



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 15

**MEETING DATE:** March 18, 2026

**SUBJECT:** 2026-27 Budget Preview

**SUBMITTED FOR:**  Action  Information

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#### **RECOMMENDATION**

Receive and file presentation regarding anticipated changes in SCERS' 2026-27 annual budget.

#### **PURPOSE/STRATEGIC PRIORITY**

This item complies with Government Code section 31580.2, which requires the Board of Retirement to adopt an annual budget that covers administrative expenses of the retirement system.

#### **DISCUSSION**

Staff is presenting a working draft of the 2026-27 budget to the Board that is intended to highlight significant changes that Staff will be recommending at the May 2026 Board meeting.

The draft 2026-27 budget reflects a \$24.7 million spending plan—an increase of \$1.3 million or 5.8% from the prior year's operating budget. The proposed budget growth for 2026-27 is attributable largely to filling vacant staff positions and known salary increases, and programmatic decisions that facilitate technology initiatives to accommodate various concurrent projects.

Staff expect to make further refinements to the budget before the May 2026 Board meeting, as well as incorporate any feedback or direction from the Board.

#### **ATTACHMENTS**

- Board Order
- Budget Presentation

Prepared by:

/S/

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Margo Allen  
Chief Operations Officer

Reviewed by:

/S/

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Eric Stern  
Chief Executive Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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Before the Board of Retirement  
March 18, 2026

AGENDA ITEM:

### 2026-27 Budget Preview

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file presentation regarding anticipated changes in the SCERS' 2026-27 annual budget.

I HEREBY CERTIFY that the above order was passed and adopted on March 18, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

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Chris Giboney  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary



