA) discussed the enhanced health care funding in the recently passed American Rescue Plan Act.** Money to support the Affordable Care Act through expanded marketplace premium subsidies, enhanced subsidies for unemployed people, stimulus payments for individuals, the expansion of child tax credits and the Earned Income Tax Credit, among other provisions, was included in the Act.

**There are 12 cosponsors to the bill introduced by Senators Tim Kaine (D-VA) and Michael Bennet (D-CO), S. 386, the “Medicare-X Choice Act” for a public option health insurance plan that would also allow Medicare to negotiate lower drug prices.** The proposal would create a government-run health care plan on the Affordable Care Act (ACA) exchanges to compete with plans offered by private insurers. The bill has not moved out of Committee.

**PRESCRIPTION DRUGS**

**SERS was one of sixteen (16) organizations to ask leadership in the House and Senate to repeal the rebate rule.** In the letter dated March 16, SERS and other organizations said:

As organizations that work to protect seniors and maintain affordable access to prescription drugs for Medicare beneficiaries, we respectfully request that Congress swiftly repeal the 2020 U.S. Department of Health and Human Services’ (HHS’s) rebate rule. Without action, this flawed policy will significantly increase Medicare beneficiary premiums and government costs.<sup>1</sup>

**As reported, the Pharmaceutical Care Management Association (PCMA) sued HHS and other federal agencies, in the U.S. District Court for the District of Columbia.** In the Order issued by U.S. District Judge John D. Bates, Civil Action No. 21-95 (JDB), the parties agreed to submit a “joint status report identifying whether and how this case should proceed by not later than April 1, 2021.” The implementation of the rebate rule has been extended until January 1, 2023 pending further review by the Biden Administration and the Court.

**During the call with the Policy Advisor for Speaker Pelosi during the Public Sector HealthCare Roundtable virtual meeting, he mentioned that he was well aware of the issue for plan sponsors that offer EGWPs. The Advisor understood the concerns from SERS with potentially increased costs from H.R. 3 that would need to be passed on to retirees in the form of higher premiums.** He acknowledged that some adjustments need to be made. The Advisor also mentioned the Rebate Rule, which could be handled through the Congressional Review Act or by a reconciliation pathway. He also mentioned that Senator Bernie Sanders (I-VT), as Chairman of the Senate Committee on the Budget, is committed to bringing a proposal to reduce the age of eligibility for Medicare to age 60.

**Senator Bernie Sanders introduced three bills on March 23 to address the high cost of prescription drugs: S.908** -A bill to amend title XVIII of the Social Security Act to provide for the negotiation of lower covered part D drug prices on behalf of Medicare beneficiaries and the establishment and application of a formulary by the Secretary of HHS under Medicare part D; **S.909** -A bill to significantly lower prescription drug prices by ending government-granted monopolies for manufacturers who charge drug prices that are higher than the median prices at which the drugs are available in other countries; and **S.920** -A bill to amend the Food, Drug, and Cosmetic Act to allow for the importation of affordable and safe drugs by wholesale distributors, pharmacies, and individuals.

**SECURITIES AND EXCHANGE COMMISSION (SEC)**

**Under the leadership of Acting Chair of the SEC, Allison Herren Lee, the SEC announced that it would welcome public input on climate change disclosures.** On March 15, Chair Lee indicated that the SEC would “encourage commenters to submit empirical data and other information in support of their comments. Original data from respondents, including academics, data providers, and other organizations, may assist in assessing the materiality of climate-related disclosures, and the costs and benefits of

different regulatory approaches to climate disclosure.” There are 15 questions for consideration. Responses are due in 90 days. [SEC.gov | Public Input Welcomed on Climate Change Disclosures](#)

**The SEC announced on March 22, that it had launched a [new page](#), accessible on its Homepage, to provide the most current information on climate change and Environmental, Social and Governance (ESG) investing in one place. The Homepage is here: [SEC.gov | HOME](#)**

**On March 24, the SEC issued interim final amendments to fulfill the mandated submission and disclosure requirements that were included in the “Holding Foreign Companies Accountable Act” (HFCA Act), S. 945, passed by Congress and signed into law on December 18, 2020.** The Act requires that the SEC identify each “covered issuer” that has retained a “registered public accounting firm to issue an audit report where that firm has a branch or office located in a foreign jurisdiction, and the PCAOB has determined that it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction.”

**In a notice posted on its website in March, the SEC said it needed additional time to rule on the Nasdaq proposal to increase diversity on public company boards.** The delay for additional public comments could cause the SEC to wait until later this year to make a final decision.

#### **U.S. CENSUS BUREAU**

**U.S. District Judge Thomas Rose dismissed the lawsuit on March 24 filed by Ohio Attorney General David Yost against the U.S. Census Bureau.** The Census Bureau has been struggling to release the final tabulations from the 2020 Decennial Census for all states. As reported, the Census Bureau explained that it will not be able to release the Census data until September 2021. This means that Ohio’s required redistricting process could be delayed. Attorney General Yost appealed the decision.

#### **U.S. SUPREME COURT**

**On March 29, the Supreme Court heard oral arguments in a case brought by public pension funds which claimed that “they had lost as much as \$13 billion as a consequence of what they called false statements about the investment bank’s sales of complex debt instruments before the 2008 financial crisis.”** The case citation is *Goldman Sachs Group v. Arkansas Teacher Retirement System*, No. 20-222. For more details, please see this article: [Supreme Court Looks for Narrow Path in Investors’ Suit Against Goldman Sachs - The New York Times \(nytimes.com\)](#)

#### **REPORTS**

**The Center for Retirement Research at Boston College (CRR) released a brief in March entitled, “Do Smaller Public Employer Pensions Spur More Saving?”** The brief’s key findings are:

- In theory, workers would increase their supplemental saving in response to lower pension income, but do they in practice?
- The answer matters for state and local workers, as pension income varies, some plans are poorly funded, and not all workers have Social Security.
- The results show that workers with less expected pension income are more likely to save, but the effects are small, and they do not respond to the other factors.
- The takeaway is that if public employers reduce pension benefits, workers are unlikely to make up the difference by saving more on their own.

[Do Smaller Public Employer Pensions Spur More Saving? | Center for Retirement Research \(bc.edu\)](#)

**New research from the Center for State and Local Government (SLGE) was released on March 17, in which SLGE examined the public service workforce.** According to the press release:

- There were 43 million workers in the public service sector in 2019, representing 26% of the total U.S. workforce. The largest components of this sector are in the education, general government, hospitals, and ambulatory health care fields.
- Staff tenures with local and state governments (6.6 years and 5.6 years, respectively) are longer than for the private sector (3.7 years).



- Education employment is projected to see only minimal growth among local and state governments (0.3% and 1.8%, respectively), while private or nonprofit education employment is projected to increase by 15.4% by 2029.

The full research paper is here: [Research Brief Examines the Public Service Workforce - SLGE](#)

**The Center for Effective Lawmaking, sponsored by the University of Virginia and Vanderbilt University, has created a tool to “score” the effectiveness of members of Congress.** The research was compiled to evaluate members of the Senate and House as they seek to pass bills they have introduced. A search may be conducted by state, issue, name or zip code. The search site is here: [Find Legislators – Center for Effective Lawmaking \(thelawmakers.org\)](#)

#### **OTHER NEWS**

**Senator Rob Portman (R-OH) and Representatives David Joyce (R-OH) introduced the “RECYCLE Act,”** to create a new federal grant program through the Environmental Protection Agency (EPA) to help educate households and consumers about their residential and community recycling programs.

**Senator Rob Portman (R-OH) is one of the Senators who introduced the “Housing Supply and Affordability Act of 2021” to create a new grant program that would provide funding to help localities develop and implement comprehensive housing policy plans.** A similar bill was introduced in the House by Rep. Joyce Beatty (D-OH).

**On Thursday, Senator Portman introduced S. 987, a third bill to support addiction and recovery efforts.** The “Comprehensive Addiction and Recovery Act (CARA) 3.0” would increase the funding authorization levels for CARA programs enacted in 2016 and put in place additional policy reforms that are needed to address the opioid epidemic.

**Senator Sherrod Brown (D-OH) has signed on as a cosponsor of S. 374, “The Improving Corporate Governance Through Diversity Act of 2021,”** which would require public companies to disclose the racial, ethnic, gender and veteran composition of their corporate boards and senior management. The bill has been assigned to the Senate Committee on Banking, Housing and Urban Affairs, which Senator Brown chairs. On International Women’s Day, March 8, President Biden issued an Executive Order establishing the White House Gender Policy Council, a body that will “instill, advance, and oversee this Administration’s commitment to a government-wide approach to gender equity and equality.”

**The bill introduced by Rep. Bill Pascrell, Jr. (D-NJ), H.R. 1068, the “Carried Interest Fairness Act of 2021,”** has 7 cosponsors (none from Ohio) and would close the carried interest loophole.

#### **ACTIVITIES:**

1. Requested appointments with Ohio delegation staff members, arranged the invitations and participated on Zoom calls. Provided follow up on requests for more information.
2. Reviewed bills, Executive Orders, statements and memoranda related to education, schools, retirement and health care. Provided an updated Memorandum on the final stimulus bill.
3. Participated in calls with SERS, Government Relations Network and the Public Sector HealthCare Roundtable.
4. Monitored bills and hearings from the House Committees on Ways & Means, Energy and Commerce, Appropriations, Finance, and others related to public pensions, COVID-19, retirement security, health care, prescription drugs, education and schools, and Social Security.
5. Monitored the U.S. Supreme Court for important retirement, health care and investment cases.
6. Reviewed bills that were introduced or cosponsored by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
7. Reviewed notices or proposed rules from the SEC, DOL, HHS/CMS, and regulatory agencies.
8. Monitored organizations, such as the Social Security Administration, American Benefits Council, AHIP, BMA, AARP and other entities on pension, investment, and/or health-care-related issues.
9. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, Public Sector HealthCare Roundtable, Social Security, and prepared the Federal Legislative Report.

**FEDERAL LEGISLATION BOARD REPORT**  
**117<sup>th</sup> United States Congress**  
**(Prepared by Chris Collins as of April 2, 2021)**

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**H.R. 82**

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: House - 01/04/2021 Referred to the House Committee on Ways and Means.

CAPTION: Social Security Fairness Act of 2021

COMMENT: Repeals the GPO and WEP. 111 co-sponsors; five Ohioans

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**H.R.328**

SPONSOR: Rep. Peter DeFazio (D-OR)

LAST ACTION: House - 01/15/2021 Referred to the House Committee on Ways and Means.

CAPTION: To amend the Internal Revenue Code of 1986 to impose a tax on certain trading transactions.

COMMENT: 27 co-sponsors; one Ohioan

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**H.R. 1319**

SPONSOR: Rep. John Yarmuth (D-KY)

LAST ACTIONS: 03/11/2021 Became Public Law No: 117-2.

CAPTION: American Rescue Plan Act of 2021

COMMENT: Provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.

**STATE LEGISLATION BOARD REPORT**  
**(Prepared by Chris Collins as of April 2, 2021)**

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**133<sup>rd</sup> General Assembly**

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**HB308** POST-TRAUMATIC STRESS FUND Tom Patton (R-Strongsville) To provide compensation and benefits to first responders with post-traumatic stress disorder and to study the financial and administrative requirements for that fund.

