



**SERS Retirement Board
Compensation Committee
Meeting Agenda
December 16, 2021
7:30 A.M**

To Join Zoom Meeting:

<https://ohsers.zoom.us/j/98937311266?pwd=eGFRaU1lQ0dhUTdYbXFZSW50VTdjQT09>

Meeting ID: 989 3731 1266 **Password:** 512594

To join by phone, dial: (929) 205-6099 and enter the meeting ID: **989 3731 1266** and password: **512594** when prompted.

1. Roll Call
2. Approval of **October 21, 2021**, Compensation Committee Minutes (R)
3. Executive session pursuant to R.C 121.22 (G)(1) to discuss the employment of a public employee (R)
4. Recess to reconvene Thursday, December 16, 2021, at 2:15 p.m. (R)

Compensation Committee Meeting – 12/16/2021 at 2:15 p.m. (cont.)

Join Zoom Meeting

<https://ohsers.zoom.us/j/96642132549?pwd=SGtvRUpOcUQ5bEdiSWUxVzBuY0l0Zz09>

Meeting ID: 966 4213 2549 **Password:** 170533

To join by phone, dial: (929) 205-6099 and enter the meeting ID: **966 4213 2549** and password: **170533** when prompted.

5. Compensation Study Presentation and Discussion – CBIZ
6. Executive session pursuant to R.C. 121.22 (G)(1) to discuss the compensation and employment of a public employee (R)
7. Adjournment (R)

SCHOOL EMPLOYEES RETIREMENT SYSTEM

COMPENSATION COMMITTEE

December 16, 2021

_____ A.M.

Roll Call:

Daniel Wilson	_____
Jeffrey DeLeone	_____
Hugh Garside	_____
James Haller	_____
Barbra Phillips	_____

Guests in Attendance:

APPROVAL OF MINUTES OF THE COMPENSATION COMMITTEE MEETING HELD ON

October 21, 2021

_____ moved and _____ seconded the motion to approve the minutes of the Compensation Committee meeting held on October 21, 2021.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____

School Employees Retirement System		COMPENSATION COMMITTEE MINUTES	
Preparer	Vatina Gray	Meeting Date:	October 21, 2021
Committee Chair	Daniel Wilson	Committee roll call was as follows: Daniel Wilson, Jeffrey DeLeone, Hugh Garside, James Haller, Barbra Phillips Also in Attendance: Lisa Reid from the Ohio Attorney General's Office, Joe Rice from CBIZ and SERS Staff: Richard Stensrud, Joe Marotta, Karen Roggenkamp, and Vatina Gray	
Agenda	1. Roll Call 2. Approval of September 16-17, 2021, Minutes (R) 3. Compensation Study Review/Discussion 4. Adjournment		
Discussion	<p>The special SERS Compensation Committee meeting began in open session at 7:31 a.m.</p> <p><u>ROLL CALL</u> The Special SERS Compensation Committee roll call was as follows: Daniel Wilson, Jeffrey DeLeone, Hugh Garside, James Haller, and Barbra Phillips. Also, in attendance was Lisa Reid from the Ohio Attorney General's Office, SERS Staff Richard Stensrud, Joe Marotta, Karen Roggenkamp, Vatina Gray, and other members of the public via Zoom.</p> <p><u>APPROVAL OF MINUTES</u> Jeffrey DeLeone moved and James Haller seconded the motion to approve the minutes of the Compensation Committee meeting held on September 16 - 17, 2021. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeffrey DeLeone, Hugh Garside, James Haller, and Barbra Phillips. The motion carried.</p> <p><u>COMPENSATION STUDY REVIEW/DISCUSSION</u> SERS Executive Director Richard Stensrud opened the meeting by providing a brief overview of the ongoing Compensation Study and Review. Mr. Stensrud introduced Joe Rice, Director, Compensation Consulting for CBIZ, the consultant who is leading the work on the SERS compensation study.</p> <p>Mr. Rice presented on the work previously done and wanted to get further input from the committee before proceeding with next steps. Mr. Rice provided information on peer groups that would be used to provide salary comparisons for the different groups of SERS staff which include staff, executives, and investment professionals. Mr. Rice also provided information on where the salary information of peer groups comes from and has ensured that the salary and other data are fresh and up to date. After a robust discussion, the committee thanked Daniel Wilson for working with CBIZ on behalf of the committee and thanked Mr. Rice for his presentation.</p> <p><u>ADJOURNMENT</u> Daniel Wilson moved to adjourn the Compensation Committee meeting at 8:27 a.m.</p>		

	Action Items	Assigned Person	Due Date
Action Items			
Agenda for Next Meeting			

DRAFT

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

RECESS (R)

_____ moved that the Compensation Committee recess to reconvene on Thursday afternoon, December 16, 2021 to continue the committee meeting and to discuss the Compensation Study.