# **Budget Preview: 2026-27 Annual Budget**

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

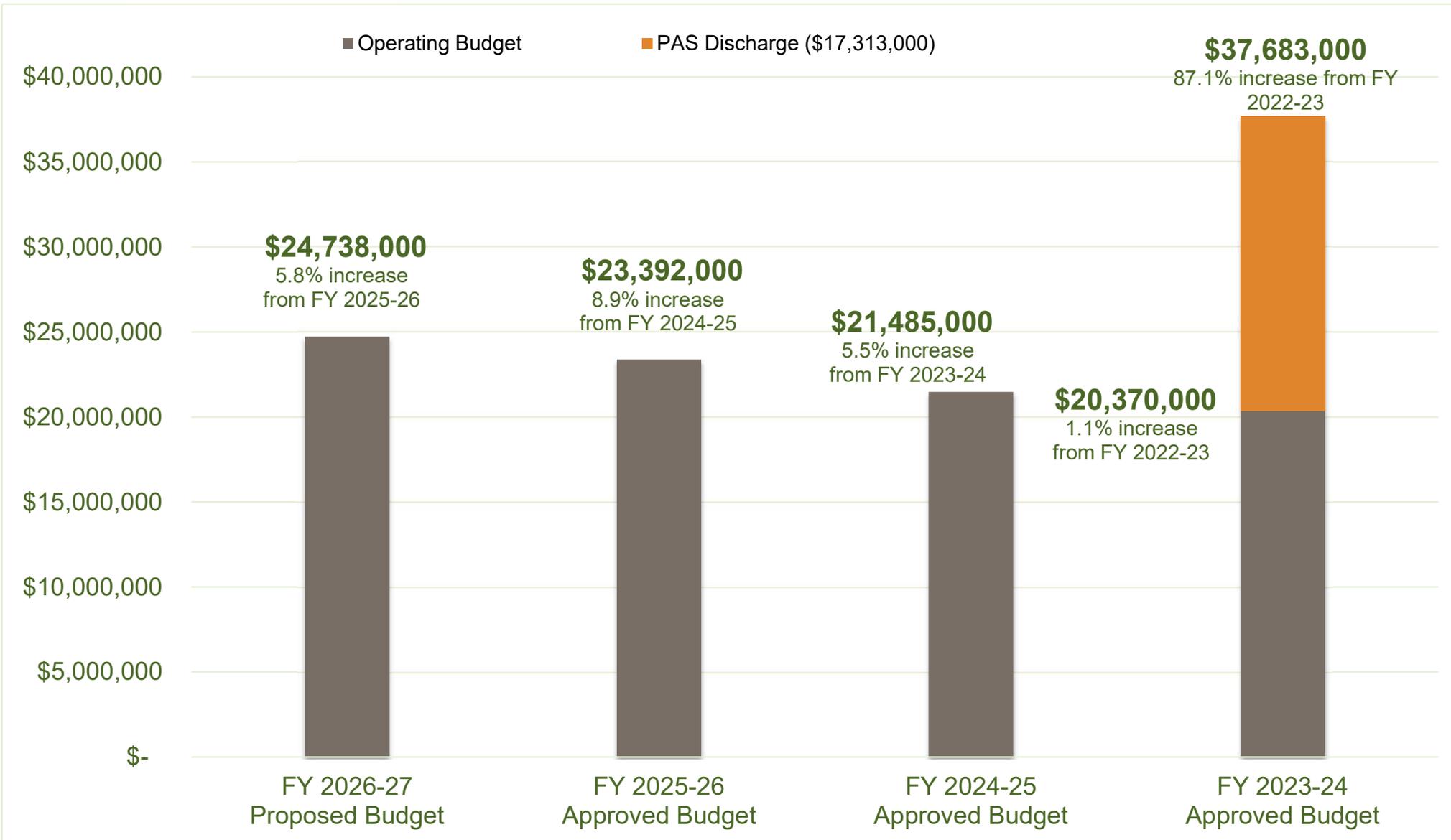
# Budget Authority

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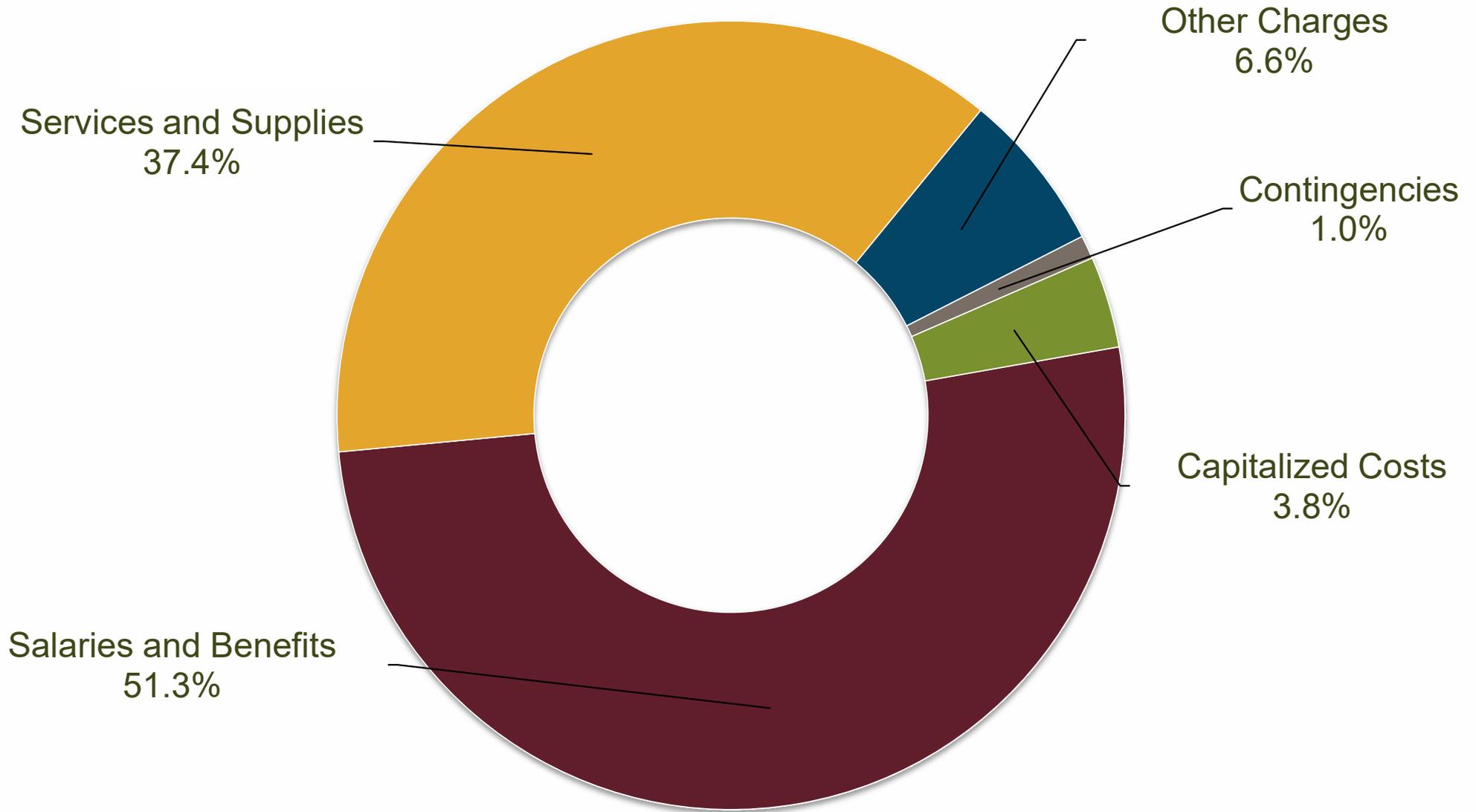
Gov Code § 31580.2

