



2022-23

# ANNUAL BUDGET

For the Fiscal Year 2022-23

Sacramento, California

Sacramento County Employees' Retirement System







# ANNUAL BUDGET

For the Fiscal Year 2022-23

PRESENTED BY:

ERIC STERN  
Chief Executive Officer

MARGO ALLEN  
Chief Operations Officer

JOSE MARTINEZ  
Senior Accounting Manager

SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT SYSTEM

980 9th Street, Suite 1900  
Sacramento, CA 95814

[WWW.SCERS.ORG](http://WWW.SCERS.ORG)

This page intentionally left blank

---

## TABLE OF CONTENTS

|  |    |
|--|----|
| Budget Methodology.....                          | 4  |
| Budget Changes .....                             | 5  |
| Budget Summary .....                             | 7  |
| Proposed Budget by Function .....                | 10 |
| Budget Detail.....                               | 14 |
| Summary of Positions.....                        | 17 |
| Summary of Business Conferences and Travel.....  | 18 |
| Administrative Expense Annual Budget Limit ..... | 19 |
| Glossary.....                                    | 20 |

## BUDGET METHODOLOGY

---

The Sacramento County Employee Retirement System (SCERS) Fiscal Year 2022-2023 Annual Budget of \$20,141,000 represents the financial resource needs to achieve strategic priorities and initiatives. The following methods are utilized in the 2022-2023 annual operating expense budget:

### **Salaries and Benefits:**

- Salaries and Benefits are projected using provided County Office of Budget and Debt Management data for SCERS' actual 26 pay period payroll costs ending in December 2021, plus adjustments for new positions.
- Salary savings are calculated based on the anticipated hire dates of vacant positions.
- Retirement Debt Service, Workers Compensation Insurance, and Unemployment Insurance are derived from the County Allocated Cost Package.
- Terminal pay and overtime are estimated based on prior year actual expenses and adjusted accordingly for current needs.

**Services and Supplies:** Service and Supplies are based on charges derived from Allocated Cost Package, County Department of Technology, and SCERS' prior year actual expenses adjusted accordingly for current needs. Certain line items are based on contract amounts and anticipated costs changes.

**Other charges:** Depreciation expense related to the Pension Administrative System (PAS) is not included as SCERS anticipates to complete the project after the Fiscal Year 2022-2023 budget period. The Countywide Cost Plan Allocation are costs allocated to SCERS for central government support.

**Contingencies:** Contingencies are calculated using 1% of the total budgeted amounts for Salaries and Benefits, Service and Supplies, and Other Charges.

**Capitalized Costs:** Capitalized costs are composed of capital improvement projects and the Pension Administration System upgrades. The budgeted amount is based on contract amounts and anticipated spending.



The Sacramento County Employee Retirement System (SCERS) Fiscal Year 2022-2023 Budget Changes are outlined below.

### **Salaries and Benefits:**

- Net Increase in Salaries and Benefits of \$559,000 or 7% is due to a staff increase request for three (3) Retirement Benefit Specialists, one (1) Office Specialist, and one (1) Information Technology Technician, offset by a savings in overtime, vacancies, and terminal pay.

### **Services and Supplies:**

- Increase in Education & Training Services of \$351,000 or 7,020% is due to anticipated contract for training and development.
- Increase in Investment Services/Consultants and Other of \$181,000 or 8% is due to the increase in anticipated costs related to third-party service provider for portfolio analytic services.
- Increase in Temporary Staffing of \$73,000 or 270% is due to the increase in costs to accommodate staffing shortfalls and agency projects.
- Increase in Legal Services of \$220,000 or 23% is due to the increase in anticipated legal proceeding costs.
- Increase in Personnel Services of \$96,000 or 40% is due to increase costs in the allocated cost package provided by County Office of Budget and Debt Management.
- Increase in Data Processing Supplies of \$66,000 or 122% is due to SCERS technology improvements.
- Increase in System Development Services of \$158,000 or 287% is due to consulting contract with Department of Technology.
- Increase in Leased Property Use Charges of \$221,000 or 36% is due to increase in rent lease, storage lease, and parking.

**Other Charges:**

- Decrease in Depreciation Expense of \$558,000 or 100% is due to the anticipated date of completion for the Pension Administrative System (PAS) to occur after the Fiscal Year 2022-2023 budget period.
- Decrease in Countywide Cost Allocation of \$135,000 or 84% is due to decreases in the County Allocated Cost Package.

**Capitalized Costs:**

- Decrease in Tenant Improvement project of \$200,000 or 100% is due to building improvements occurring in prior years, and no further building improvement costs being anticipated.
- Increase in Pension Administration System of \$1,904,000 or 80% is due to anticipated completion of contracts with Linea, ICON, and Lifeworks.

BUDGET SUMMARY BY EXPENSE TYPE

(Dollar Amounts Rounded to the Nearest Thousand)

| Expense Type          | FY 2020-21<br>Actual Expense | FY 2021-22<br>Approved Budget | FY 2022-23<br>Proposed Budget | Year-Over-Year<br>Percentage<br>Change |
|-----------------------|------------------------------|-------------------------------|-------------------------------|--|
| Salaries and Benefits | \$ 6,743,000                 | \$ 8,297,000                  | \$ 8,856,000                  | 7%                                     |
| Services and Supplies | 5,698,000                    | 6,753,000                     | 8,314,000                     | 23%                                    |
| Other Charges         | 651,000                      | 719,000                       | 26,000                        | (96%)                                  |
| Contingencies         | -                            | 158,000                       | 172,000                       | 9%                                     |
| <b>Total</b>          | <b>13,092,000</b>            | <b>15,927,000</b>             | <b>17,368,000</b>             | <b>9%</b>                              |
| Capitalized Costs     | 3,264,000                    | 2,569,000                     | 2,773,000                     | 8%                                     |
| <b>Grand Total</b>    | <b>\$ 16,356,000</b>         | <b>\$ 18,496,000</b>          | <b>\$ 20,141,000</b>          | <b>9%</b>                              |