Current Status: 01/09/2021 SIGNED BY GOVERNOR; eff. 90 days

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**HB442** OCCUPATIONAL REGULATIONS Bill Roemer (R-Richfield) and Thomas West (D-Canton) Requires pupil services personnel to register with the Department of Education, rather than hold a separate license from the State Board of Education as under prior law. The change applies to school speech language pathologists, audiologists, school nurses, physical therapists, occupational therapists, and social workers, who are licensed by their respective professional boards.

Current Status: 01/07/2021 SIGNED BY GOVERNOR; eff. 90 days

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**134<sup>th</sup> General Assembly**

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**HB110** OPERATING BUDGET Scott Oelslager (R- North Canton) To make operating appropriations for the biennium beginning July 1, 2021, and ending June 30, 2023, to levy taxes, and to provide authorization and conditions for the operation of state programs.

Current Status: 03/11/2021 House Finance (Seventh Hearing)

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**HB14** REGARDS STATE RETIREMENT SYSTEM Diane Grendell (R – Chesterland) Regarding state retirement system fiduciary duties, Public Employees Retirement System management fees and employee pay, and creating the Committee on Pension Salaries and Fees.

Current Status: 02/04/2021 Referred to Financial Institutions Committee

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Memorandum

To: Christopher Collins, Government Relations Officer  
From: Carol Nolan Drake, Federal Liaison  
Re: Infrastructure and Tax Proposals from President Biden  
Date: April 11, 2021

**Background**

On March 31, President Joe Biden announced the “American Jobs Plan,” an over \$2 trillion major initiative to address infrastructure needs across the country. The President also mentioned that this bill will be part of a two-part infrastructure package; the next bill is expected to deal with “human infrastructure” needs including health care.

In the Fact Sheet, which accompanied the President’s remarks, it said:

The American Jobs Plan is an investment in America that will create millions of good jobs, rebuild our country’s infrastructure, and position the United States to out-compete China. Public domestic investment as a share of the economy has fallen by more than 40 percent since the 1960s. The American Jobs Plan will invest in America in a way we have not invested since we built the interstate highways and won the Space Race.

...

It will invest in Americans and deliver the jobs and opportunities they deserve. But unlike past major investments, the plan prioritizes addressing long-standing and persistent racial injustice. The plan targets 40 percent of the benefits of climate and clean infrastructure investments to disadvantaged communities. And, the plan invests in rural communities and communities impacted by the market-based transition to clean energy.

[FACT SHEET: The American Jobs Plan | The White House](#)

Speaker Nancy Pelosi (D-CA) indicated that she would like to pass the legislation by July 4. Senator Tom Carper (D-DE), Chairman of the Senate Committee on Environment and Public Works and Rep. Peter DeFazio (D-OR), Chairman of House Committee on Transportation and Infrastructure, will be moving the bill through their respective Committees.

On the program, Face the Nation, on April 11, Speaker Pelosi said, "It’s also human infrastructure that is involved," saying that provisions to lower the cost of prescription drugs, prolong the child tax credit introduced in the American Rescue Plan and make [family and medical leave](#) permanent could all make their way into the second part of Biden’s proposal—to be unveiled later this month.<sup>1</sup>

Later on, during the same program, Rep. Liz Cheney (R-WY) said the bill would need to be “fundamentally redone” in order for Republicans to get on board and doubled-down on her

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<sup>1</sup> “Pelosi Teases New ‘Human Infrastructure’ Details And Blasts Republican Criticism As ‘Ridiculous’” April 11, 2021, Forbes by Jonathan Ponciano.

[Pelosi Teases New ‘Human Infrastructure’ Details And Blasts Republican Criticism As ‘Ridiculous’ \(forbes.com\)](#)

assertion that less than 6% of the bill is actually geared toward infrastructure with bipartisan support, saying the rest is "focused on helping Democrat allies around the country."<sup>2</sup>

President Biden also released a "Made in America Tax Plan" to "make sure corporations pay their fair share in taxes and encourage job creation at home."<sup>3</sup> In this Memorandum, I have included the current provisions in the Tax Plan. There are several changes that may be of interest to the Investment team. Thus far, the Tax Plan does not include a Financial Transaction Tax (FTT), however, some of the proposed taxes, if implemented, could cause corporations to reconsider investor-focused allocations, including dividends. Any viewpoints from the Investment team will be helpful. The list of proposed corporate taxes starts on page 6.

**Relevant Details** (bolded text has been used to highlight key proposals)

Fix highways, rebuild bridges, upgrade ports, airports and transit systems. The President's plan will modernize 20,000 miles of highways, roads, and main-streets. It will fix the ten most economically significant bridges in the country in need of reconstruction. It also will repair the worst 10,000 smaller bridges, providing critical linkages to communities. And, it will replace thousands of buses and rail cars, repair hundreds of stations, renew airports, and expand transit and rail into new communities.

- \$621 billion in transportation infrastructure and resilience.
- \$85 billion to modernize existing transit and help agencies expand their systems to meet rider demand.
- \$80 billion to address Amtrak's repair backlog.
- \$174 billion investment in the Electric Vehicle market. It will establish grant and incentive programs for state and local governments and the private sector to build a national network of 500,000 EV chargers by 2030, while promoting strong labor, training, and installation standards. His plan also will replace 50,000 diesel transit vehicles and electrify at least 20 percent of our **yellow school bus fleet** through a new Clean Buses for Kids Program at the Environmental Protection Agency, with support from the Department of Energy. These investments will set us on a path to 100 percent clean buses, while ensuring that the American workforce is trained.
- \$25 billion in our airports, including funding for the Airport Improvement Program, upgrades to FAA assets that ensure safe and efficient air travel.
- \$20 billion for a new program that will reconnect neighborhoods cut off by historic investments and ensure new projects increase opportunity, advance racial equity and environmental justice, and promote affordable access.
- \$50 billion in dedicated investments to improve infrastructure resilience. Safeguard critical infrastructure and services, and defend vulnerable communities. People of color and low-income people are more likely to live in areas most vulnerable to flooding and other climate change-related weather events.

Deliver clean drinking water, a renewed electric grid, and high-speed broadband to all Americans. President Biden's plan will eliminate all lead pipes and service lines in our drinking water systems, improving the health of our country's children and communities of color. It will put hundreds of thousands of people to work laying thousands of miles of transmission lines and capping hundreds of thousands of orphan oil and gas wells and abandoned mines. And, it will

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<sup>2</sup> Ibid.

<sup>3</sup> White House Briefing Room Statement on American Jobs Plan, p.

bring affordable, reliable, high-speed broadband to every American, including the more than 35 percent of rural Americans who lack access to broadband at minimally acceptable speeds.

- \$111 billion to replace 100 percent of the nation's lead pipes and service lines, of which \$45 billion would be utilized by the Environmental Protection Agency's Drinking Water State Revolving Fund and in Water Infrastructure Improvements for the Nation Act (WIIN) grants. In addition to reducing lead exposure in homes, **this investment also will reduce lead exposure in 400,000 schools** and childcare facilities.
- \$56 billion in grants and low-cost flexible loans to states, Tribes, territories, and disadvantaged communities across the country to upgrade and modernize America's drinking water, wastewater, and stormwater systems, tackle new contaminants, and support clean water infrastructure across rural America.
- \$10 billion in funding to monitor and remediate PFAS (per- and polyfluoroalkyl substances) in drinking water and to invest in rural small water systems and household well and wastewater systems, including drainage fields.
- \$100 billion to build high-speed broadband infrastructure to reach 100 percent coverage.

Build, preserve, and retrofit more than two million homes and commercial buildings, modernize our nation's schools and child care facilities, and upgrade veterans' hospitals and federal buildings. President Biden's plan will create good jobs building, rehabilitating, and retrofitting affordable, accessible, energy efficient, and resilient housing, commercial buildings, schools, and child care facilities all over the country, while also vastly improving our nation's federal facilities, especially those that serve veterans.

- \$100 billion to build a more resilient electric transmission system.
- Spur jobs modernizing power generation and delivering clean electricity. President Biden is proposing a ten-year extension and phase down of an expanded direct-pay investment tax credit and production tax credit for clean energy generation and storage.
- It also will support state, local, and tribal governments choosing to accelerate this modernization through complementary policies – like clean energy block grants that can be used to support clean energy, worker empowerment, and environmental justice.
- Remediate and redevelop idle real property, and spur the buildout of critical physical, social, and civic infrastructure in distressed and disadvantaged communities. Through a \$5 billion investment in the remediation and redevelopment of these Brownfield and Superfund sites, as well as related economic and workforce development, the Plan will turn idle real property into new hubs of economic growth and job creation.
- President Biden's plan also will spur targeted sustainable, economic development efforts through the Appalachian Regional Commission's POWER grant program.
- The President's plan also will establish ten pioneer facilities that demonstrate carbon capture retrofits for large steel, cement, and chemical production facilities, all while ensuring that overburdened communities are protected from increases in cumulative pollution.
- The President's plan invests \$213 billion to produce, preserve, and retrofit more than two million affordable and sustainable places to live. Produce, preserve, and retrofit more than a million affordable, resilient, accessible, energy efficient, and electrified housing units. Build and rehabilitate more than 500,000 homes for low- and middle-income homebuyers.
- **Modernize our public schools. Too many students attend schools and child care centers that are run-down, unsafe, and pose health risks.** These conditions are dangerous for our kids and exist disproportionately in schools with a high percentage of



low-income students and students of color. And even before COVID-19, 43 percent of parents reported struggling to find an adequate child care facility for their children. President Biden believes we can't close the opportunity gap if low-income kids go to schools in buildings that undermine health and safety, while wealthier students get access to safe buildings with labs and technology that prepare them for the jobs of the future. **The President's plan invests \$100 billion to upgrade and build new public schools, through \$50 billion in direct grants and an additional \$50 billion leveraged through bonds.** These funds will first go toward making sure our schools are safe and healthy places of learning for our kids and work for teachers and other education professionals, for example by improving indoor air quality and ventilation.

- As we make our schools safer, **we also will invest in cutting-edge, energy-efficient and electrified, resilient, and innovative school buildings with technology and labs that will help our educators prepare students to be productive workers and valued students.** Under the President's plan, **better operating school facilities will reduce their greenhouse gas emissions and also will become environments of community resilience with green space, clean air, and safe places to gather, especially during emergencies. Funds also will be provided to improve our school kitchens, so they can be used to better prepare nutritious meals for our students and go green by reducing or eliminating the use of paper plates and other disposable materials.**

Solidify the infrastructure of our care economy by creating jobs and raising wages and benefits for essential home care workers. These workers – the majority of whom are women of color – have been underpaid and undervalued for too long. The President's plan makes substantial investments in the infrastructure of our care economy, starting by creating new and better jobs for caregiving workers. His plan will provide home and community-based care for individuals who otherwise would need to wait as many as five years to get the services they badly need.

Revitalize manufacturing, secure U.S. supply chains, invest in R&D, and train Americans for the jobs of the future. President Biden's plan will ensure that the best, diverse minds in America are put to work creating the innovations of the future while creating hundreds of thousands of quality jobs today. Our workers will build and make things in every part of America, and they will be trained for well-paying, middle-class jobs.