(a) In counties in which the board of retirement, or the board of retirement and the board of investment, have appointed personnel pursuant to Section 31522.1, 31522.5, 31522.7, 31522.9, 31522.10, or 31522.11, **the respective board or boards shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund. ...**

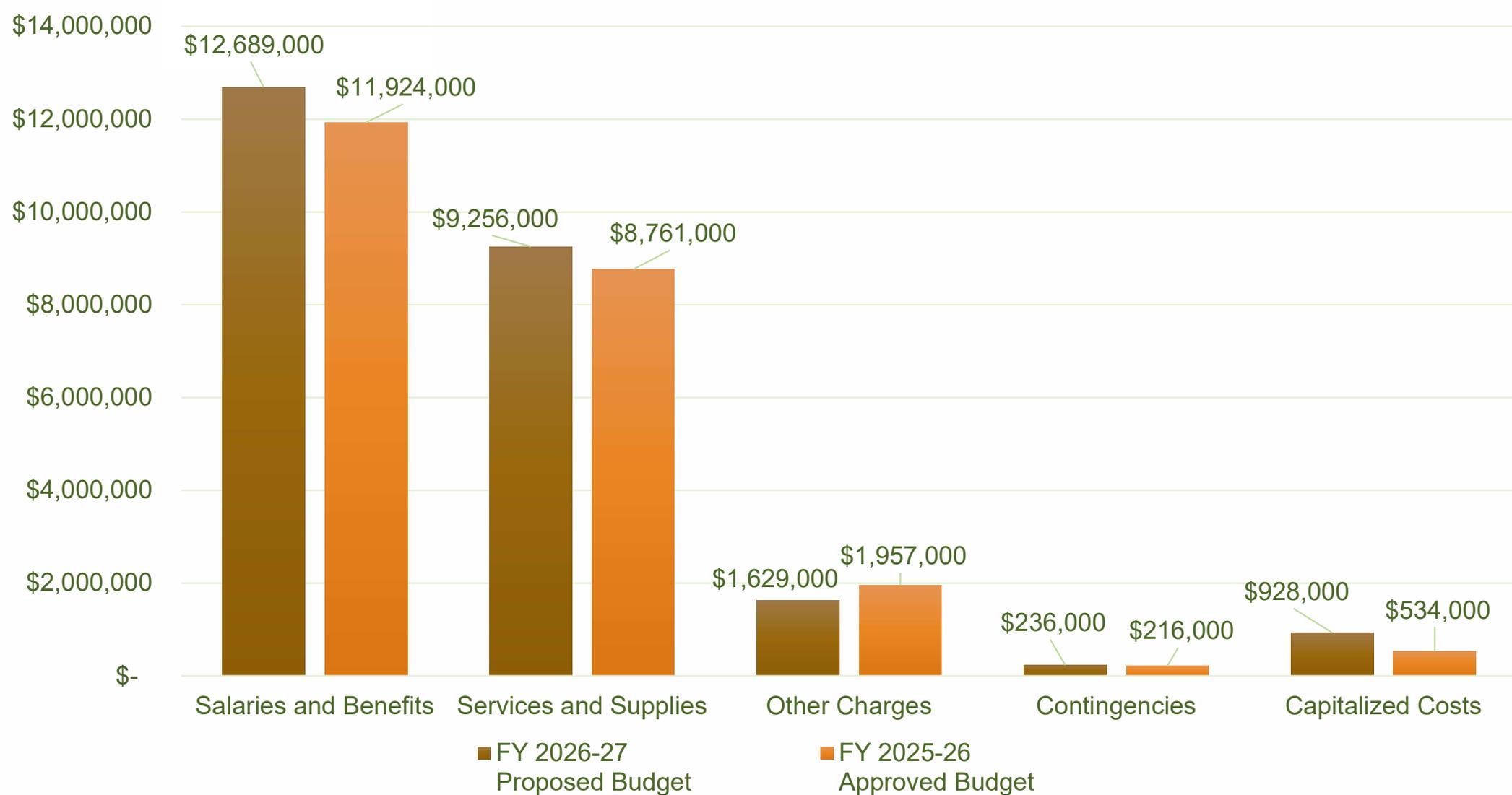
# Operating Expense Budget 4-Year Comparison