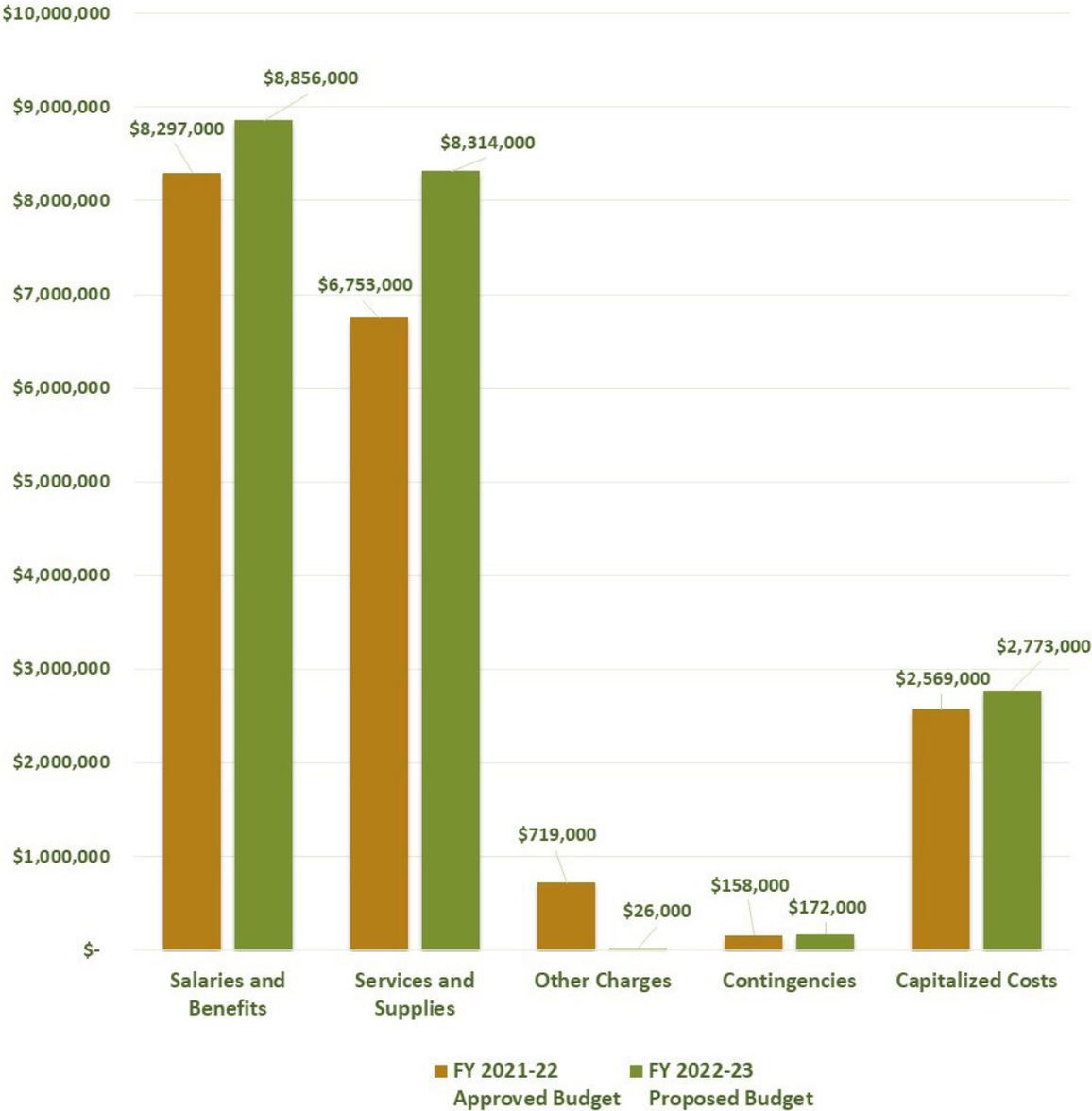
## FISCAL YEAR 2022-23 PROPOSED BUDGET AND FISCAL YEAR 2021-22 APPROVED BUDGET

(Dollar Amounts Rounded to the Nearest Thousand)



### FISCAL YEAR 2022-23 PROPOSED BUDGET AND FISCAL YEAR 2021-22 APPROVED BUDGET

(Dollar Amounts Rounded to the Nearest Thousand)



## FUNCTIONAL AREA ALLOCATION APPROACH

Expenses allocated to each function for direct and indirect costs pertain to the respective functional area. SCERS' Administration function is responsible for office and facility management, human resource, and overall administration. The Benefits function oversees the administration of benefits and related member services. The Board of Retirement function includes costs for business conferences and travel, board meeting costs, and stipends paid to Board members. The Finance function manages SCERS' financial processes, including budgeting, accounting, cash management, financial planning and analysis, and financial reporting. Information Technology has overall responsibility for functionality of SCERS information technology software, maintenance and equipment, and the IT modernization program. Investments is responsible for the oversight and implementation of SCERS' investment program. The following summarizes the methodologies used to allocate the different type of expenses to the respective functions:

**Salaries and Benefits** are allocated based on the total salaries and benefits costs specific to a function. A percentage is determined based on the respective function's costs divided by the total SCERS salaries and benefits amount. This percentage is used to calculate the salaries and benefits amounts to be allocated to each function on a monthly basis. Salaries and Benefits charged to the Board of Retirement function is comprised of stipends for Board members who are not County employees to attend regular and special Board and Committee meetings.

### Services and Supplies

- **Indirect expenses** such as County allocated costs, fiduciary liability insurance, office supplies, postage and printing services, rents/leases, etc. are allocated based on the percentage of total full-time equivalent (FTE) positions assigned to the respective function. A percentage is calculated using the total FTE positions assigned to the specific function divided by the total FTE positions for SCERS. This percentage is used to calculate the indirect expense amounts for each of the function. Indirect expenses are not charged to the Board of Retirement function.
- **Direct expenses** such as actuarial, business conferences and travel, Countywide IT services, election services, information technology services, membership, medical, legal, reporting, and transcribing services, etc. are charged directly to the respective functions incurring the costs.

## FUNCTIONAL AREA ALLOCATION APPROACH

**Other Charges** are comprised of depreciation expenses and Countywide cost allocation. Depreciation expense is charged to the Information Technology function as it mainly comprised of the Pension Administration System. Countywide cost allocation expense is allocated using the same methodology as indirect expenses.

**Contingencies** are not allocated to any of the functions.

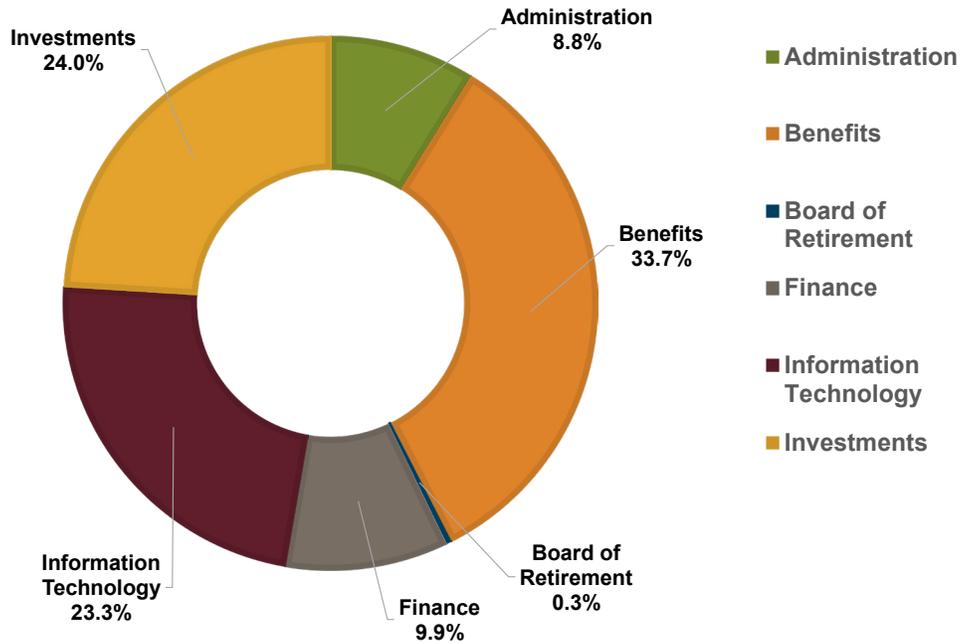
**Capitalized Costs** are comprised of the tenant improvement project and Pension Administration System (PAS) costs. Tenant improvement projects are allocated to the Administration function, and PAS costs are allocated to the Information Technology function.