- Invest \$50 billion in the National Science Foundation (NSF), creating a technology directorate that will collaborate with and build on existing programs across the government.
- \$35 billion in the full range of solutions needed to achieve technology breakthroughs that address the climate crisis and position America as the global leader in clean energy technology and clean energy jobs.
- In addition to a \$5 billion increase in funding for other climate-focused research, his plan will invest \$15 billion in demonstration projects for climate R&D priorities, including utility-scale energy storage, carbon capture and storage, hydrogen, advanced nuclear, rare earth element separations, floating offshore wind, biofuel/bioproducts, quantum computing, and electric vehicles, as well as strengthening U.S. technological leadership in these areas in global markets.
- \$300 billion in order to strengthen manufacturing supply chains for critical goods.
- This funding provides \$30 billion over 4 years to create U.S. jobs and prevent the severe job losses caused by pandemics through major new investments in medical countermeasures manufacturing; research and development; and related biopreparedness and biosecurity. This includes investments to shore up our nation's strategic national stockpile; accelerate the timeline to research, develop and field tests

and therapeutics for emerging and future outbreaks; accelerate response time by developing prototype vaccines through Phase I and II trials, test technologies for the rapid scaling of vaccine production, and ensure sufficient production capacity in an emergency; enhance U.S. infrastructure for biopreparedness and investments in biosafety and biosecurity; train personnel for epidemic and pandemic response; and onshore active pharmaceutical ingredients.

Create good-quality jobs that pay prevailing wages in safe and healthy workplaces while ensuring workers have a free and fair choice to organize, join a union, and bargain collectively with their employers. By ensuring that American taxpayers' dollars benefit working families and their communities, and not multinational corporations or foreign governments, the plan will require that goods and materials are made in America and shipped on U.S.-flag, U.S.-crewed vessels. The plan also will ensure that Americans who have endured systemic discrimination and exclusion for generations finally have a fair shot at obtaining good paying jobs and being part of a union.

- Increase access to capital for domestic manufacturers. America's manufacturing industry needs to innovate, adapt, and scale to win the industries of the future. President Biden is calling on Congress to invest more than \$52 billion in domestic manufacturers. The President is calling on Congress to invest in existing capital access programs with a proven track record of success, with a focus on supporting rural manufacturing and clean energy. The President's plan also includes specific supports for modernizing supply chains, including in the auto sector, like extending the 48C tax credit program. He also will call for the creation of a new financing program to support debt and equity investments for manufacturing to strengthen the resilience of America's supply chains.
- Invest \$31 billion in programs that give small businesses access to credit, venture capital, and R&D dollars. The proposal includes funding for community-based small business incubators and innovation hubs to support the growth of entrepreneurship in communities of color and underserved communities.
- \$40 billion investment in a new Dislocated Workers Program and sector-based training. This funding will ensure comprehensive services for workers, who have lost jobs through no fault of their own, to gain new skills and to get career services they need with in-demand jobs.
- Target funding to workers facing some of the greatest challenges, with a \$12 billion investment. This includes \$5 billion over eight years in support of evidence-based community violence prevention programs.
- Invest a combined \$48 billion in American workforce development infrastructure and worker protection. This includes registered apprenticeships and pre-apprenticeships, creating one to two million new registered apprenticeships slots, and strengthening the pipeline for more women and people of color to access these opportunities through successful pre-apprenticeship programs such as the Women in Apprenticeships in Non-Traditional Occupations.
- The plan includes funding to strengthen the capacity of our labor enforcement agencies to protect against discrimination, protect wages and benefits, enforce health and safety safeguards, **strengthen health care and pensions plans**, and promote union organizing and collective bargaining.
- Ensure all workers have a free and fair choice to join a union by passing the Protecting the Right to Organize (PRO) Act, and **guarantee union and bargaining rights for public service workers**. His plan also ensures domestic workers receive the legal benefits and protections they deserve and tackles pay inequities based on gender.

- The President's plan demands that employers benefitting from these investments follow strong labor standards and remain neutral when their employees seek to organize a union and bargain collectively.
- Ensure employers are providing workers with good jobs – including jobs with fair and equal pay, safe and healthy workplaces, and workplaces free from racial, gender, and other forms of discrimination and harassment. In addition to a \$10 billion investment in enforcement as part of the plan's workforce proposals, the President is calling for increased penalties when employers violate workplace safety and health rules.

### **Made in America Tax Plan**

Janet Yellen, Secretary of the Treasury, gave a speech on Monday, April 5, before the Chicago Council on Global Affairs while she was attending the International Monetary Fund and World Bank Group meetings. In her remarks, Secretary Yellen said:

Together we can use a global minimum tax to make sure the global economy thrives based on a more level playing field in the taxation of multinational corporations, and spurs innovation, growth and prosperity.

[Treasury Secretary Janet Yellen calls for global minimum tax on companies to "stop the race to the bottom" - CBS News](#)

The Administration would like to reach an agreement among the members of the G20 on the global minimum tax by July. The overall Tax Plan is predicted to raise enough money to cover the \$2 trillion infrastructure plan over the course of 15 years. The Republicans, however, are opposed because the Plan would make changes to the corporate tax rate that took effect in 2017 under the Trump Administration. Several Democrats are also not on board yet.

The National Association of Manufacturers released a study on the impact on the higher tax rate for companies. In the study, the researchers indicted that more than one million jobs would be lost over the next two years if the 2017 tax reform is rolled back. Other jobs would be lost of ten years and the Gross Domestic Product (GDP) would decline by \$117 billion by 2023. The study may be read here: [Tax Increases Would Cost a Million Jobs | NAM](#)

Details of the Tax Plan as released by the Biden Administration:

- **Set the Corporate Tax Rate at 28 percent.** The President's tax plan will ensure that corporations pay their fair share of taxes by increasing the corporate tax rate to 28 percent. His plan will return corporate tax revenue as a share of the economy to around its 21<sup>st</sup> century average from before the 2017 tax law and well below where it stood before the 1980s. This will help fund critical investments in infrastructure, clean energy, R&D, and more to maintain the competitiveness of the United States and grow the economy.
- **Discourage Offshoring by Strengthening the Global Minimum Tax for U.S. Multinational Corporations.** Right now, the tax code rewards U.S. multinational corporations that shift profits and jobs overseas with a tax exemption for the first ten percent return on foreign assets, and the rest is taxed at half the domestic tax rate. Moreover, the 2017 tax law allows companies to use the taxes they pay in high-tax countries to shield profits in tax havens, encouraging offshoring of jobs. **The President's tax reform proposal will increase the minimum tax on U.S. corporations to 21**

**percent and calculate it on a country-by-country basis so it hits profits in tax havens. It will also eliminate the rule that allows U.S. companies to pay zero taxes on the first 10 percent of return when they locate investments in foreign countries.** By creating incentives for investment here in the United States, we can reward companies that help to grow the U.S. economy and create a more level playing field between domestic companies and multinationals.

- **End the Race to the Bottom Around the World.** The United States can lead the world to end the race to the bottom on corporate tax rates. A minimum tax on U.S. corporations alone is insufficient. That can still allow foreign corporations to strip profits out of the United States, and U.S. corporations can potentially escape U.S. tax by inverting and switching their headquarters to foreign countries. This practice must end. President Biden is also proposing to encourage other countries to adopt strong minimum taxes on corporations, just like the United States, so that foreign corporations aren't advantaged and foreign countries can't try to get a competitive edge by serving as tax havens. This plan also denies deductions to foreign corporations on payments that could allow them to strip profits out of the United States if they are based in a country that does not adopt a strong minimum tax. It further replaces an ineffective provision in the 2017 tax law that tried to stop foreign corporations from stripping profits out of the United States. **The United States is now seeking a global agreement on a strong minimum tax through multilateral negotiations.** This provision makes our commitment to a global minimum tax clear. The time has come to level the playing field and no longer allow countries to gain a competitive edge by slashing corporate tax rates.
- **Prevent U.S. Corporations from inverting or claiming tax havens as their residence.** Under current law, U.S. corporations can acquire or merge with a foreign company to avoid U.S. taxes by claiming to be a foreign company, even though their place of management and operations are in the United States. President Biden is proposing to make it harder for U.S. corporations to invert. This will backstop the other reforms which should address the incentive to do so in the first place.
- **Deny Companies Expense Deductions for Offshoring Jobs and Credit Expenses for Onshoring.** President Biden's reform proposal will also make sure that companies can no longer write off expenses that come from offshoring jobs. This is a matter of fairness. U.S. taxpayers shouldn't subsidize companies shipping jobs abroad. Instead, President Biden is also proposing to provide a tax credit to support onshoring jobs.
- **Eliminate a Loophole for Intellectual Property that Encourages Offshoring Jobs and Invest in Effective R&D Incentives.** The President's ambitious reform of the tax code also includes reforming the way it promotes research and development. **This starts with a complete elimination of the tax incentives in the Trump tax law for "Foreign Derived Intangible Income" (FDII), which gave corporations a tax break for shifting assets abroad** and is ineffective at encouraging corporations to invest in R&D. All of the revenue from repealing the FDII deduction will be used to expand more effective R&D investment incentives.
- **Enact A Minimum Tax on Large Corporations' Book Income.** The President's tax reform will also ensure that large, profitable corporations cannot exploit loopholes in the tax code to get by without paying U.S. corporate taxes. **A 15 percent minimum tax on the income corporations use to report their profits to investors—known as "book**

income”—will backstop the tax plan’s other ambitious reforms and apply only to the very largest corporations.

- **Eliminate Tax Preferences for Fossil Fuels and Make Sure Polluting Industries Pay for Environmental Clean Up.** The current tax code includes billions of dollars in subsidies, loopholes, and special foreign tax credits for the fossil fuel industry. As part of the President’s commitment to put the country on a path to net-zero emissions by 2050, his tax reform proposal will eliminate all these special preferences. The President is also proposing to restore payments from polluters into the Superfund Trust Fund so that polluting industries help fairly cover the cost of cleanups.
- **Ramping Up Enforcement Against Corporations.** All of these measures will make it much harder for the largest corporations to avoid or evade taxes by eliminating parts of the tax code that are too easily abused. This will be paired with an investment in enforcement to make sure corporations pay their fair share. Typical workers’ wages are reported to the IRS and their employer withholds, so they pay all the taxes they owe. By contrast, large corporations have at their disposal loopholes they exploit to avoid or evade tax liabilities, and an army of high-paid tax advisors and accountants who help them get away with this. At the same time, an under-funded IRS lacks the capacity to scrutinize these suspect tax maneuvers: A decade ago, essentially all large corporations were audited annually by the IRS; today, audit rates are less than 50 percent. This plan will reverse these trends, and make sure that the Internal Revenue Service has the resources it needs to effectively enforce the tax laws against corporations. This will be paired with a broader enforcement initiative to be announced in the coming weeks that will address tax evasion among corporations and high-income Americans.

### **Next Steps for Legislative Action**

Speaker Pelosi and the Chairs of the relevant Committees in the House and Senate are expected to begin discussing the legislative path forward once they return this week. As mentioned earlier, the Speaker said that she would like the House to complete its work by July 4.