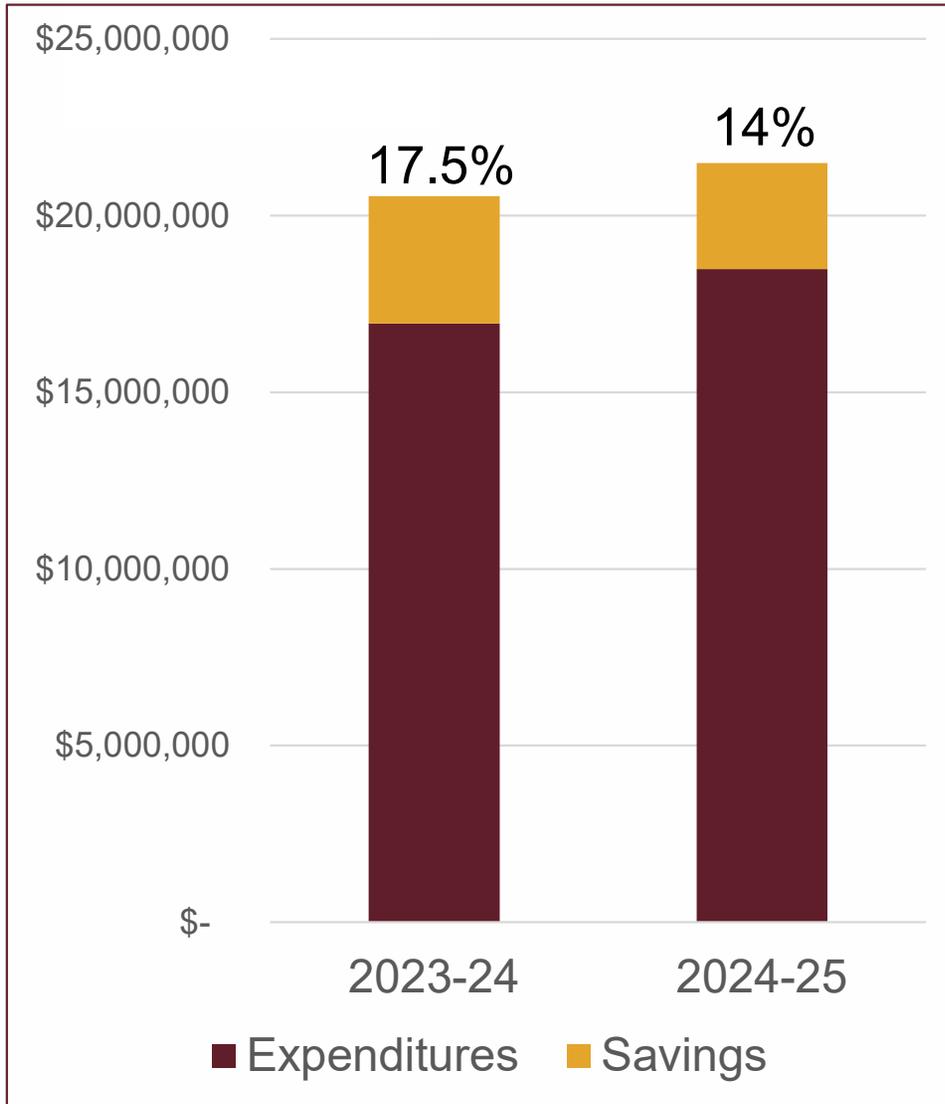
# 2026-27 Proposed Budget by Expense Type



# 2026-27 Proposed and 2025-26 Approved Budget Summary



# Prior-Year Savings



## Major Savings Areas

- Unfilled positions
- Legal
- Digital Transformation Initiative
  
- *Budget savings stay in Fund*
- *Only actual expenses included in contribution rates*

# Salaries and Benefits

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## Overview:

- Represents 51.3% of budget
- 77 positions
- Budget Methodology: County personnel cost schedule