## FISCAL YEAR 2022-23 FUNCTIONAL BUDGET SUMMARY

(Dollar Amounts Rounded to the Nearest Thousand)

| Expense Type          | Administration      |            | Benefits            |            | Board of Retirement |            |
|-----------------------|---------------------|------------|---------------------|------------|---------------------|------------|
|                       | Amount              | Percentage | Amount              | Percentage | Amount              | Percentage |
| Salaries and Benefits | \$ 1,459,000        | 16%        | \$ 3,908,000        | 44%        | \$ 8,000            | 1%         |
| Services and Supplies | 300,000             | 4%         | 2,805,000           | 34%        | 59,000              | 1%         |
| Other Charges         | 3,000               | 12%        | 16,000              | 61%        | -                   | 0%         |
| <b>Total</b>          | <b>1,762,000</b>    | <b>10%</b> | <b>6,729,000</b>    | <b>39%</b> | <b>67,000</b>       | <b>1%</b>  |
| Contingencies         | -                   | 0%         | -                   | 0%         | -                   | 0%         |
| Capitalized Costs     | -                   | 0%         | -                   | 0%         | -                   | 0%         |
| <b>Total</b>          | <b>-</b>            | <b>-</b>   | <b>-</b>            | <b>-</b>   | <b>-</b>            | <b>-</b>   |
| <b>Grand Total</b>    | <b>\$ 1,762,000</b> | <b>9%</b>  | <b>\$ 6,729,000</b> | <b>33%</b> | <b>\$ 67,000</b>    | <b>1%</b>  |

## FISCAL YEAR 2022-23 FUNCTIONAL BUDGET PERCENTAGE



Note: The budget amount of \$172,000 for Contingencies is not allocated to any function and is excluded from this chart.



FISCAL YEAR 2022-23 FUNCTIONAL BUDGET SUMMARY (CONTINUED)

(Dollar Amounts Rounded to the Nearest Thousand)

| <b>Finance</b>      |                   | <b>Information Technology</b> |                   | <b>Investments</b>  |                   | <b>TOTAL</b>         |
|---------------------|-------------------|-------------------------------|-------------------|---------------------|-------------------|----------------------|
| <b>Amount</b>       | <b>Percentage</b> | <b>Amount</b>                 | <b>Percentage</b> | <b>Amount</b>       | <b>Percentage</b> |                      |
| \$ 1,575,000        | 18%               | \$ 556,000                    | 6%                | \$ 1,350,000        | 15%               | <b>\$ 8,856,000</b>  |
| 392,000             | 5%                | 1,313,000                     | 16%               | 3,445,000           | 40%               | <b>8,314,000</b>     |
| 4,000               | 15%               | 1,000                         | 4%                | 2,000               | 8%                | <b>26,000</b>        |
| <b>1,971,000</b>    | <b>11%</b>        | <b>1,870,000</b>              | <b>11%</b>        | <b>4,797,000</b>    | <b>28%</b>        | <b>17,196,000</b>    |
| -                   | 0%                | -                             | 0%                | -                   | 0%                | <b>172,000</b>       |
| -                   | 0%                | 2,773,000                     | 100%              | -                   | 0%                | <b>2,773,000</b>     |
| -                   |                   | <b>2,773,000</b>              |                   | -                   |                   | <b>2,945,000</b>     |
| <b>\$ 1,971,000</b> | <b>10%</b>        | <b>\$ 4,643,000</b>           | <b>23%</b>        | <b>\$ 4,797,000</b> | <b>24%</b>        | <b>\$ 20,141,000</b> |

# BUDGET DETAIL

(Dollar Amounts Rounded to the Nearest Thousand)

| ACCOUNT TITLE                                | FY 2020-21 Actual Expense | FY 2021-22 Approved Budget | FY 2021-22 Percentage Expended as 12/31/2021 | FY 2022-23 Proposed Budget | Increase/Decrease | Percentage % |
|--|---------------------------|----------------------------|--|----------------------------|-------------------|--------------|
| <b>SALARIES &amp; BENEFITS</b>               |                           |                            |  |                            |                   |              |
| Salaries & Wages-Regular Employees           | \$ 4,165,000              | \$ 5,253,000               | 36%  | \$ 5,696,000               | \$ 443,000        | 8 %          |
| Extra Help                                   | -                         | -                          | 100%   | 50,000                     | 50,000            | 100          |
| Salaries & Wages-Committee Members           | 7,000                     | 8,000                      | 31%  | 8,000                      | -                 | 0            |
| Salaries & Wages-Straight Time O/T           | 4,000                     | 22,000                     | 5%   | 19,000                     | (3,000)           | (14)         |
| Salaries & Wages-Time & One Half O/T         | 15,000                    | 47,000                     | 14%  | 38,000                     | (9,000)           | (19)         |
| Salaries & Wages-Premium Pay                 | 54,000                    | 80,000                     | 36%  | 90,000                     | 10,000            | 13           |
| Allowances                                   | 5,000                     | 5,000                      | 43%  | 5,000                      | -                 | 0            |
| Terminal Pay                                 | 168,000                   | 105,000                    | 76%  | 80,000                     | (25,000)          | (24)         |
| Retirement-Normal & UAAL                     | 820,000                   | 1,118,000                  | 34%  | 1,254,000                  | 136,000           | 12           |
| Retirement-1995/2003 POB Debt Service        | 323,000                   | 335,000                    | 50%  | 340,000                    | 5,000             | 1            |
| Retirement-2004 POB Debt Service             | 157,000                   | 165,000                    | 50%  | 164,000                    | (1,000)           | (1)          |
| Health Savings-Employer Cost                 | 30,000                    | 38,000                     | 35%  | 41,000                     | 3,000             | 8            |
| 401A Plan-Employer Cost                      | 16,000                    | 25,000                     | 34%  | 26,000                     | 1,000             | 4            |
| OASDI-Employer Cost                          | 293,000                   | 379,000                    | 32%  | 406,000                    | 27,000            | 7            |
| Group Insurance-Employer Cost                | 667,000                   | 905,000                    | 30%  | 946,000                    | 41,000            | 5            |
| Workers Compensation Insurance-Employer Cost | 17,000                    | 21,000                     | 50%  | 16,000                     | (5,000)           | (24)         |
| Unemployment Insurance-Employer Cost         | 2,000                     | 12,000                     | 51%  | 11,000                     | (1,000)           | (8)          |
| Salary Savings Factor                        | -                         | (221,000)                  | 0%   | (334,000)                  | (113,000)         | 51           |
| <b>SALARIES &amp; BENEFITS</b>               | <b>6,743,000</b>          | <b>8,297,000</b>           | <b>37%</b>                                   | <b>8,856,000</b>           | <b>559,000</b>    | <b>7 %</b>   |
| <b>SERVICES &amp; SUPPLIES</b>               |                           |                            |  |                            |                   |              |
| Advertising/Legal Notices                    | 1,000                     | 2,000                      | 17%  | 2,000                      | -                 | 0 %          |
| Books/Periodicals Supply                     | -                         | -                          | 0%   | -                          | -                 | 0            |
| Periodicals & Subscriptions                  | 3,000                     | 6,000                      | 29%  | 6,000                      | -                 | 0            |
| Business Conferences and Travel              | 6,000                     | 118,000                    | 8%   | 138,000                    | 20,000            | 17           |
| Education & Training Services                | 1,000                     | 5,000                      | 40%  | 356,000                    | 351,000           | 7,020        |
| Employee Tuition Reimbursement               | 2,000                     | -                          | 100%   | 11,000                     | 11,000            | 100          |
| Employee Recognition                         | 1,000                     | 13,000                     | 26%  | 15,000                     | 2,000             | 15           |
| Insurance-Liability                          | 41,000                    | 43,000                     | 49%  | 44,000                     | 1,000             | 2            |
| Insurance-Fiduciary Liability                | 107,000                   | 106,000                    | 67%  | 146,000                    | 40,000            | 38           |
| Memberships                                  | 22,000                    | 21,000                     | 21%  | 25,000                     | 4,000             | 19           |
| Office Supplies                              | 8,000                     | 14,000                     | 24%  | 13,000                     | (1,000)           | (7)          |
| Postage Services                             | 9,000                     | 7,000                      | 39%  | 7,000                      | -                 | 0            |
| Printing Services                            | 11,000                    | 14,000                     | 46%  | 14,000                     | -                 | 0            |
| Office Equipment Modular Furniture           | 9,000                     | 35,000                     | 3%   | 30,000                     | (5,000)           | (14)         |
| Rents/Leases-Equipment                       | 10,000                    | 17,000                     | 39%  | 17,000                     | -                 | 0            |
| Medical Services                             | 140,000                   | 184,000                    | 30%  | 250,000                    | 66,000            | 36           |
| Actuarial Services                           | 282,000                   | 296,000                    | 46%  | 300,000                    | 4,000             | 1            |
| Board Meetings                               | -                         | 1,000                      | 76%  | 1,000                      | -                 | 0            |
| Investment Services/Consultants and Other    | 1,884,000                 | 2,264,000                  | 37%  | 2,445,000                  | 181,000           | 8            |
| Temporary Staffing Services                  | 18,000                    | 27,000                     | 0%   | 100,000                    | 73,000            | 270          |
| Legal Services                               | 746,000                   | 975,000                    | 30%  | 1,195,000                  | 220,000           | 23           |
| Personnel Services                           | 241,000                   | 241,000                    | 50%  | 337,000                    | 96,000            | 40           |
| Labor Relations Services                     | 4,000                     | 8,000                      | 48%  | 8,000                      | -                 | 0            |
| Safety Program Services                      | 1,000                     | 1,000                      | 62%  | 1,000                      | -                 | 0            |
| Reporting Services                           | 50,000                    | 130,000                    | 4%   | 100,000                    | (30,000)          | (23)         |
| Transcribing Services                        | 2,000                     | 9,000                      | 63%  | 20,000                     | 11,000            | 122          |