According to new sources, the American Jobs Plan is facing Democratic opposition in the Senate, with Senator Joe Manchin (D-WV) saying he and several other Democratic Senators "feel strongly" that Biden's proposed 28% corporate tax rate is too high. The Biden Administration has indicated that it is open for negotiation of the components, however, there are no clear areas of agreement at this time. Senator Manchin mentioned that a more reasonable tax increase would be in the range of 25%.<sup>4</sup>

If you have any questions, please let me know. I will keep you informed as the infrastructure plans move forward.

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<sup>4</sup> Ibid.

**School Employees  
Retirement System of Ohio**

# Memo

**To:** Retirement Board  
**From:** Richard Stensrud  
**CC:** Karen Roggenkamp, Tracy Valentino, Jay Patel  
**Date:** April 15, 2021  
**Re:** FY2021 Capital Budget Modification

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At the Board meeting in April, we will request approval to reallocate \$185,000 within the FY2021 operating budget dollars to the capital budget. This does not increase the overall FY2021 budget.

Because of the pandemic, FY2021 has been a challenging year to say the least. To navigate these unusual times, IT has been very nimble by deploying technologies such as Zoom and VOIP. To deliver such projects, IT also had to pivot and re-prioritize some of its projects as well as postpone investment in staff's training and education. This operating paradigm has created both demand and opportunity to re-allocate operating budget (SMART Mobile Consulting - \$100,000 and Training - \$85,000) to the capital budget for the following critical infrastructure components:

- Information Security - Firewall Replacement (\$55,000)  
Firewall on the edge of SERS' network that control access from the Internet to and from SERS needs replacement since they are reaching "end of life" and no longer receiving critical patches, updates, and support.
- Load Balancer Replacement (\$65,000)  
Load Balancer appliances are deployed to optimize server resources and improve over-all performance to ensure high availability of access to SMART. Load balances are reaching "end of life" and the vendor will no longer support them with patches or critical updates.
- Hyperconverged Infrastructure (\$65,000)  
Additional host in the VXRail virtualized server cluster to maintain adequate capacity for growth, and resiliency for business continuity.

We appreciate your consideration of this request and look forward to further discussions. If you have any questions, please call me at 614.222.5801.



**FY2021 SERS ADMINISTRATIVE CAPITAL BUDGET MODIFICATION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the FY2021 Administrative Capital Budget be modified as presented today effective April 15, 2021. The modification reallocates \$185,000 within the SERS Operating Budget to the SERS Capital Budget for the purchase of the following three items: (1) Information Security – Firewall Replacement; (2) Load Balancer Replacement; and (3) Hyperconverged Infrastructure.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**School Employees  
Retirement System of Ohio**

# Memo

**To:** Retirement Board  
**From:** Richard Stensrud  
**CC:** Tracy Valentino, Chief Financial Officer  
**Date:** April 2, 2021  
**Re:** FY2021 Major Category Modification - Personnel

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At the meeting in April, we will request approval to modify the FY 2021 Personnel (Major Category) portion of the budget. This request is a result of forecasted expenditures that will be in excess of 110% of the approved budget for Personnel. Per the Budget policy, expenditures that cumulatively exceed 110% of the approved Administrative Budget for any Major Category or total expenditures in excess of total budgeted expenditures require prior approval of the Retirement Board.

The approved budget for Personnel totals \$21,753,598 with expenditures now forecasted to be approximately \$22,002,000 (an increase of \$248 million). This change is caused by higher health care and prescription claims in Group Health expenditures (Minor Category). The approved budget for Group Health totals \$2,794,133 compared to our forecast of \$3,785,000 (an increase of \$991 million).<sup>\*</sup> Approximately \$720 million of this higher expense is mitigated with lower salary expenses and related pension contributions.

To offset the remaining Personnel expense shortfall of \$270 million, SERS anticipates Professional Services expenditures (Major Category) to be lower than budget. Specifically, custodial banking fees are projected to be lower by \$271,000. SERS proposes to transfer funding from Professional Services to Personnel thus ensuring total expenditures to not exceed the total Administrative Budget.

We appreciate your consideration of this request and look forward to further discussions. If you have any questions, please call me at 614.222.5801.

<sup>\*</sup>Employee Group Health expenses are budgeted based on rates supplied by the SERS' actuary, taking into account the number of covered lives on the plan, national trends, and SERS' health care experience.

**FY2021 SERS ADMINISTRATIVE BUDGET MODIFICATION – MAJOR CATEGORY  
REALLOCATION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the FY2021 Administrative Budget be modified as presented today effective April 15, 2021. The modification reallocates \$271,000 from the Professional Services Category to the Personnel Category.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**School Employees Retirement System of Ohio**Summary of administrative operation expenses during the period **March 1, 2021 - March 31, 2021.**

<b>Account</b>	<b>Amount</b>
Salaries & Wages	1,061,847.28
Salaries & Wages - Overtime	1,946.81
Vacation Leave Expense	91,386.39
Sick Leave Expense	30,027.62
Employer Contributions - PERS	154,527.73
Group Life	8,136.10
Long Term Disability	2,282.35
Short Term Disability	2,433.67
Group Health Claims	308,537.14
Group Health - Admin Fees	7,151.30
Prescription Claims	122,165.82
Group Health - Stop Loss	13,072.95
Vision Claims	3,021.75
Vision Admin Fees	168.30
Group Health - Employee Cost	(27,357.17)
Group Health - Wellness Incentive	2,845.00
Group Health - Tobacco Premiums	(880.00)
Weigh Loss Program	705.00
Medicare Premium - Employer	15,421.31
Deferred Compensation Match	4,680.00
Actuarial Services	94,817.50
Custodial Fees - Investment Accounting	83,323.88
Custodial Banking	17,204.94
Master Recordkeeper Fees	78,333.33
Investment Advisory Fees	54,166.67

Performance/Analytics Fee	97,012.91
Bloomberg Terminal Rentals	5,910.00
Medical Consultant	3,750.00
Special Counsel	22,635.00
Technical	53,169.11
Other Professional Services	23,196.48
Postage	5,691.07
Telecommunications Services	10,647.20
Printing Paper	1,013.58
Communications & Publications	2,510.03
Software Maintenance	82,328.77
Software Subscriptions	16,255.10
Equipment Repairs & Maintenance	3,978.48
Office Supplies & Expenses	17.81
Records Storage	3,134.90
Seminars & Conferences	134.71
Travel & Transportation	952.97
Subscriptions	352.49
Memberships	300.00
Operations Maintenance	3,298.00
Staff Support	4,884.02
Recruiting Expenses	2,516.63
Interior Landscaping	1,356.37
Vehicle Expense	17.50
Board Member - School Board Reimb.	686.44
Reimbursement of Leased Svcs	(25,416.67)
<b>Total Administrative Expenses</b>	<b>2,450,298.57</b>

**School Employees Retirement System of Ohio  
REVIEW OF ADMINISTRATIVE EXPENSES  
March 2021**

The following are preliminary administrative operation expenses of the School Employees Retirement System of Ohio during the period **March 1, 2021 - March 31, 2021**

<b>Account</b>	<b>Vendor</b>	<b>Amount</b>
Salaries & Wages	ADP, LLC	533,838.69
	ADP, LLC	528,008.59
	Account Totals:	1,061,847.28
Salaries & Wages - Overtime	ADP, LLC	687.52
	ADP, LLC	1,259.29
	Account Totals:	1,946.81
Vacation Leave Expense	ADP, LLC	91,386.39
	Account Totals:	91,386.39
Sick Leave Expense	ADP, LLC	30,027.62
	Account Totals:	30,027.62
Employer Contributions - PERS	Ohio Public Emp. Retirement System	76,978.70
	Ohio Public Emp. Retirement System	77,549.03
	Account Totals:	154,527.73
Group Life	American United Life Insurance Company	8,136.10
	Account Totals:	8,136.10
Long Term Disability	American United Life Insurance Company	2,282.35
	Account Totals:	2,282.35
Short Term Disability	American United Life Insurance Company	1,217.75
	American United Life Insurance Company	1,215.92
	Account Totals:	2,433.67
Group Health Claims	Aetna Daily Wires - ESERS	307,000.39
	SaveonSP, LLC	1,536.75
	Account Totals:	308,537.14
Group Health - Admin Fees	Aetna Admin - ESERS	7,151.30
	Account Totals:	7,151.30



Prescription Claims	Express Scripts - ESERS	10,066.22
	Express Scripts - ESERS	12,632.57
	Express Scripts - ESERS	21,109.38
	Express Scripts - ESERS	23,916.44
	Express Scripts - ESERS	54,441.21
	Account Totals:	122,165.82
Group Health - Stop Loss	Sunlife Financial	13,072.95
	Account Totals:	13,072.95
Vision Claims	VSP - (OH)	3,021.75
	Account Totals:	3,021.75
Vision Admin Fees	VSP - (OH)	168.30
	Account Totals:	168.30
Group Health - Employee Cost	Employee Premiums	(13,558.57)
	Employee Premiums	(13,499.10)
	Aetna Admin - ESERS	(299.50)
	Account Totals:	(27,357.17)
Group Health - Wellness Incentive	ADP, LLC	2,845.00
	Account Totals:	2,845.00
Group Health - Tobacco Premiums	ADP, LLC	(440.00)
	ADP, LLC	(440.00)
	Account Totals:	(880.00)
Weight Loss Program	OSU Comprehensive Weight Management	705.00
	Account Totals:	705.00
Medicare Premium - Employer	ADP, LLC	7,680.39
	ADP, LLC	7,740.92
	Account Totals:	15,421.31
Deferred Compensation Match	ADP, LLC	2,340.00
	ADP, LLC	2,340.00
	Account Totals:	4,680.00
Actuarial Services	Cavanaugh MacDonald Consulting, LLC	12,000.00
	Cavanaugh MacDonald Consulting, LLC	37,817.50
	Cavanaugh MacDonald Consulting, LLC	45,000.00
	Account Totals:	94,817.50
Custodial Fees - Investment Accounting	BNY Mellon Asset Servicing	83,323.88
	Account Totals:	83,323.88

Custodial Banking	Huntington National Bank	16,717.46
	Treasurer of State - Warrants	487.48
	Account Totals:	17,204.94
Master Recordkeeper Fees	BNY Mellon Asset Servicing	78,333.33
	Account Totals:	78,333.33
Investment Advisory Fees	Aksia	16,666.67
	Wilshire	37,500.00
	Account Totals:	54,166.67
Performance/Analytics Fee	Barra LLC	59,611.25
	BNY Mellon Asset Servicing	34,401.66
	Wilshire Associates Incorporated	3,000.00
	Account Totals:	97,012.91
Bloomberg Terminal Rentals	Bloomberg Finance LP	5,910.00
	Account Totals:	5,910.00
Medical Consultant	Borchers, M.D., Glen G.	3,750.00
	Account Totals:	3,750.00
Special Counsel	Frost Brown Todd, LLC	7,825.00
	Ice Miller LLP	14,750.00
	Standley LawGroup LLP	60.00
	Account Totals:	22,635.00
Technical	CGI, Inc.	2,640.00
	ComResource	17,278.75
	Sagitec Solutions, LLC	33,250.36
	Account Totals:	53,169.11
Other Professional Services	Contoural, Inc.	4,932.75
	Drake, Carol N.	3,333.33
	LexisNexis Risk Data Management, Inc	1,597.08
	Vorys Advisors LLC	9,999.99
	Vorys Advisors LLC	3,333.33
	Account Totals:	23,196.48