The meeting recessed at _____ a.m./p.m.

Daniel Wilson, Compensation Committee Chair



PRESENTED BY CBIZ COMPENSATION CONSULTING
DECEMBER 16, 2021

Compensation Study Results School Employees Retirement System of Ohio



About CBIZ Compensation Consulting

- National compensation consulting practice for CBIZ.
 - Corporate headquarters in Cleveland
- Team of compensation professionals serving clients from coast to coast
- Extensive experience working with public pension funds



Overview

- Scope of the study
- Methodology
- Study results
- Recommendations
- Discussion
- **Answer Your Questions**
- Appendix



Scope of the Study



Scope

- A competitive market review of base salary and total cash compensation.
- Update of salary structures.
- Review incentive compensation within investments.
- Reconciliation of actual compensation to market-competitive compensation.
- Calculation of plan implementation costs.
- Overall program recommendations.



Methodology



Project Methodology – Completed Steps

INITIATED PROJECT

- Conducted planning meeting with staff and Dan
- Established project goals
- Collected organizational, job, and employee information
- Aligned compensation philosophy with project team and board
- Presented recommendations to the committee



Project Methodology – Completed Steps

EVALUATED JOB DOCUMENTATION

- Job documentation was evaluated to identify:
 - Essential Functions
 - Duties and Responsibilities
 - Required Qualifications
- Job content, not titles, were used to ensure correct matches to the market



Project Methodology – Completed Steps

DETERMINED LABOR MARKETS



GEOGRAPHY

- Do you source talent primarily in the local market, or are there jobs for which you source regionally or nationally?



INDUSTRY

- Should the focus be exclusively your industry or should the broader labor market be considered?



SIZE

- How critical is size? For all positions?
- What are the metrics that matter: AUM, revenue, operating budget, employee headcount, etc.



Project Methodology – Completed Steps

SET MARKET COMPARISON POINT

- SERS stated that it intends to be competitive with its level of pay
 - This generally corresponds to setting the pay structure at the market 50th percentile.
 - This approach is considered matching the market.
- Staff and Executives = Market 50th base pay
- Investments = Market 50th total cash compensation



Labor Markets & Peer Group Map

	STAFF	EXECUTIVE	INVESTMENT
GEOGRAPHY	Columbus	National/Columbus	National
INDUSTRY	Public/Private Mix	Public/Private Mix	Pension/Private (financial services) Mix
SIZE/SCOPE	Pension peer group + Local employers of similar size (budget; # employees)	Pension peer group + Local employers of similar size (budget; # employees)	Assets under management; budget
PENSION PEER GROUP	Smaller group to emphasize Ohio peers	Local + National (Review of AUM range, governance structure, members, staff)	National, focus on asset management approach
MARKET COMPARISON	Base 50 th	Base 50 th	Total Cash Compensation 50 th



Project Methodology – Completed Steps

EVALUATED MARKET DATA

- External Market Analysis
 - Reliable Data
 - Published survey data
 - Major consulting and surveying firms
 - Statistically validated
 - Unreliable data examples
 - Self-reported
 - DOL
 - Most free internet data