BUDGET DETAIL (CONTINUED)

| ACCOUNT TITLE                   | FY 2020-21 Actual Expense | FY 2021-22 Approved Budget | FY 2021-22 Percentage Expended as 12/31/2021 | FY 2022-23 Proposed Budget | Increase/ Decrease | Percentage % |
|---------------------------------|---------------------------|----------------------------|--|----------------------------|--------------------|--------------|
| Other Professional Services     | 186,000                   | 292,000                    | 39%  | 346,000                    | 54,000             | 18 %         |
| Information Technology Services | 645,000                   | 649,000                    | 96%  | 650,000                    | 1,000              | 0            |
| Data Processing Supplies        | 24,000                    | 54,000                     | 3%   | 120,000                    | 66,000             | 122          |
| County Payroll                  | 5,000                     | 3,000                      | 44%  | 3,000                      | -                  | 0            |
| County Payment Services         | 5,000                     | 12,000                     | 51%  | 14,000                     | 2,000              | 17           |
| Audits                          | 2,000                     | 2,000                      | 54%  | 2,000                      | -                  | 0            |
| Election Services               | -                         | 30,000                     | 97%  | 32,000                     | 2,000              | 7            |
| Interpreter Services            | -                         | -                          | 0%   | -                          | -                  | 0            |
| Countywide IT Services          | 43,000                    | 44,000                     | 50%  | 48,000                     | 4,000              | 9            |
| Systems Development Services    | 97,000                    | 55,000                     | 30%  | 213,000                    | 158,000            | 287          |
| Systems Development Supplies    | 49,000                    | 49,000                     | 48%  | 49,000                     | -                  | 0            |
| Department of Finance Services  | 177,000                   | 128,000                    | 114%   | 128,000                    | -                  | 0            |
| Wide Area Network               | 57,000                    | 58,000                     | 50%  | 74,000                     | 16,000             | 28           |
| Alarm Services                  | 3,000                     | 2,000                      | 42%  | 2,000                      | -                  | 0            |
| GS-Printing Services            | 29,000                    | 25,000                     | 31%  | 25,000                     | -                  | 0            |
| GS-Mail/Postage Charges         | 146,000                   | 138,000                    | 48%  | 138,000                    | -                  | 0            |
| GS-Messenger Services           | 4,000                     | 4,000                      | 46%  | 5,000                      | 1,000              | 25           |
| GS-Purchasing Services          | 4,000                     | 2,000                      | 41%  | 2,000                      | -                  | 0            |
| GS-Warehousing Charges          | -                         | 1,000                      | 7%   | 1,000                      | -                  | 0            |
| County Facility Use Charges     | 3,000                     | 3,000                      | 50%  | 3,000                      | -                  | 0            |
| Leased Property Use Charges     | 579,000                   | 620,000                    | 27%  | 841,000                    | 221,000            | 36           |
| Parking                         | 8,000                     | 13,000                     | 57%  | -                          | (13,000)           | (100)        |
| GS-Surplus Property Management  | 2,000                     | 2,000                      | 54%  | 3,000                      | 1,000              | 50           |
| Telephone Usage                 | 31,000                    | 29,000                     | 52%  | 33,000                     | 4,000              | 14           |
| Telephone Installation          | -                         | 1,000                      | 0%   | 1,000                      | -                  | 0            |
| <b>SERVICES &amp; SUPPLIES</b>  | <b>5,698,000</b>          | <b>6,753,000</b>           | <b>43%</b>                                   | <b>8,314,000</b>           | <b>1,561,000</b>   | <b>23 %</b>  |