Postage		
	Pitney Bowes Inc.	89.09
	Pitney Bowes Inc.	125.56
	Pitney Bowes Inc.	258.22
	Postmaster	5,000.00
	Unishippers Association	66.41
	Unishippers Association	66.64
	Unishippers Association	33.00
	Unishippers Association	52.15
	Account Totals:	5,691.07
Telecommunications Services		
	LUMEN	4,474.56
	Nextel Communications	113.66
	Nextel Communications	111.82
	TBG Conferencing	630.55
	Time Warner Cable	2,206.05
	Verizon Wireless	1,292.39
	XO Communications	1,818.17
	Account Totals:	10,647.20
Printing Paper		
	Millcraft Paper Co.	1,013.58
	Account Totals:	1,013.58
Communications & Publications		
	Proforma Graphic Services	2,510.03
	Account Totals:	2,510.03
Software Maintenance		
	OARnet	43,373.00
	Open Text, Inc	3,955.77
	Sagitec Solutions, LLC	35,000.00
	Account Totals:	82,328.77
Software Subscriptions		
	ADP, LLC	3,230.92
	DocuSign	10,400.00
	KLDiscovery	1,275.00
	Liquid Web Inc	264.50
	Wellable LLC	455.00
	WordFence	106.43
	Zoom	523.25
	Account Totals:	16,255.10
Equipment Repairs & Maintenance		
	Canon Financial Services, Inc	1,647.27
	Digital Print Solutions	585.96
	LD Products Inc.	311.96
	Ricoh USA, Inc	389.58
	Ricoh USA, Inc	559.75
	Ricoh USA, Inc	483.96
	Account Totals:	3,978.48

Office Supplies & Expenses	Bradley, Susan	17.81
	Account Totals:	17.81
Records Storage	Vital Records Holdings, LLC	3,134.90
	Account Totals:	3,134.90
Seminars & Conferences	Heisel and Associates	51.71
	Institute for Natural Resources	83.00
	Account Totals:	134.71
Travel & Transportation	City Barbeque, Inc.	477.33
	Hills Market	9.87
	Kroger	79.28
	Panera Bread	206.55
	Phillips, Barbra	122.21
	Rossler, James	57.73
	Account Totals:	952.97
Subscriptions	Bloomberg Business Week	109.00
	Constant Contact	195.00
	Shutterstock, Inc.	29.00
	Wall Street Journal	19.49
	Account Totals:	352.49
Memberships	Public Retirement Information Systems Management	300.00
	Account Totals:	300.00
Operations Maintenance	Amtrec, LLC	1,666.00
	South Central Power Company	1,632.00
	Account Totals:	3,298.00
Staff Support	Amazon.com	240.00
	Certif-A-Gift Company	88.00
	Cintas Corporation	479.89
	Matrix Integrated Psychological Services	577.50
	Murta, Scott	58.63
	ThrivePass	540.00
	Employee Reimbursement	1,445.00
	Employee Reimbursement	1,455.00
	Account Totals:	4,884.02
Recruiting Expenses	ADP Screening & Selection Services	145.35
	CFA Society of Columbus	100.00
	Indeed	2,072.28
	YourMembership.com	199.00
	Account Totals:	2,516.63

Interior Landscaping	Ambius Inc.		1,356.37
		Account Totals:	1,356.37
Vehicle Expense	BP Oil Company		17.50
		Account Totals:	17.50
Board Member - School Board Reimb.	Ashland City School District		686.44
		Account Totals:	686.44
Reimbursement of Leased Svcs	OSERS Broad St. LLC		(25,416.67)
		Account Totals:	(25,416.67)
<b>Total Administrative Expenses</b>			2,450,298.57

**FY2021 Administrative Budget  
Board Expense to Budget Reporting  
Year-to-Date Through March 31, 2021**

Major Category/Sub-Major Category	Line Item	Vendor	FY2021 Budget	YTD Expense	Budgeted Y/N?	Additional Information
<b>PROFESSIONAL SERVICES</b>			<b>\$ 6,764,785</b>	<b>\$ 3,893,661.04</b>		
ACTUARIAL ADVISORS			\$ 390,660	\$ 248,304.00		
	Actuarial	Cavanaugh Macdonald	344,660	248,304.00	Y	Actuarial Consultant
AUDITING			\$ 195,020	\$ 163,539.20		
	Auditing	RSM US LLP	145,020	162,878.00	Y	External Auditor
BANKING FEES			\$ 1,257,223	\$ 747,779.38		
	Custodial Banking		1,106,543	620,582.53	Y	
		Huntington/Fifth Third	450,000	171,693.67	Y	Domestic Custodian
		BNYM	656,543	448,888.86	Y	International Custodian
	Administrative Banking	Huntington National Bank	150,680	127,196.85	Y	Banking Services
INVESTMENT RELATED			\$ 2,818,137	\$ 1,777,363.91		
	Master Recordkeeper		1,151,600	714,553.94	Y	
	Investment Consulting & Advisory Services		825,000	487,500.03		
		Aksia	375,000	150,000.03	Y	Investment Consulting
		Wilshire	450,000	337,500.00	Y	Investment Consulting
	Performance Analytics Services		704,820	575,309.94		
		Barra-One Risk Mgmt Sys	254,000	238,445.00	Y	Investment Risk Analytics
		BNY Mellon GRS	414,820	309,614.94	Y	Investment Performance Analytics
TECHNICAL			\$ 2,063,745	\$ 956,674.55		
	Special Counsel		226,000	177,201.73	Y	
	Technical		1,252,300	500,703.70		
		IBM	118,000	88,500.00	Y	Data Warehouse
		Sagitec	583,200	304,192.24	Y	SMART Development Resources
	Other Professional Services		585,445	278,769.12		
		Contoural	100,000	72,085.80	Y	Record Retention Project
<b>OTHER OPERATING EXPENSE</b>			<b>\$ 3,004,049</b>	<b>\$ 1,198,609.38</b>		
COMPUTER SUPPORT SERVICES			\$ 1,808,505	\$ 1,198,609.38		
	Hardware Maintenance		189,771	146,166.65	Y	
	Software Maintenance		972,185	705,859.72		
		Hyland	111,500	107,310.62	Y	ImageNow
		Dell	188,830	195,590.32	Y	Microsoft Enterprise Agreement
		Sagitec	420,000	280,000.00	Y	SMART Silver Support
	Software Subscription		548,572	346,583.01	Y	



PROJECT ITEMS						
Major Category/Sub-Major Category	Line Item	Project	FY2021 Budget	YTD Expense	Budgeted Y/N?	Additional Information
<b>PROFESSIONAL SERVICES</b>						
TECHNICAL						
	Technical					
		AWS/Cloud Compute - POC	100,000	-	Y	Consulting Services
	Other Professional Services	SMART Mobile Application	100,000	-	Y	Consulting Services
		Pension/HC Sustainability	100,000	-	Y	Consulting Services

**SERS**

UNBUDGETED PROJECT ITEMS						
Major Category/Sub-Major Category	Line Item	Project	FY2021 Budget	YTD Expense	Budgeted Y/N?	Expense Reallocation
<b>PROFESSIONAL SERVICES</b>						
TECHNICAL						
	Technical					
		VOIP Expansion - Needed to provide improved member service/reduce voice mails	-	143.75	N	Travel & Transportation
		SMART Framework Upgrade Consultant	-	20,843.75	N	Technical
<b>COMMUNICATIONS EXPENSE</b>			<b>\$ -</b>	<b>\$ 5,320.00</b>		
TELECOMMUNICATIONS SERVICES			<b>\$ -</b>	<b>\$ 5,320.00</b>		
	Telecommunications Services					
		VOIP Expansion - Needed to provide improved member service/reduce voice mails	-	5,320.00	N	Travel & Transportation

April 2021 SERS Board Book - Executive Director's Report

<b>OTHER OPERATING EXPENSE</b>		\$	-	\$	<b>24,343.64</b>
COMPUTER SUPPORT SERVICES		\$	-	\$	<b>24,343.64</b>

Hardware <\$5,000

VOIP Expansion - Needed to provide improved member service/reduce voice mails

- 13,943.64 N Travel & Transportation

Software Subscription eSignature capabilities to send and sign documents

10,400.00 N Travel & Transportation

**OSERS BROAD STREET, LLC**

**UNBUDGETED PROJECT ITEMS**


Major Category	Line Item	Project	FY2021 Budget	YTD Expense	Budgeted Y/N?	Expense Reallocation
<b>ADMINISTRATIVE SERVICES</b>			\$ -	\$ 54,530.00		
	Hardware <\$5,000					
		Board Room Tech Upgrade - to add virtual capabilities (Zoom) for public and Board members	-	19,794.00	N	Unidentified at this time
		O'Keefe Tech Upgrade - to add virtual capabilities (Zoom) for public and Board members	-	34,736.00	N	Unidentified at this time

**AMEND STANDING COMMITTEES OF THE BOARD POLICY**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ to amend the SERS Standing Committees of the Board Policy effective April 15, 2021 to add a SERS Technology Committee.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

		<h2>Standing Committees of the Board</h2>			
<b>BD2-002</b>					
<b>Effective Date:</b>	11/1/2005	<b>Revision Date:</b>	<a href="#">03/20/2014</a> <a href="#">04/15/2021</a>	<b>Audience:</b>	Everyone
<b>Owner:</b>	Board	<b>Certifier:</b>	Richard Stensrud	<b>Co-Owner (s):</b>	Executive
<b>Document Links:</b>	<a href="#">Purpose</a> , <a href="#">Policy</a> , <a href="#">Procedure</a> , <a href="#">Definitions</a> , <a href="#">Related Documents</a> , <a href="#">Policy History</a>				

### Purpose

This policy is a directive from the School Employees Retirement Board ("Board") designating standing committees of the Board.

### Policy

Questions of parliamentary procedure in standing committee meetings may be resolved in accordance with Robert's Rules of Order, but are not required to be resolved in such a manner.

In addition to the standing committees mentioned below, ad hoc committees may be appointed by the Board Chairperson at their discretion, or at the request of at least three Board members.

Any amendments to this Policy will be approved by the Board.

#### Audit Committee

In accordance with Ohio Revised Code Section 3309.044, the Board establishes an Audit Committee. The purpose, authority, composition, meeting frequency, and responsibilities of the Audit Committee are set forth in the SERS Audit Committee Charter.

#### Compensation Committee

The Board establishes a Compensation Committee, with the purpose, authority, composition, meeting frequency and responsibilities of the Compensation Committee set forth in the SERS Compensation Committee Charter.

#### Technology Committee

The Board establishes a Technology Committee, with the purpose, authority, composition, meeting frequency and responsibilities of the Technology Committee set forth in the SERS Technology Committee Charter.