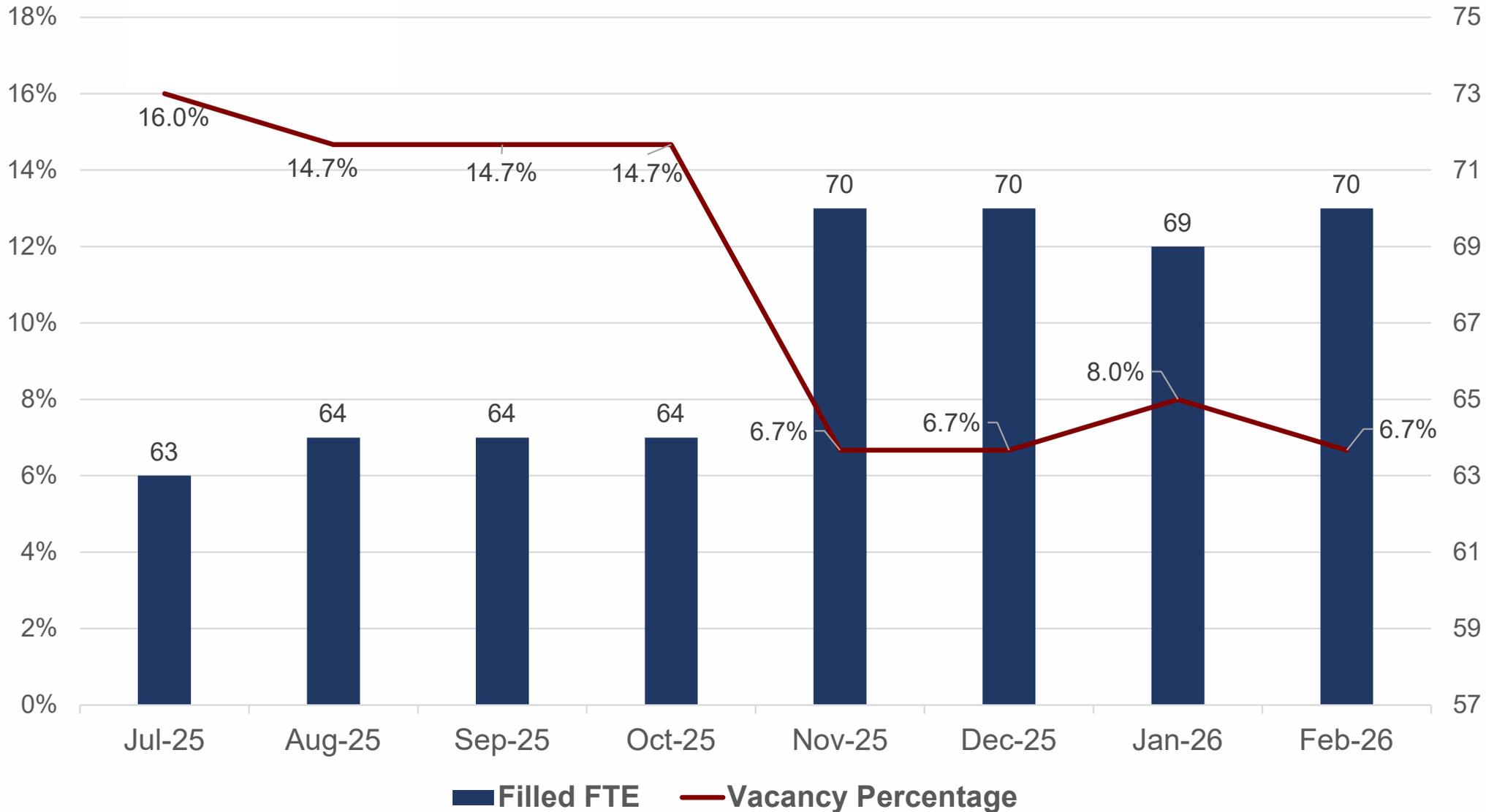
## Budget Comparison:

- 2026-27: \$12,689,000
- 2025-26: \$11,924,000
- Increase: \$765,000 (6.4%)

## Significant Changes:

- 2 new positions added (ITSS and Accountant), Sr. Office Specialist changed to Executive Secretary
  - Board approved January 21, 2026
- COO transition overlap
- Higher number of filled positions
- Known salary increases

# Positions Filled and Vacancy Percentage



# Service and Supplies

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## Overview:

- Represents 37.4% of budget
- Includes office lease, IT, investment, legal, actuarial, and other professional services
- Budget Methodology: Analysis of prior-year actual spending and known growth

## Budget Comparison:

- 2026-27: \$9,256,000
- 2025-26: \$8,761,000
- Increase: \$495,000 (5.7%)

## Significant Changes:

- Professional Services: Increase \$277,000
- Investment Services: Increase \$206,000
- Actuarial Services: Increase \$128,000
- Legal Services: Increase \$110,000
- Software Services: Increase \$107,000

# Service and Supplies (Continued)

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## **Professional Services:**

- Increase of \$277,000 (101%), primarily due to audit and risk management services, strategic management services, and a compensation study

## **Investment Services:**

- Increase of \$206,000 (10%), mainly driven by manager search and the transition to a new custodial bank

## **Actuarial Services:**

- Increase of \$128,000 (38%), primarily due to commercial banking RFP process and the Experience Study

## **Legal Services:**

- Legal increase of \$110,000 (8%), reflecting a standard annual increase to support ongoing legal services.