## BUDGET DETAIL (CONTINUED)

(Dollar Amounts Rounded to the Nearest Thousand)

| ACCOUNT TITLE                   | FY 2020-21 Actual<br>Expense | FY 2021-22<br>Approved<br>Budget | FY 2021-22<br>Percentage<br>Expended as<br>12/31/2021 | FY 2022-23<br>Proposed<br>Budget | Increase/<br>Decrease | Percentage %  |
|---------------------------------|------------------------------|----------------------------------|---|----------------------------------|-----------------------|---------------|
| <b>OTHER CHARGES</b>            |                              |                                  |   |                                  |                       |               |
| Depreciation Expense            | -                            | 558,000                          | 0%  | -                                | (558,000)             | (100) %       |
| Countywide Cost Allocation      | 651,000                      | 161,000                          | 50%   | 26,000                           | (135,000)             | (84) %        |
| <b>OTHER CHARGES</b>            | <b>651,000</b>               | <b>719,000</b>                   | <b>11%</b>  | <b>26,000</b>                    | <b>(693,000)</b>      | <b>(96) %</b> |
| <b>CONTINGENCIES</b>            |                              |                                  |   |                                  |                       |               |
| Appropriation For Contingencies | -                            | 158,000                          | 0%  | 172,000                          | 14,000                | 9 %           |
| <b>CONTINGENCIES</b>            | <b>-</b>                     | <b>158,000</b>                   | <b>0%</b>   | <b>172,000</b>                   | <b>14,000</b>         | <b>9 %</b>    |
| <b>TOTAL EXPENSE</b>            | <b>13,092,000.00</b>         | <b>15,927,000</b>                | <b>38%</b>  | <b>17,368,000</b>                | <b>1,441,000</b>      | <b>9 %</b>    |
| <b>CAPITALIZED COSTS</b>        |                              |                                  |   |                                  |                       |               |
| Tenant Improvements Project     | -                            | 200,000                          | 149%  | -                                | (200,000)             | (100) %       |
| Pension Administration System   | 3,003,000                    | 2,369,000                        | 39%   | 2,773,000                        | 404,000               | 17 %          |
| <b>CAPITALIZED COSTS</b>        | <b>3,003,000</b>             | <b>2,569,000</b>                 | <b>47%</b>  | <b>2,773,000</b>                 | <b>204,000</b>        | <b>8 %</b>    |
| <b>GRAND TOTAL</b>              | <b>\$ 16,095,000</b>         | <b>\$ 18,496,000</b>             | <b>39%</b>  | <b>\$ 20,141,000</b>             | <b>\$ 1,645,000</b>   | <b>9 %</b>    |



## SUMMARY OF POSITIONS

| Position Title   | Requested<br>FY 2021-22 | Approved<br>FY 2021-22 | Filled<br>FY 2021-22<br>(* ) | Requested<br>FY 2022-23 |
|--|-------------------------|------------------------|------------------------------|-------------------------|
| Accountant   | 2                       | 2                      | 2                            | 2                       |
| Accounting Manager   | 2                       | 2                      | -                            | 2                       |
| Accounting Technician  | 2                       | 2                      | 2                            | 2                       |
| Administrative Services Officer I                                    | -                       | -                      | -                            | 1                       |
| Administrative Services Officer II                                   | 1                       | 1                      | 1                            | 1                       |
| Assistant Retirement Administrator - Chief Benefits Officer          | 1                       | 1                      | 1                            | 1                       |
| Assistant Retirement Administrator - Chief Operations Officer        | 1                       | 1                      | 1                            | 1                       |
| Assistant Retirement Administrator - Deputy Chief Investment Officer | 1                       | 1                      | 1                            | 1                       |
| Chief Investment Officer - Retirement                                | 1                       | 1                      | 1                            | 1                       |
| Executive Secretary  | 1                       | 1                      | -                            | 1                       |
| Information Technology Analyst I/II                                  | 1                       | 1                      | 1                            | 1                       |
| IT Technician Level I  | -                       | -                      | -                            | 1                       |
| Office Specialist I/II   | 7                       | 7                      | 7                            | 8                       |
| Paralegal  | 1                       | 1                      | 1                            | 1                       |
| Retirement Administrator - Chief Executive Officer                   | 1                       | 1                      | 1                            | 1                       |
| Retirement Benefits Specialist I/II                                  | 12                      | 12                     | 8                            | 15                      |
| Retirement General Counsel   | 1                       | 1                      | 1                            | 1                       |
| Retirement Investment Analyst II                                     | 1                       | 1                      | 1                            | 1                       |
| Retirement Services Analyst  | 3                       | 3                      | 1                            | 3                       |
| Retirement Services Manager  | 2                       | 2                      | 2                            | 2                       |
| Retirement Services Supervisor                                       | 3                       | 3                      | 1                            | 3                       |
| Senior Accountant  | 3                       | 3                      | 2                            | 3                       |
| Senior Accounting Manager  | 1                       | 1                      | -                            | 1                       |
| Senior Public Information Officer                                    | 1                       | 1                      | 1                            | 1                       |
| Senior Retirement Benefits Specialist                                | 6                       | 6                      | 2                            | 5                       |
| Senior Retirement Investment Officer                                 | 2                       | 2                      | 2                            | 2                       |
| Supervisor Information Technology Analyst                            | 1                       | 1                      | 1                            | 1                       |
| <b>Total</b>   | <b>58</b>               | <b>58</b>              | <b>41</b>                    | <b>63</b>               |

Note: SCERS' proposed budget headcount for fiscal year 2022-23 is 63, which does not include the Senior Personnel Analyst (SPA). The SPA position is contracted through the County Department of Personnel Services.

(\* ) Fiscal year 2021-22 filled positions are presented as of December 31, 2021.

# SUMMARY OF BUSINESS CONFERENCES AND TRAVEL

(Dollar Amounts Rounded to the Nearest Thousand)

| Conference  | Attendee(s)                                  | Total Budget Amount |
|---|--|---------------------|
| SACRS Public Pension Investment Management        | Board Member or Management Staff             | \$ 2,000            |
| NASRA Conference                                  | Chief Executive Officer                      | 3,000               |
| CALAPRS Principles of Pension Governance for      | Board Members                                | 7,500               |
| CALAPRS Accountants' Round Table                  | Management Staff and Staff Members           | 500                 |
| CALAPRS Benefits Round Table                      | Management Staff and Staff Members           | 500                 |
| CALAPRS Investments Round Table                   | Investment Staff                             | 500                 |
| CALAPRS Attorneys' Round Table                    | General Counsel                              | 500                 |
| CALAPRS Administrators' Institute                 | Chief Executive Officer                      | 2,000               |
| SuperReturn North America                         | Investment Staff                             | 6,500               |
| Global ARC Conference                             | Chief Investments Officer                    | 2,500               |
| Public Pension Financial Forum                    | Senior Accounting Manager                    | 2,500               |
| CALAPRS Information Technology Round Table        | Senior Information Technology Analyst or IT  | 500                 |
| SACRS Fall Conference                             | Management Staff and Board Members           | 11,500              |
| Intermediate Course in Retirement Plan            | SCERS Staff                                  | 3,000               |
| Advanced Course in Retirement Plan                | SCERS Staff                                  | 3,000               |
| Markets Group Conference                          | Investment Staff                             | 1,000               |
| Institutional Investor: Risk and Liquidity Forum  | Chief Investment Officer                     | 1,000               |
| VIP Americas Real Estate                          | Investment Staff                             | 1,000               |
| Institutional Investor: Real Assets Forum         | Investment Staff                             | 1,500               |
| CALAPRS Attorneys' Round Table                    | General Counsel                              | 500                 |
| CALAPRS Benefits Round Table                      | SCERS Staff                                  | 500                 |
| NAPPA Winter Seminar                              | General Counsel                              | 2,000               |
| CALAPRS General Assembly                          | Management Staff and Board Members           | 4,000               |
| CALAPRS Investments Round Table                   | Investment Staff                             | 500                 |
| CALAPRS Accountants' Round Table                  | Management Staff and Staff Member            | 500                 |
| CALAPRS Advanced Principles of Pension            | Board Member                                 | 4,000               |
| Pension Real Estate Association Conference        | Investment Staff                             | 500                 |
| Global AgInvesting                                | Investment Staff                             | 2,000               |
| CALAPRS Communications Round Table                | Public Information Officer                   | 500                 |
| CalGovHR  | Senior Personnel Analyst                     | 2,000               |
| The Pension Bridge Annual                         | Investment Staff                             | 3,500               |
| Institutional Investor: Public Funds Forum        | Chief Investment Officer                     | 1,500               |
| Institutional Investor: Private Equity Conference | Investment Staff                             | 1,000               |
| CALAPRS Information Technology Round Table        | Senior Information Technology Analyst or IT  | 500                 |
| Public Retirement Information Systems             | Senior Information Technology Analyst or IT  | 2,000               |
| IPMA-HR   | Senior Personnel Analyst                     | 3,000               |
| CEM Conference                                    | Chief Executive Officer and Management Staff | 6,000               |
| SACRS Spring Conference                           | Management Staff and Board Members           | 12,000              |
| CALAPRS Attorneys Roundtable                      | General Counsel                              | 500                 |
| CALAPRS Staff Overview Training                   | SCERS Staff                                  | 500                 |
| Institutional Limited Partnership Association     | Investment Staff                             | 5,000               |
| CALAPRS Benefits Round Table                      | Management Staff and Staff Member            | 500                 |
| NAPPA Legal Education Conference                  | General Counsel                              | 2,500               |
| Managed Funds Association Conference              | Investment Staff                             | 2,000               |
| ALTSLA  | Investment Staff                             | 2,000               |
| Manager Annual Meeting (8)                        | Investment Staff                             | 9,500               |
| San Francisco Due Diligence                       | Investment Staff                             | 1,000               |
| Silicon Valley/Bay Area Due Diligence             | Investment Staff                             | 2,500               |
| Silicon Valley Due Diligence                      | Investment Staff                             | 1,000               |
| Los Angeles Due Diligence                         | Investment Staff                             | 4,500               |
| New York Due Diligence                            | Investment Staff                             | 9,500               |
| <b>Total</b>                                      |  | <b>\$ 138,000</b>   |