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**Procedures**    **None**

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**Definitions**

**None**

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**Related Documents and Information**

Statutes:                    3309.044

Rules:                        [3309-1-25](#)

Document Links:        [Purpose](#), [Policy](#), [Procedure](#), [Definitions](#), [Related Documents](#), [Policy History](#)

Forms:                        ---

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**Policy History**

**Version 1 – November 1, 2005 – Created – Approved by Board**

**Version 2 – February 1, 2006 – Edited – Approved by Board**

**Version 3 – April 18, 2013 – Edited – Approved by Board**

**Version 4 – March 20, 2014 – Edited – Approved by Board**

		<h2>SERS Technology Committee Charter</h2>			
<p><b>BD5-018</b></p>					
<b>Effective Date:</b>	04/15/2021	<b>Revision Date:</b>	N/A	<b>Audience:</b>	Everyone
<b>Owner:</b>	Board	<b>Certifier:</b>	Richard Stensrud	<b>Co-Owner (s):</b>	None
<b>Document Links:</b>	<a href="#">Purpose</a> , <a href="#">Policy</a> , <a href="#">Procedure</a> , <a href="#">Definitions</a> , <a href="#">Related Documents</a> , <a href="#">Policy History</a>				

### Purpose

The Technology Committee is established to (i) assist the SERS Board in fulfilling their oversight responsibilities with respect to the role of technology in our business delivery and (ii) serve as an advisory forum to management for the purpose of assessing technology needs, identifying goals, and defining an on-going vision of technology innovation to meet SERS' business objectives. The Committee will engage in dialogue with management on how to best plan and evaluate technology investments and align strategy with industry trends in school education, information technology, and risk mitigation. The overall goals include enhanced operational performance, on-going financial transparency, and sustaining member service excellence.

### Policy

#### Authority

The Committee (the "Committee") shall be a standing committee of the Board with the authority to:

1. Seek any information it requires from SERS management and staff – all of whom are directed to cooperate with the Committee's requests or external parties.
2. Review with the Board investments in information technology and risk management to maintain, enhance, or modify SERS operations.
3. Meet with SERS' management, internal or external auditors, outside counsel, or other technology professionals to expand knowledge and feedback.

#### Composition

The Committee shall be comprised of four SERS Board members. The Board Chair will appoint the Committee Chair on a biennial basis. Following the appointment of the Committee Chair, the Board Chair will ask for the other Board members to fill the remaining spots on the Committee, with such commitments being for a two-year term. Each committee member will be independent and has the knowledge and expertise to evaluate the concepts, projects, and initiatives involving information technology and information security.



## **Meetings and Communications**

The Committee will hold regular meetings each quarter, though the Committee may convene additional meetings as circumstances require. Notice for all meetings shall be given in accordance with Rule 3309-1-25. All committee members are expected to attend each meeting. The Committee will invite members of management, consultants, advisors, or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved by the Committee at the subsequent meeting. Meetings will be arranged and conducted in accordance with Ohio's open meeting laws. Subject to open meeting laws, the Committee may hold executive sessions.

## **Responsibilities**

### A. Charter Review

- Review and assess the adequacy of this charter annually and recommend to the Board any proposed amendments to this charter.

### B. Technology Oversight

- Ensure alignment between business strategy and technology direction to realize strategic priorities of SERS using a multi-year planning approach.
- Receive reports from management to help monitor SERS technology and innovation strategy and operations, including significant investments, expected benefits, related progress, and future trends that may affect our strategic plans and membership.
- Receive reports from management, recommending strategies for capitalizing on industry changes and new opportunities for products and services created by digital technologies to better serve our members.
- Receive reports from members of management, on any relevant technology and innovation metrics.
- Review SERS technology and operations, associated investments and expenditures including staffing.
- Review and make recommendations to the Board, regarding significant investments in support of the SERS technology and operations.
- Review, discuss, or approve, SERS' technology policies and standards.

### C. Information Security, Data Privacy, and Risk Oversight

- Receive reports from management, including, but not limited to, the Chief Technology Officer, the Chief Risk Officer, as well as the Chief Audit Officer, and other parties as appropriate, regarding SERS' practices, management, and implementation of technology operations and information security, and data privacy risks, including reports related to the assessment, analysis, and mitigation of related risk.
- Review and make recommendations to the Board regarding significant investments in support of information security and risk mitigation.
- Review or discuss, or as appropriate, SERS' information security policies and standards including, technology and operational resiliency programs.



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The Committee Chair will present a summary update to the Board of significant discussions or actions taken at each Committee meeting.

Oversight of risks including Risk Management and risk assessments remains with the SERS' Audit Committee.

#### **Effective Date**

This Technology Committee Charter was adopted by the Board on April 15, 2021.

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**Procedures**    None

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#### **Definitions**

**None**

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#### **Related Documents and Information**

Statutes:                    N/A

Rules:                        N/A

Document Links:        [Purpose](#), [Policy](#), [Procedure](#), [Definitions](#), [Related Documents](#), [Policy History](#)

Forms:                        ---

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#### **Policy History**

**None**

**TECHNOLOGY COMMITTEE CHARTER**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ to adopt a SERS Technology Committee Charter with an effective date of April 15, 2021.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**RFP FOR COMPENSATION CONSULTANT**

The SERS Compensation Committee recommends to the Board that SERS issue a Request for Proposal to retain a compensation consultant that will determine the competitiveness and effectiveness of the SERS employee compensation program. \_\_\_\_\_ moved to adopt the Committee's recommendation.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

# Request for Proposal

## Employee Compensation and Classification Study

March 2021

DRAFT



***SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO***

300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746

614-222-5853 • Toll-Free 866-280-7377 • [www.ohsers.org](http://www.ohsers.org)

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## I. INTRODUCTION

The School Employees Retirement System of Ohio (SERS) is requesting proposals from qualified firms to conduct a compensation and classification study for SERS' investment and non-investment positions. The selected vendor(s) is expected to also assist the Board of Trustees and Senior Leadership in determining appropriate benchmarks, review existing compensation policies and structure, as well as, make recommendations for enhancements to the existing compensation and classification system. Firms may present proposals for investment positions only, non-investment positions only, or for all employees.

## II. BACKGROUND

SERS is a statewide defined benefit retirement system for non-certificated persons employed by the public schools within the state's cities, villages, and counties, as well as local districts, vocational and technical schools, community colleges, and The University of Akron. SERS provides service retirement, disability and survivor benefits, and access to health care coverage for benefit recipients and their dependents. General administration and management of the plan is vested in the Retirement Board established under [Chapter 3309](#) of the Ohio Revised Code.

Links are available for the most recent [SERS Comprehensive Annual Financial Report](#).

SERS employs approximately 180 people in nine departments with approximately 135 unique roles. Of the 180 employees, the Investment Department has 12 employees with approximately 7 unique roles. Approximately 99% of staff are in full-time positions. All staff are located in Central Ohio.

SERS last organization-wide compensation and classification study was conducted in 2012 with recommendations implemented in 2013.

## III. SCOPE OF SERVICES

SERS is seeking a qualified vendor(s) to:

- Review SERS' compensation policies and recommend any changes to ensure SERS is following best compensation practices in similar industries.
- Assist SERS' Board of Trustees and Senior Leadership in establishing appropriate benchmark comparisons for various levels of the organization.
- Conduct a market pay analysis for investment positions only, non-investment positions only, or all SERS positions using the agreed upon benchmarks. This includes a review of the Investment Incentive

#### Compensation Plan.

- Review SERS' current salary grade structure and recommend changes to the current structure or adoption of a new structure to assure internal equity, external competitiveness, and alignment with SERS organizational structure.
- Design a cost conscious implementation strategy for the updated compensation program, while maintaining internal equity and external competitiveness for each position.
- Present a summary of the work performed and recommendations to SERS Board of Trustees and Senior Leadership.
- If a new structure or policy is recommended, before implementation, the vendor will be required to provide training to the Human Resources Department, as well as designated leadership personnel, on the utilization of the updated compensation program.
- Provide implementation guidance and recommendations related to the communication of any changes to staff.
- Provide post-implementation support for annual review of salary structure and any recommended structure adjustments between this study and the next study for up to 5 years.

SERS will provide copies of all job descriptions currently utilized, organizational charts, and current compensation schedules to assist the selected vendor in their study.

SERS will consider only proposals for the services as described above. **Responses submitted for other services will not be considered.**

#### IV. PROPOSAL SUBMISSIONS

##### A. Intent to Respond

If the vendor intends to respond to this RFP, a Notice of Intent to do so should be sent to SERS by **xxx xx, 2021**. The Notice should be sent by email to the SERS contact listed in Paragraph C. below, and contain the vendor's name, its intent to respond, the name of a contact person and the contact person's telephone number, email and fax number. Submitting this Notice will not obligate a vendor to submit a Response nor be a prerequisite for submitting a Response, but will allow SERS to send out any necessary information to interested vendors.

##### B. Response Deadline

The completed Response must be received by **xxx xx, 2021, 4:00 PM, Eastern Time**. Responses received after the Response deadline will not be considered.



**C. Delivery**

Contact person for all responses, and communications:

Michelle Miller  
Director of Administrative Services  
Administrative Services Department  
School Employees Retirement System  
300 East Broad Street, Suite 100  
Columbus, OH 43215  
HRProcure@ohsers.org  
Telephone: 614-340-2255

Response should be sent via email to the contact person listed above. Faxed transmissions are not acceptable and will not be considered.

**D. Response Documents**

**All of the following documents must be submitted together and in the order listed.**

1. A Cover Letter submitting the vendor's Response on the vendor's letterhead signed by at least one individual who is authorized to bind the vendor contractually.
2. The Questionnaire in Appendix A. with the question and/or request duplicated in the Response before the answer or response.

**E. Submitted Responses**

Any Response submitted will become the property of SERS. SERS reserves the right to retain all Responses submitted, and use any information contained in a Response except as otherwise prohibited by law. **All Responses and the contents thereof will be deemed to be a public record which is open to public inspection after a vendor has been selected and contract has been executed, if any.** A vendor may include one additional copy of its Response with any proprietary trade secret information redacted and marked as such with a brief written basis as to why it believes the information is protected from disclosure. In the event that SERS receives a public records request to which, in SERS' sole discretion, any of a vendor's materials are responsive, SERS may release the vendor's redacted materials, or in the event no redacted materials are submitted, the vendor's unredacted materials without notice to the vendor. In the event any of the vendor's redactions are challenged, the vendor shall have sole responsibility to defend such redactions at its cost and expense. SERS will not institute any legal action to defend any of vendor's

redactions, but will notify the vendor of such challenges.

**F. Communications with SERS**

Vendors which intend to submit a Response should not contact any member of SERS Staff or members of the Retirement Board. An exception to this rule applies to vendors who currently do business with SERS, but any contact made by such vendor(s) with persons should be limited to that business, and should not relate to this RFP.

**G. Questions Relating to this RFP**

All questions concerning this RFP must be received in writing by email by the Contact person by **xxx xx, 2021, 4:00 p.m., Eastern Time**. Answers to only emailed questions received by this deadline will be available to all vendors by a posting at [www.ohsers.org](http://www.ohsers.org). Questions submitted after 4 p.m. on **xxx xx, 2021** or other than by email will not be considered.

**V. SELECTION PROCESS**

SERS Board and staff will evaluate all timely and complete Responses. SERS reserves the right to request that any Response be clarified or supplemented.

After evaluation of the submitted Responses, at its sole discretion SERS Board and staff will select a group of final candidates. SERS will notify vendors not selected as final candidates that they are no longer under consideration.