## **Software Services:**

- Software increase of \$107,000 (33%), primarily due to higher recurring costs associated with online services

# Other Charges

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## Overview:

- Represents 6.6% of budget
- Budget methodology: Depreciation Expenses (building lease, computer equipment and software) and Countywide Cost Allocation (CCAP)

## Budget Comparison:

- 2026-27: \$1,629,000
- 2025-26: \$1,957,000
- Decrease: \$328,000 (-16.8%)

## Significant Changes:

- Depreciation Expense: Increase of \$95,000 (12%) due to new capital assets, including new sit/stand desks, monitors, boardroom equipment
- Countywide Cost Allocation: Decrease of \$423,000 (44%)

# ACP –Personnel and Labor Cost

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## Overview:

### Allocated County Package (ACP)

- Retirement POB Debt Service
- Employer Share Workers Compensation Insurance
- D-Tech: Labor, Fee
- DOF: Payroll Service, Payment Service, Audits, etc.
- DGS: Printing Service, Messenger Service, etc.
- DPS: Personnel Service
- Other ACPs

## Budget Comparison:

- Total ACP 2026-27: \$1,085,000
- Total ACP 2025-26: \$1,259,000
- Decrease: \$174,000 (16%)

# CCAP – Additional “True Up”

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## **Overview:**

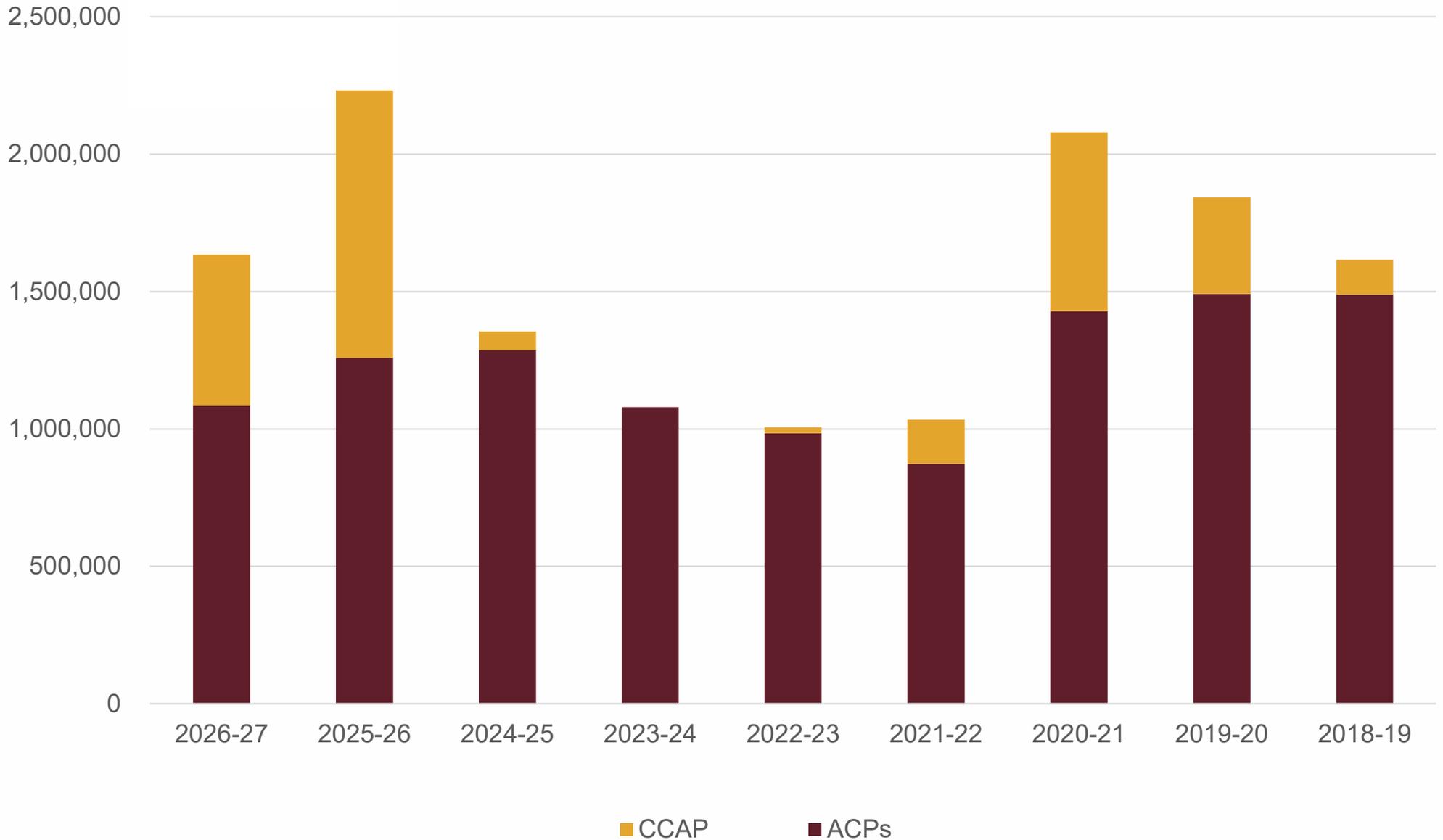
### Countywide Cost Allocation Plan (CCAP)