# ADMINISTRATIVE EXPENSE ANNUAL BUDGET LIMIT

(Dollar Amounts Rounded to the Nearest Thousand)

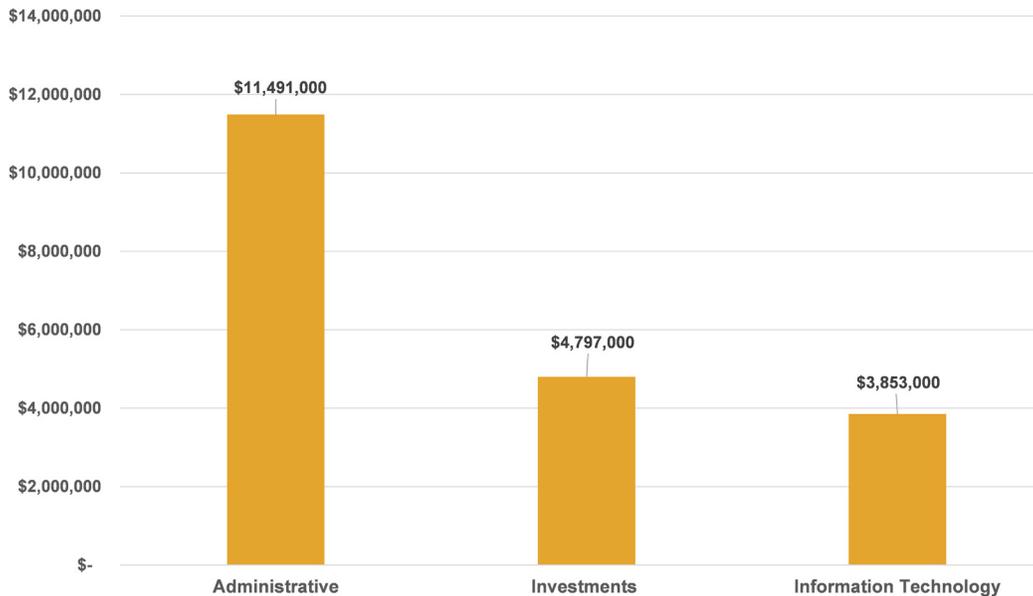
## ANNUAL BUDGET LIMIT FOR ADMINISTRATIVE EXPENSES

(PURSUANT TO GOVERNMENT CODE SECTIONS 31580.2 AND 31596.1)

Below is the calculation of SCERS' annual administrative budget limit pursuant to Government Code Sections 31580.2 and 31596.1:

|  | <b>Fiscal Year 2021-22</b> | <b>Fiscal Year 2022-23</b> | <b>Increase/(Decrease)<br/>From PY Budget</b> |
|--|----------------------------|----------------------------|---|
| Total Budget   | \$ 18,496,000              | \$ 20,141,000              | \$ (1,645,000)                                |
| Less: Investments Related Costs  | (4,373,000)                | (4,797,000)                | 424,000                                       |
| Computer Software/Hardware and Computer<br>Technology Consulting Services Costs                  | (3,220,000)                | (3,853,000)                | 633,000                                       |
| <b>Administrative Expenses Budget</b>  | <b>\$ 10,903,000</b>       | <b>\$ 11,491,000</b>       | <b>\$ 588,000</b>                             |
| <br>   |                            |                            |   |
| <b>Total Actuarial Accrued Liability as of June 30, 2020<br/>and June 30, 2021, respectively</b> | <b>\$12,693,655,000</b>    | <b>\$12,985,529,000</b>    |   |
| <b>Administrative Expenses Budget Limit at<br/>Twenty-one Hundredths of One Percent</b>          | <b>0.21% \$26,657,000</b>  | <b>0.21% \$27,270,000</b>  |   |
| <b>Administrative Expenses Budget</b>  | <b>0.09% 10,903,000</b>    | <b>0.09% 11,491,000</b>    |   |
| <b>Budget Limit in Excess of Administrative Expenses</b>   | <b>0.12% \$15,754,000</b>  | <b>0.12% \$15,779,000</b>  |   |

## FISCAL YEAR 2022-23 BUDGET LIMIT SUMMARY



## Account Title and Description

---

### Salaries & Wages-Regular Employees

This line item is comprised of regular salaries and wages for SCERS personnel. SCERS uses the fiscal year 2021-22 Personnel Cost Forecasting (PCF) Report provided by County of Sacramento (County) as the basis, and updated to incorporate anticipated staffing changes in fiscal year 2022-23. The PCF is based on data extracted from the human resources module of Comprehensive Online Management Personnel and Accounting System for Sacramento County (COMPASS) for pay period 26 ended in December 2021, which includes a 1% cost-of-living adjustment (COLA) based on the current Consumer Price Index estimates. The PCF does not include any equity or salary adjustments since the current labor agreements expired on June 30, 2021 and no agreements have been reached with any of the labor unions.

The budgeting for step increases for filled positions is based on the anniversary of an employee's start date in their current classification. Exempt positions are budgeted based on anticipated step increases. Vacant positions are budgeted at the lowest step.

### Salaries & Wages-Committee Members

Salaries and wages for Board members who are not County employees to attend regular and special Board and Committee meetings.