SERS anticipates that final candidates will be asked to participate in a virtual presentation of their proposal. SERS will determine, based on the submitted responses, whether presentations are necessary and reserves the right to cancel presentations at any time.

SERS Board and staff will evaluate the selected finalists based on their Response and any given presentation, and will select the vendor for the requested services. Vendors not selected will be notified by SERS that they are no longer under consideration after SERS has contracted with selected vendor.

**VI. TENTATIVE TIME TABLE**

The following is the tentative time schedule for SERS' search for vendors to provide the requested services. All dates are subject to modification by SERS without prior notice.

<b>Issuance of RFP:</b>	<b>xxx xx, 2021</b>
<b>Question Deadline:</b>	<b>xxx xx, 2021</b>
<b>Response to Written Questions:</b>	<b>xxx xx, 2021</b>

<b>Intent to Respond Deadline:</b>	xxx xx, 2021
<b>RFP Response Deadline:</b>	xxx xx, 2021
<b>Presentations &amp; Demonstrations</b>	Anticipated xxx 2021
<b>Projected Commencement Date:</b>	Anticipated xxx 2021

The vendor(s) selected must enter into a contract.

**VII. CRITERIA**

SERS will evaluate submitted proposals based on the following considerations:

- Relevant experience providing compensation services to organizations of similar size and scope with similar public sector and industry considerations
- Evaluation of approach and proposed work plans
- Qualification of staff members that would be assigned to the project
- Recommendations by references
- Proposed fee structure

**VIII. QUESTIONNAIRE**

Vendors must complete the Questionnaire appearing in Appendix A. Responses to the questions should repeat the question and be answered in order.

**IX. TERMS AND CONDITIONS**

SERS makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of SERS and the data contained or referenced herein. SERS does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of SERS.

SERS reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any Response, in whole or in part, to negotiate modifications or revisions to a Response and to negotiate with any one or more respondents to the RFP.

SERS is not and will not be under any obligation to accept, review or consider any Response to the RFP, and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. SERS is not and will not be

under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise. Any decision to enter into a binding agreement with a respondent to this RFP is in SERS' sole discretion.

This RFP is not an offer but a request to receive a Response. SERS will consider a Response as an offer to develop an agreement based upon the contents of the Response. Respondents agree that the contents of their Responses are valid for one year from the date of submission. SERS will not be liable for any cost incurred in the preparation of a Response and will not reimburse any respondents for their submission. Expenses related to the production of a Response are the sole responsibility of the respondent.

## **Appendix A QUESTIONNAIRE**

Responses to the following questions should repeat the question and be answered in order.

### **A. Vendor**

1. Provide a brief description of your firm, including but not limited to the following:
  - a. Name of the principal(s) of the firm.
  - b. Name, telephone number, and email address of a representative of the firm authorized to discuss the proposal.
  - c. Addresses of all offices of the firm. Identify the office that will fulfill this agreement.
  - d. Number of employees of the firm.
  - e. Number of years in business under current name and any past corporate names or affiliations.
  - f. Describe your firm and its qualifications, experience, and capabilities to conduct the study.

- g. Provide a list of successfully competed compensation studies for public organizations, including other retirement systems over the past three years.
- h. Provide a minimum of two (2) client references for similar services performed, preferably services performed for public sector clients.

**B. Personnel**

- 1. Indicate who from your firm would be involved in providing services to SERS. Provide appropriate background information for each such person and identify their responsibilities.

**C. Proposed Service**

- 1. Provide a detailed work plan to include:
  - A detailed project approach, including a description of steps the vendor will take to complete this project including a timeline for the steps.
  - A list of sources the vendor intends to use for salary survey data.
  - A description of how the vendor will consult with and make presentations to SERS' Board of Trustees and staff during the project.
  - A description of assistance that will be required from SERS' Staff during the project.
  - A list of items SERS will need to provide in order for the vendor to complete the project scope.
- 2. Provide any additional information on topics not covered in this RFP that you would like to bring to SERS' attention.

**D. Standards of Conduct**

- 1. Does the firm have a firm written code of conduct or set of standards for professional behavior? If so, attach a copy and state how they are monitored and enforced.
- 2. Does the firm have a written anti-discrimination policy? If so, attach a copy and state how the policy is monitored and enforced.
- 3. How does the firm identify and manage conflicts of interest?
- 4. Are there any potential conflicts of interest that the firm would have in providing the requested services to SERS? If yes, explain.

5. List and describe any relationships and/or contacts the firm or its officers or employees have had with any SERS Retirement Board member and/or staff member within the last 12 months.
6. Has the firm or any officer or employee given any remuneration or anything of value directly or indirectly to SERS or any of its Retirement Board members, officers, or employees? If yes, identify the recipient and remuneration or thing of value. Additional information on the Ohio ethics law in this area may be found at: [http://ethics.ohio.gov/education/factsheets/doing\\_business\\_with\\_retirement\\_systems\\_in\\_ohio.pdf](http://ethics.ohio.gov/education/factsheets/doing_business_with_retirement_systems_in_ohio.pdf).
7. Has the firm or any officer, principal or employee given any remuneration or anything of value such as a finder's fee, cash solicitation fee, or fee for consulting, lobbying or otherwise, in connection with this RFP? If yes, identify the recipient and remuneration or thing of value.
8. Within the last five (5) years:
  - a. Has the firm, or any officer or employee of the firm been a defending party in a legal proceeding before a court related to the provision of services?
  - b. Has the firm, or any officer or employee been the subject of a governmental regulatory agency inquiry, investigation, or charge?
  - c. Has the firm submitted a claim to the firm's liability insurance carrier involving the type of services sought under this RFP?

If yes to any of the above, describe the event and the current status or resolution; include any case citation.

#### **E. Fees**

1. Describe the way you propose to be compensated for your services. The cost of services is one of the factors that will be considered in awarding this contract. Please provide a thorough breakdown of your proposed fees for this engagement.
2. Provide separate fees for investment and non-investment positions. Also include any discounts offered if SERS would select one firm to conduct the study for both investment and non-investment positions.
3. Provide hourly rates for additional services and other expenses not included in the proposed scope of work.

Request for Proposal: Employee Compensation  
and Classification Study  
School Employees Retirement System of Ohio

Page 11 of 11

4. Include a sample contract.



**School Employees  
Retirement Systems**

# Memo

**To:** Retirement Board  
**From:** Richard Stensrud  
**cc:** Tracy Valentino  
**Date:** April 5, 2021  
**Re:** FY2022 Draft Budget Presentation- ORSC Format

---

At the April Board meeting, Tracy Valentino will present the FY2022 Draft Budget information in the standard format required by the Ohio Retirement Study Council (ORSC). We are currently in the process of finalizing the budget for FY2022, therefore, the expanded budget document will be presented and discussed in greater detail at the May Board meeting. We are not seeking approval for this draft presentation.

The ORSC required documents include FY2021 and FY2022 operating, capital, staff training and travel budget comparisons, investment expenses obtained from the Annual Financial Report, a ten-year categorization of Board expenses and membership statistics.

I look forward to reviewing this document with you and answering any questions that may arise. Please feel free to contact me at 614-222-5890.

School Employees Retirement System  
2022 ORSC Budget Presentation

**FY2021 to FY2022 Operating Budget and Increase (Decrease)**

Budget Category	2022 Budget	2021 Budget	2021 Estimated Actual	2021-2022 Increase (Decrease)	% Change (2021 to 2022)
<b>Personnel</b>	\$ 23,290,659	\$ 21,753,598	\$ 22,001,931	\$ 1,537,061	7.1
Salaries and Wages	16,861,478	16,218,847	15,704,024	642,631	4.0
PERS Contributions	2,268,381	2,192,546	2,130,491	75,835	3.5
Health Insurance	4,160,800	3,322,205	4,167,416	838,595	25.2
Miscellaneous Expenses	-	20,000	-	(20,000)	(100.0)
<b>Professional Services</b>	\$ 6,969,161	\$ 6,764,785	\$ 5,600,651	\$ 204,376	3.0
Actuarial	344,725	390,660	377,035	(45,935)	(11.8)
Audit	224,984	195,020	173,539	29,964	15.4
Banking Fees	1,105,200	1,106,543	837,259	(1,343)	(0.1)
Master Recordkeeper	1,010,400	1,151,600	949,553	(141,200)	(12.3)
Investment Consulting	1,593,817	1,666,537	1,462,280	(72,720)	(4.4)
Other Consulting	2,491,615	2,103,745	1,652,506	387,870	18.4
Banking Expenses	198,420	150,680	148,479	47,740	31.7
<b>Communications Expense</b>	\$ 966,728	\$ 1,105,880	\$ 792,881	\$ (139,152)	(12.6)
Printing and Postage	731,738	870,860	567,512	(139,122)	(16.0)
Telecommunications	200,400	184,580	225,369	15,820	8.6
Member/Employer Education	34,590	50,440	-	(15,850)	(31.4)
<b>Other Operating Expenses</b>	\$ 3,476,884	\$ 3,309,049	\$ 2,875,789	\$ 167,835	5.1
Conferences and Education	252,480	255,105	\$ 82,394	(2,625)	(1.0)
Travel	168,626	224,835	\$ 27,335	(56,209)	(25.0)
Computer Technology	2,028,408	1,808,505	\$ 1,864,690	219,903	12.2
Other Operating	975,370	968,604	\$ 856,838	6,766	0.7
Ohio Retirement Study Council	52,000	52,000	\$ 44,532	-	0.0
<b>Net Building Expense</b>	\$ 1,383,793	\$ 1,363,534	\$ 1,034,936	\$ 20,259	1.5
<b>Total Operating Budget</b>	\$ 36,087,225	\$ 34,296,846	\$ 32,306,188	\$ 1,790,379	5.2
<b>Full-Time Equivalent (FTE) Associates</b>	181	181			

School Employees Retirement System  
2022 ORSC Budget Presentation  
**FY2021 to FY2022 Capital Budget**

	2022 Budget	2021 Budget	2021 Estimate
<b>Total Capital Budget</b>	\$ 280,351	\$ 305,351	\$ 488,921
Computer Hardware > \$5,000	227,018	252,018	435,588
Computer Software > \$25,000	53,333	53,333	53,333