- Office of County Executive
- Office of Labor Relations
- Department of Technology
- Personnel Services
- Finance
- Civil Service Commission

## **Budget Comparison:**

- Total CCAP 2026-27: \$549,000
- Total CCAP 2025-26: \$972,000
- Decrease: \$423,000 (-44%)

# County Cost Recovery



# Capitalized Costs

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## Overview:

- Represents 3.8% of budget
- Budget methodology: Actual and projected capitalized costs

## Budget Comparison:

- 2026-27: \$928,000
- 2025-26: \$534,000
- Increase of \$394,000 or 74%

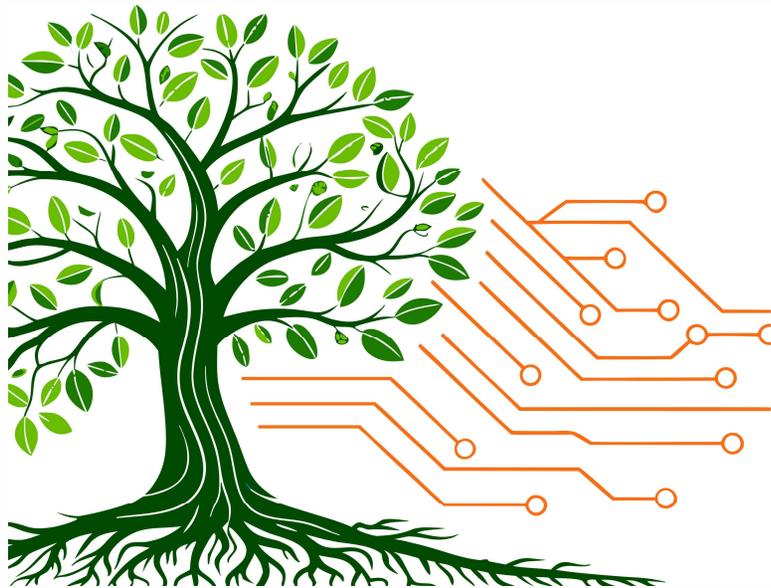
## Significant changes:

- Equipment: Increase of \$394,000, primarily due to anticipated purchase of new monitors, boardroom equipment, and sit/stand desks.
- Software Systems: No change, remains consistent with FY 2025–26. This supports the ongoing Digital Transformation Initiative.

# Digital Transformation Initiatives

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## Strategic Vision Plan Alignment:



### **Engage & Inform:**

Design service experiences that reflect member preferences and life stages, supported by intuitive digital access and self-service tools.

### **Invest in Talent & Technology:**

Modernize SCERS' technology infrastructure and tools in alignment with SCERS' strategy

# Pension Administration System (PAS)

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- Completing LRS pre-engagement analysis in summer 2026
- Expecting development and implementation proposal from LRS for Board consideration in Q3 or Q4 of 2026
- Potential PAS project not budgeted for 2026-27
  - Will likely require mid-year budget adjustment subject to Board approval and contract negotiation
  - Additional services include: Independent Verification and Validation Consultant, Accounting System/Software Suite, Commercial Bank

# Digital Transformation Initiative

## Overview:

- \$1.5 million; no change from 2025-26
- Represents 6% of budget
- Consolidated IT project “budget,” from Services and Supplies (Software) and Capitalized Costs
- Provides standing allocation to support ongoing tech initiatives
- “Reappropriating” unspent, prior-year funds

Year	Budgeted	Expended	Savings
2023-24	1,000,000	752,000	248,000
2024-25	1,750,000	310,000	1,440,000
2025-26 est	1,500,000	1,161,000	339,000
<b>Subtotal</b>	<b>4,250,000</b>	<b>2,223,000</b>	<b>2,027,000</b>

# Digital Transformation Initiatives

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## 2026-27

- Board room AV upgrade
- MySCERS portal enhancements
- TBD

## 2025-26

- LRS pre-engagement
- Service Purchase Calculator
- Back-office benefit processing
- Website refresh

## Prior Year Projects

- MySCERS portal development and implementation, licenses
- Online Retirement Applications
- Online death notification/secure file upload
- Online appointment scheduling
- Single-device strategy for staff computers

# Contingency Fund

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## Overview

- Represents 1% of budget
- Budget methodology: 1% of total budget excluding capitalized costs