### Salaries & Wages-Straight Time O/T

Certain job classifications are paid straight time, and others job classification are paid time and one-half for overtime hours worked as prescribed by the labor agreements. Also as prescribed by the labor agreements, employees have the option to select monetary compensation or bank the overtime hours worked. This line item represents straight time payment for overtime hours worked in anticipation of operational needs, leaves of absence, and temporarily vacant positions.

### Salaries & Wages-Time & One-Half O/T

This line item represents time and one-half payments for overtime hours worked in anticipation of operational needs, leaves of absence, and temporarily vacant positions. As prescribed by the labor agreements, employees have the option to select monetary compensation or bank the overtime hours worked.

### Salaries & Wages-Premium Pay

Salaries and wages for pay differential based on a 3.35% of base pay for management positions, 5% pay differential for employees who perform out of class duties for vacant positions, and 2.5% to 5% educational incentive for qualified employees in specified positions.

---

**Account Title and Description**

---

**Allowances**

This line item is comprised of car allowance provided to the Chief Executive Officer.

**Terminal Pay**

This line item represents anticipated payments for accrued leave balances and for one-half of sick leave balances upon retirement for management employees.

**Retirement-Normal & UAAL**

This represents the employer's share of pension cost, which includes normal cost and unfunded actuarial accrued liability (UAAL) contributions for SCERS employees based on actuarially determined employer contribution rates.

**Retirement-1995/2003 POB Debt Service**

This is a County allocated cost to SCERS, which pertains to the principal and interest payments of the 1995/2003 Pension Obligation Bond (POB). Costs are allocated based on SCERS' total salaries.

**Retirement-2004 POB Debt Service**

This is a County allocated cost to SCERS, which pertains to the principal and interest payments of the 2004 POB. Costs are allocated based on SCERS' total salaries.

**Health Savings-Employer Cost**

This account represents Retirement Health Savings Plan (RHSP) for eligible SCERS employees. The RHSP provides tax-free savings during employment for payment of premiums and other qualified post-employment medical expenses at retirement. SCERS contributes \$25 per pay period for each eligible employee.

**401A Plan-Employer Cost**

This is the IRC 401(a) Retirement Savings Deferred Compensation Plan for management employees. When the employee participates in the County's IRC 457(b) Deferred Compensation Plan, SCERS provides a match of up to 1% of the employee's salary including premium pay and auto allowance.

**OASDI-Employer Cost**

This represents the employer's mandated Social Security and Medicare Tax payments.

**Account Title and Description**

---

**Group Insurance-Employer Cost**

This account represents the employees' health and dental insurance premiums paid by SCERS, which was based on actual premium payments through pay period 26 ended December of the prior calendar year as presented in the County's Personnel Cost Forecasting Report and updated to incorporate anticipated staffing changes in the upcoming fiscal year.

**Workers Compensation Insurance-Employer Cost**

The County is self-insured for Workers' Compensation Insurance claims. The County also purchases excess Workers' Compensation Insurance to cover claims above a self-insured retention of \$3.0 million. This is a County allocated cost for Workers' Compensation Insurance claims payments and administration. The costs are allocated to County departments based on 70 percent five-year claims history and 30 percent estimated risk calculated by weighted payroll.

**Unemployment Insurance-Employer Cost**

The County is self-insured for all Unemployment Insurance claims. This line item is a County allocated cost for the administration of unemployment insurance claims. The costs are allocated to SCERS based on 90 percent five-year claims history and 10 percent total full-time equivalent (FTE) positions.

**Salary Savings Factor**

This line item represents salaries and benefits for vacant positions that may not be filled for the entire upcoming fiscal year and is reflected as a reduction to salaries and benefits.

**Advertising/Legal Notices**

Expenses comprised of publicizing public hearings, legal notices, employment announcements, and solicitations for professional consultants and service providers.

**Books/Periodicals Supply**

Expenses comprised of publications for the Retirement Board and staff, including law books and updates affecting County Employees' Retirement Law of 1937, booklets and pamphlets, accounting pronouncements, and other professional literature.

**Periodicals & Subscriptions**

Expenses for subscriptions for SCERS staff directly related to their job duties.

---

**Account Title and Description**

---

**Business Conferences and Travel**

Expenses comprised of educational seminars, conferences, and meetings attended by Board members and SCERS staff, including hotel, transportation, meals, tolls, parking and other travel costs.

**Education & Training Services**

This line item pertains to registration for education and training seminars, workshops, and other courses for SCERS staff directly related to their job duties.

**Employee Tuition Reimbursement**

Employee tuition reimbursement, payment ranges from \$1,200 to \$1,500 per employee depending on the employee's bargaining unit and labor agreement.

**Employee Recognition**

Expenses comprised of water and coffee supplies for staff, refreshments for staff meetings, and other employee recognition items.

**Insurance-Liability**

The County is self-insured for liability insurance claims. The County also purchases excess liability insurance to cover claims above a self-insured retention of \$2.0 million. The County also utilizes pooled and group insurance purchasing programs for certain coverages including property, boiler and machinery, aircraft, airport operations and pollution liability. This line item is a County allocated cost for the liability insurance program. Costs are allocated to SCERS based on 70 percent seven-year claims history and 30 percent total FTE positions.

**Insurance-Fiduciary Liability**

This represents SCERS' annual fiduciary insurance policy cost.

**Memberships**

Annual membership dues for professional associations.

**Office Supplies**

Expenses comprised of consumable supplies and miscellaneous office items.

**Account Title and Description**

---

**Postage Services**

Expenses comprised of mail preparation services performed by contract vendors for presorting, stuffing and sealing envelopes, United States Postal Services for direct mailings, Federal Express charges, and other express mailing services.

**Printing Services**

Expense related to specialty printing, rush orders, and quantity printing including member handbooks, member annual statements, newsletters to members, notices to members, envelopes, folders, portfolios, and stationery provided by contract vendors.

**Office Equipment Modular Furniture**

Expenses comprised of purchases of desks, chairs, tables, filing cabinets, and other office furniture.

**Rents/Leases-Equipment**

Lease expenses for printers and photocopiers, including maintenance and repair service.

**Medical Services**

Expenses pertain to processing of disability retirement applications, including independent medical examinations, laboratory work, and specialized copying services.

**Actuarial Services**

Expenses attributed to routine actuarial services to be provided by Segal and any special projects requested by SCERS.

**Board Meetings**

Expenses comprised of refreshments and meals for Retirement Board meetings.

**Investment Services/Consultants and Other**

Investment-related expenses for consulting services and third-party vendor services for the accounting and reporting of private market investments. This line item excludes investment manager fees, which are paid directly from investment earnings and are not included in the budget.

**Temporary Staffing Services**

Temporary services to cover operational needs, temporary vacancies, leaves of absences, and special projects as needed.



---

**Account Title and Description**

---

**Legal Services**

Legal services provided by external law firms for legal consultation and representation.

**Personnel Services**

This is a County allocated cost for personnel services, including central human resources, employee benefits, and labor relations services provided by the Department of Personnel Services. Personnel services costs are allocated based on SCERS' total FTE positions. In addition, SCERS is charged directly for the Senior Personnel Analyst position assigned exclusively to SCERS.