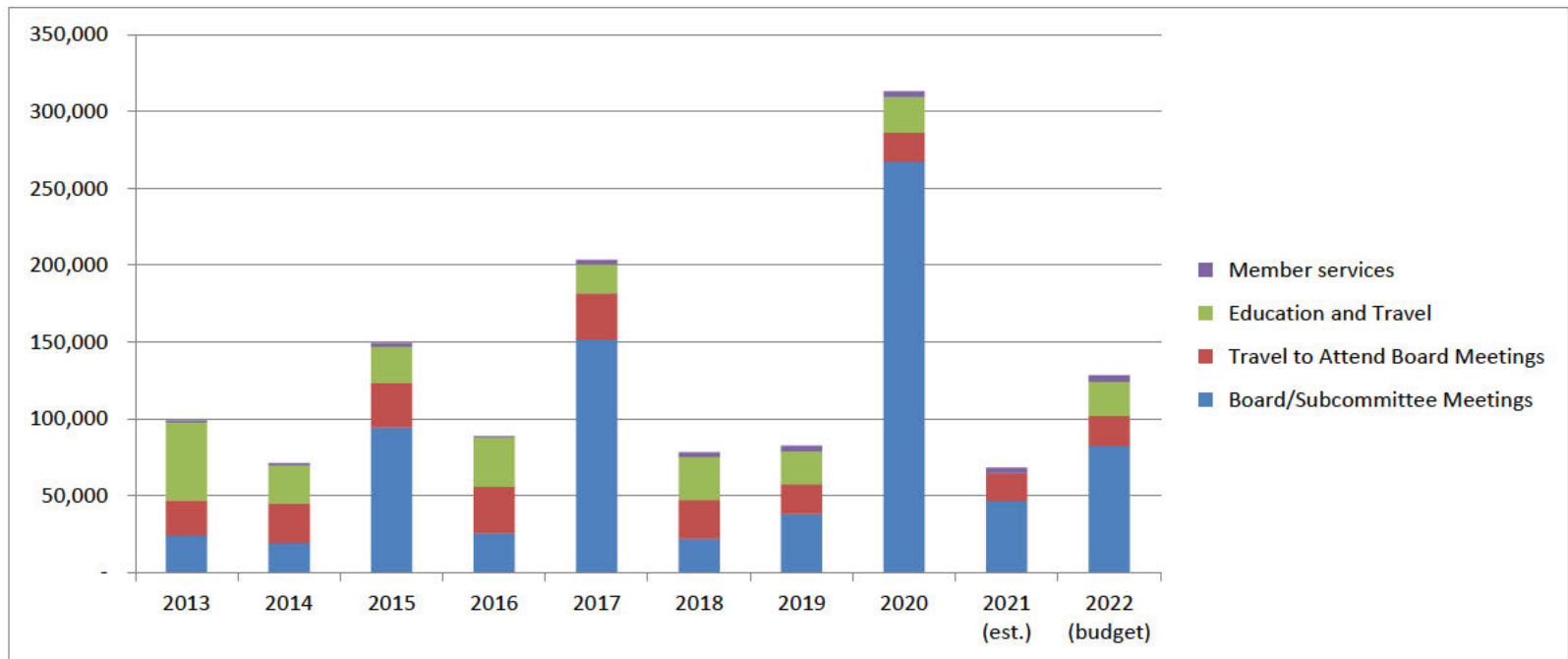
**Investment Expenses**

	FY 2020 Actual	FY 2019 Actual	Percent Change (2019 to 2020)
<b>Total Investment Assets</b>	\$ 14,609,390,168	\$ 14,750,630,405	(0.958%)
Total Internally Managed Assets	255,188,900	472,129,774	(45.949%)
Total Externally Managed Assets	14,354,201,268	14,278,500,631	0.530%
<b>Total Investment Expenses</b>	\$ 93,218,420	\$ 99,285,218	(6.110%)
Total Internal Investment Expenses	3,371,337	3,956,835	(14.797%)
Total External Investment Expenses	84,368,944	89,259,850	(5.479%)
Investment Consulting	2,995,073	3,174,651	(5.657%)
Brokerage/Commissions-Internal	-	-	0.000%
Brokerage/Commissions-External	1,538,364	1,995,150	(22.895%)
Custodian Fees	944,702	898,732	5.115%
<b>Total Investment Expenses as a % of Total Investment Assets</b>	0.638%	0.673%	(5.203%)
Expenses as % of Internally Managed*	1.321%	0.838%	57.635%
Expenses as % of Externally Managed*	0.598%	0.639%	(6.357%)

\*Excludes Investment Consulting and Custodian Fees

School Employees Retirement System  
2022 ORSC Budget Presentation  
**Fiscal Year Board Member Expenses**

	2013	2014	2015	2016	2017	2018	2019	2020	2021 (est.)	2022 (budget)
<b>Total Board Expenses</b>	<b>\$ 98,851</b>	<b>\$71,179</b>	<b>\$149,339</b>	<b>\$88,590</b>	<b>\$203,406</b>	<b>\$78,112</b>	<b>\$82,534</b>	<b>\$313,112</b>	<b>\$ 68,239</b>	<b>\$128,216</b>
Board/Subcommittee Meetings	23,979	19,014	94,442	25,459	151,328	21,861	38,065	267,297	46,566	82,206
Travel to Attend Board Meetings	22,833	25,719	28,863	30,279	30,363	25,183	19,244	19,021	18,091	19,584
Education and Travel	50,963	24,891	23,573	32,192	18,675	28,083	21,533	23,093	-	22,500
Member services	1,076	1,555	2,461	660	3,040	2,985	3,692	3,702	3,582	3,926



Board expenses include the cost of the Internal Auditor search in FY2015 and FY2020 as well as an Executive Director search in FY2017.

SERS Board hired a Consultant to facilitate an evaluation of SERS plan design and to help strengthen the future sustainability and adaptability of the System. The expenses associated with the Pension and Health Care Sustainability initiative occur beginning in FY2019 and are on-going.



School Employees Retirement System  
2021 ORSC Budget Presentation  
**Staff Training and Travel (Budget to Budget)**

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Executive</b>				
Conferences, Seminars & Travel	\$ 30,709	\$ 36,580	\$ (5,871)	(16.0)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	10	10	-	-
Expense per FTE	\$ 3,071	\$ 3,658	\$ (587)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Investments</b>				
Conferences, Seminars & Travel	\$ 53,250	\$ 69,000	\$ (15,750)	(22.8)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	12	12	-	-
Expense per FTE	\$ 4,438	\$ 5,750	\$ (1,313)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Legal &amp; Communications</b>				
Conferences, Seminars & Travel	\$ 12,075	\$ 13,600	\$ (1,525.00)	(11.2)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	17	17	-	-
Expense per FTE	\$ 710	\$ 800	\$ (90)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Finance*</b>				
Conferences, Seminars & Travel	\$ 40,943	\$ 47,255	\$ (6,312)	(13.4)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	25.5	25.5	-	-
Expense per FTE	\$ 1,606	\$ 1,853	\$ (248)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Information Technology</b>				
Conferences, Seminars & Travel	\$ 140,198	\$ 150,510	\$ (10,312)	(6.9)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	36	36	-	-
Expense per FTE	\$ 3,894	\$ 4,181	\$ (286)	-

School Employees Retirement System  
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	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Member Services</b>				
Conferences, Seminars & Travel	\$ 4,750	\$ 5,000	\$ (250)	(5.0)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	51.5	51.5	-	-
Expense per FTE	\$ 92	\$ 97	\$ (5)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Health Care</b>				
Conferences, Seminars & Travel	\$ 15,849	\$ 18,730	\$ (2,881)	(15.4)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	14	14	-	-
Expense per FTE	\$ 1,132	\$ 1,338	\$ (206)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Administrative Services</b>				
Conferences, Seminars & Travel	\$ 7,063	\$ 7,750	\$ (687)	(8.9)
In-House Training	\$ -	\$ -	\$ -	-
#FTE	11	11	-	-
Expense per FTE	\$ 642	\$ 705	\$ (62)	-

	2022	2021	Increase (Decrease)	% Increase (Decrease)
<b>Human Resources**</b>				
Conferences, Seminars & Travel	\$ 4,271	\$ 4,640	\$ (369)	(8.0)
In-House Training	\$ 8,500	\$ 17,000	\$ (8,500)	-
#FTE	4	4	-	-
Expense per FTE	\$ 3,193	\$ 5,410	\$ (2,217)	-

\*Travel costs for Investment and Finance include costs attributed to due diligence visits.

\*\*The Human Resources In-House Training is system-wide employee training, across all departments.

School Employees Retirement System  
2022 ORSC Budget Presentation

**Supplementary Statistical Information**

	2017	2018	2019	2020	2021
Active Members	157,981	158,343	159,363	156,579	NA
Inactive Members	272,632	283,014	265,785	265,068	NA
Benefit Recipient (Age, Dis., Survivor)	66,406	68,005	67,767	67,864	NA
Re-employed Retirees	12,751	13,327	13,257	12,987	NA
<b>Total Membership</b>	<b>509,770</b>	<b>522,689</b>	<b>506,172</b>	<b>502,498</b>	<b>NA</b>
<b>Members Per FTE</b>	<b>2,816</b>	<b>2,888</b>	<b>2,797</b>	<b>2,776</b>	<b>NA</b>





**B. SURVIVOR BENEFITS - CONTINUED**

MEMBER'S NAME	DATE OF DEATH	BENEFICIARY	RELATIONSHIP	BENEFIT EFFECTIVE DATE	MONTHLY ALLOWANCE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**C. DISABILITY TRANSFERS**

NAME	WHERE PENSIONED	TRANSFERRED TO
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Upon roll call, the vote was as follows:

ROLL ON:	YEA	NAY	ABSTAIN
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**SPECIAL CASES - ADJUSTMENTS**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the following report on Special Cases be approved in the amounts and dates as set forth below.

Name	Recalculation Reason	Retirement Dates		Benefit Amount	
		Original	Correct	Original	Correct
<b>Benefit Type: Service Retirement</b>					
██████████	██████████	██████	██████	██████	██████
<b>Benefit Type: Survivor Benefit</b>					
██████████	██████████	██████	██████	██████	██████

**EXECUTIVE SESSION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits.

**IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M. / P.M.**

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

**APPROVAL OF DISABILITY BENEFITS**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and that the persons named below be granted a disability benefit.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**DISAPPROVAL OF DISABILITY BENEFITS**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and further, that the disability benefit for the persons discussed in executive session be disapproved.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**TERMINATION OF DISABILITY BENEFITS – ANY OCCUPATION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and further, that the disability benefit for the persons below be terminated.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____



**APPROVAL OF APPEAL OF TERMINATION – ANY OCCUPATION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the following report, as recommended by the Medical Advisory Committee and prepared by staff be approved, and further, that the appeal on termination of the persons named below be approved.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

**CALENDAR DATES FOR FUTURE BOARD MEETINGS**

**CALENDAR DATES FOR 2021**

**AUDIT COMMITTEE MEETINGS**

June 16 - 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

June 17 - 7:30 a.m. (Thurs.)

**BOARD MEETINGS**

May 20 and 21 (Thurs. and Fri.)

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**CALENDAR DATES FOR 2021**

**AUDIT COMMITTEE MEETINGS**

September 15 - 2:30 p.m. (Weds.)

December 15 - 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

September 16 - 7:30 a.m. (Thurs.)

December 16 - 7:30 a.m. (Thurs.)

**BOARD MEETINGS**

June 17 and 18 (Thurs. and Fri.)

July 15 and 16 (Thurs. and Fri.)

September 16 and 17 (Thurs. and Fri.)

October 21 and 22 (Thurs. and Fri.)

November 18 and 19 (Thurs. and Fri.)

December 16 and 17 (Thurs. and Fri.)

**\*\*NOTE: The above dates are *tentative*.**

**CONTINUED OR NEW BUSINESS**

**Board Information Requested**

**BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS**

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_
3. \_\_\_\_\_  
\_\_\_\_\_
4. \_\_\_\_\_  
\_\_\_\_\_
5. \_\_\_\_\_  
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6. \_\_\_\_\_  
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7. \_\_\_\_\_  
\_\_\_\_\_
8. \_\_\_\_\_  
\_\_\_\_\_
9. \_\_\_\_\_  
\_\_\_\_\_
10. \_\_\_\_\_  
\_\_\_\_\_