Project Methodology – Completed Steps

AGING DATA

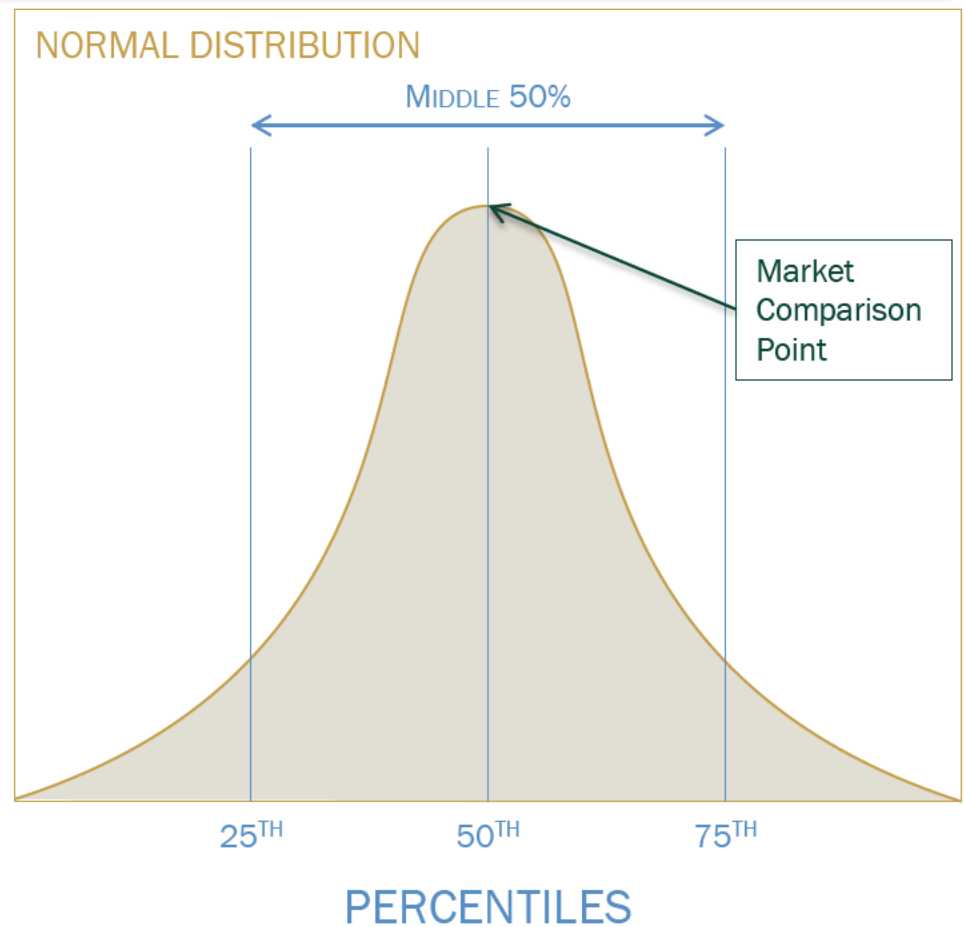
- Survey data must be adjusted to account for market pay movement between the time of publication and when the data are to be used
- All salary data were aged to January 1, 2023
- Data were aged using an annual factor of 4.2%
 - This figure reflects the increase in compensation for the prior 12-months for civilian workers (combination of state/local government and private industry)
 - Reported by the *Bureau of Labor Statistics* Employment Cost Index



Project Methodology – Completed Steps

FINALIZE MARKET DATA BY JOB

- Gathered the market data by job—pulling data for similar positions in comparable organizations paying employees to perform similar functions.
- Captured base salary and total cash compensation data by the 25th, 50th, and 75th percentiles.





Project Methodology – Completed Steps

REVIEWED SALARY STRUCTURES

- Range minimum establishes attractive entry level pay.
- Range midpoint approximates the market 50th percentile.
- Range maximum establishes top out pay, tool of management control.
 - Also encourages employees to develop new skills, seek new roles.



Project Methodology – Completed Steps

PLACED JOBS IN SALARY STRUCTURE

- Salary structures ease ongoing compensation administration.
- Jobs were slotted into the structure based on their market comparison point (i.e., 50th percentile).
- Grades contain jobs of similar market value.

Title: Job XYZ

Market Benchmark **\$35,455**

Illustrative Purposes Only

<u>Grade</u>	<u>Minimum</u>	<u>Midpoint</u>	<u>Maximum</u>	<u>Midpoint Differential</u>	<u>Range Spread</u>
1	\$24,778	\$30,972	\$37,166	--	50%
2	\$27,398	\$35,618	\$43,838	15%	60%
3	\$31,508	\$40,960	\$50,412	15%	60%



Project Methodology – Completed Steps

INCENTIVE COMPENSATION REVIEW

- Reviewed the Investment Incentive Compensation Plan
- Evaluation of target incentive levels vs market total cash compensation



Project Methodology – Completed Steps

FINANCIAL IMPACT ANALYSIS

- Modeled preliminary implementation costs
- Identified employees above or below the proposed ranges
- Identified internal equity/pay compression issues
 - Compression exists when inexperienced employees within a grade are paid an identical or similar rate as those with greater tenure
 - CBIZ modeled compression-based pay adjustments based on time in role and performance



Project Methodology – Completed Steps

PRELIMINARY RESULTS REVIEW

- Met with project team to review draft results of the full analysis
- Evaluated market data results, survey matching, and recommendations
- Solicited feedback and input for outliers and internal equity concerns
- Modeled additional implementation strategies and costs

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the compensation and employment of a public employee.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

ADJOURNMENT

_____ moved that the Compensation Committee adjourn to meet on _____
or the next compensation committee meeting.

The meeting adjourned at _____ a.m.

Daniel Wilson, Compensation Committee Chair