**Labor Relations Services**

This is a County allocated cost from the County Office of Labor Relations for administering the collective bargaining process between the County and its employee organizations. This includes contract negotiations, administration, training, and resolving disputes through mediation, arbitration, and administrative hearings. The costs are allocated based on SCERS' total FTE positions.

**Safety Program Services**

This is a County allocated cost from the County Department of Personnel Services for managing the Countywide Safety/Accident Prevention and Industrial Hygiene programs. The costs of the Safety Program are allocated to SCERS based on the allocation methodology for the Workers' Compensation Insurance program (70 percent five-year claims history and 30 percent estimated risk calculated by weighted payroll).

**Reporting Services**

Expenses for contract services provided by the Office of Administrative Hearings related to disability retirement cases as required by the Retirement Board.

**Transcribing Services**

Expenses related to qualified legal reporters to record disability retirement hearings, prepare transcripts as necessary, and copy medical reports.

**Account Title and Description**

---

**Other Professional Services**

Expenses attributed to professional services, including financial audits, graphic design and communications, customer experience management, strategic planning, and disaster recovery plan services. It also includes costs relating to education and training for SCERS' employers, members, and stakeholders, and other professional services as needed.

**Information Technology Services**

Expenses related to SCERS' public website hosting, intranet hosting, and maintenance and application support for the Pension Administration System.

**Data Processing Supplies**

Expenses for purchases of computers, monitors, laptop computers, printers, including related equipment, software, and supplies.

**County Payroll**

This is a County allocated cost for employee payroll services as well as all associated reporting performed by the County Department of Finance (DOF), costs are allocated based on SCERS' total FTE positions.

**County Payment Services**

This is a County allocated cost for paying invoices, including contract, vendor, and other claim payments performed by the County DOF, costs are allocated based on SCERS' payment claim/ invoice expense transaction counts.

**Audits**

This is a County allocated cost for audit services performed by the County Auditor-Controller's Office, costs are allocated based on SCERS' total FTE positions.

**Election Services**

Expenses related to SCERS Board members elections.

**Interpreter Services**

Expenses for foreign language interpreter services for members.

---

**Account Title and Description**

---

**Countywide IT Services**

This is a County allocated cost for services provided by the Department of Technology (DTech), which include County data centers, Countywide service desk, Countywide security, policy and planning initiatives and Office of CIO, 3-1-1 contact center/ Countywide communications center. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.

**Systems Development Services**

Expenses related to DTech labor charges for services requested by SCERS in the areas of revision and/or enhancement of existing automated systems, application development and implementation support, database design and support services, SAP ERP support and new features implementation, SharePoint and web services, Windows PC desktop support, and Windows server support. Costs are based on DTech's billing rates for the upcoming fiscal year, which vary by type of service.

**Systems Development Supplies**

This is a County allocated cost related to shared services provided by DTech. The services include backup and recovery services, computer equipment maintenance, geographic information services, internet/intranet website and web application hosting, high speed enterprise printing and warrant printing, mainframe operations support, service desk allocation for department specific calls, storage hosting, virtual server hosting, shared SQL environment, shared Oracle environment, and system center services. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.

**Department of Finance Services**

Expenses related to pension payroll services performed by the County DOF based on the cost per warrant and the total number of warrants processed.

**Wide Area Network**

This is a County allocated cost from DTech for Wide Area Network (WAN), which includes infrastructure design, implementation, support, and maintenance services for the County's WAN. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.

**Account Title and Description**

---

**Alarm Services**

This is a County allocated cost for electronic fire and intrusion alarm services, closed circuit television and public announcement sound systems provided by County Department of General Services, costs are calculated based upon the number of services utilized within each facility and allocated to County Departments based upon the percentage of Facility Use Charges.

**GS-Printing Services**

Expenses for quantity printing service provided by DGS, including forms, letters, and other materials. The annual printing cost depends upon the size and complexity of printing services requested.

**GS-Mail/Postage Charges**

Expenses related to U.S. postage and handling fees for sorted and unsorted first class mailings and certified mailings provided by DGS, including distribution of notices and forms to SCERS members, and postage costs for pension warrant and annual statements.

**GS-Messenger Services**

This is a County allocated cost from DGS for delivery of County inter-departmental mail; annual cost is based on one daily mail/messenger pick-up or delivery stop.

**GS-Purchasing Services**

This is a County allocated cost from DGS, Contract and Purchasing Services Division, for a centralized purchasing process and for monitoring contracted vendor performance and resolves problems with vendors. Costs are based upon SCERS' pro-rata share of the combined purchase order dollar values by fund center. Data from COMPASS for the most recent full fiscal year is used as the basis for allocation.

**GS-Warehousing Charges**

Expenses related to central warehouse and records management service provided by DGS, including the receipt, storage, retrieval, and destruction of semi-active and/or inactive records. Costs are based upon SCERS' space usage in square footage at a rate of \$0.73 per square foot.

---

**Account Title and Description**

---

**County Facility Use Charges (Shared Meeting Rooms)**

This is a County allocated cost for the County's shared meeting room based upon the applicable facility's per-square-foot costs as calculated by the Department of General Services, Department of Regional Parks, and Risk Management. The costs are then allocated based on the number of permanent authorized positions.

**Leased Property Use Charges**

Rental expenses for SCERS' administrative office, which include after-hours utilities and miscellaneous building items and service requests, such as fire extinguishers, locks and keys, storage fees and other services.

**GS-Surplus Property Management**

This is a County allocated cost from DGS for services related to collection, classification, storage, and redistribution of surplus county-owned equipment, vehicles, and other personal property. The costs are allocated based on SCERS' total FTE positions.

**Telephone Usage**

This is a County allocated cost from DTech for telecommunication and cellular services, including in-house planning, installation, and maintenance of telephone systems, and on-going support and security compliance of cellular telephone service and equipment, along with external vendor cellular telephone charges. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.

**Telephone Installation**

This line item pertains to connection to the County telephone system, telephone equipment installation, and modifications to service from DTech. Costs are based on DTech's billing rates for the upcoming fiscal year, which vary by type of service.

**Depreciation Expense**

Depreciation expense for capital assets such as building improvements, furniture and office equipment.

**Account Title and Description**

---

**Countywide Cost Allocation**

This is a County allocated cost for SCERS' portion of the County's General Fund overhead expenses, including the use of COMPASS, costs are determined based on usage and SCERS' total FTE positions. The allocated amount also includes true-up of prior two years of actual expenses.

**Appropriation for Contingencies**

This line item is comprised of 1% of the total Salaries and Benefits, total Services and Supplies, and total Other Charges expenses.

**Building Improvements**

This line item is comprised of improvement costs for SCERS' administrative office space.

**Pension Administration System**

This line item is comprised of expenses related to SCERS's Pension Administration System (PAS), including consulting services, project management, temporary staffing, data conversion, software costs, and hardware costs. PAS is a multi-phase and multi-year project. Costs for PAS related to activities in the application development stage are expensed as incurred, and costs related to activities in the application development stage (including data conversion, software configuration, software interfaces, coding, installation, hardware, and testing) will be capitalized and depreciated over the estimated useful life of PAS. Depreciation of the capitalized costs will begin once PAS is ready for its intended use.





980 9th Street, Suite 1900  
Sacramento, CA 95814

[www.SCERS.org](http://www.SCERS.org)