## Budget Comparison

- 2026-27: \$236,000
- 2025-26: \$216,000
- Increase: \$20,000 (9%)

# Administrative Expense Budget Limit

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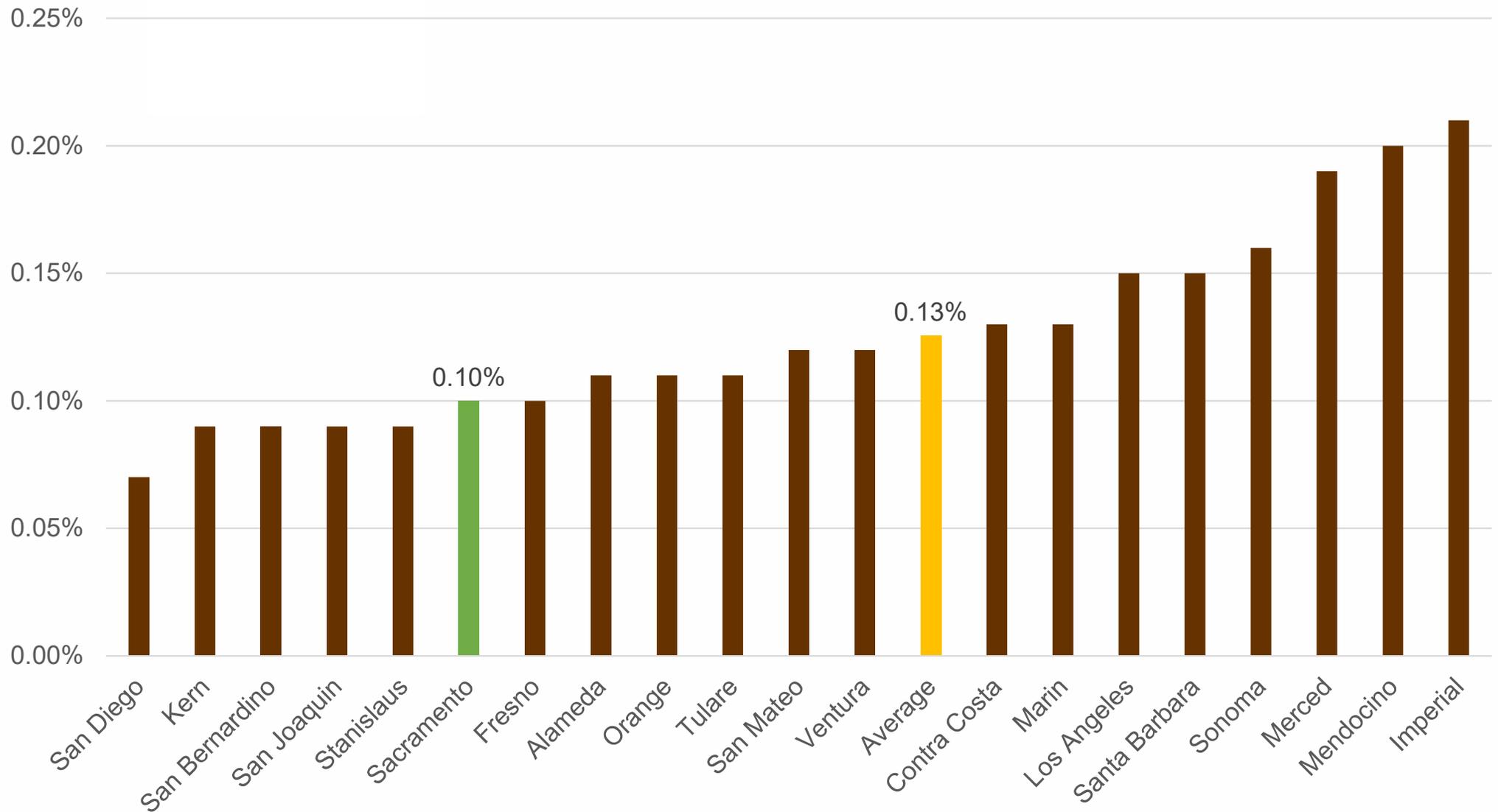
## Budget Limit for Administrative Expenses:

- The statutory limit is 0.21% of the total Actuarial Accrued Liability (AAL)
- 2026-27 Administrative Expenses total 0.10% of AAL
- Increase from 2025-26 (0.01%)

2026-27 Administrative Expense Budget Total \$16.2 million, which excludes:

- Computer software, computer hardware, and IT expenses
- Actuarial expenses
- Investment-related expenses, including legal expenses

# Administrative Expense Comparison



Note: Other pension systems' data lag by a year

# Next Steps

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- Incorporate Board feedback
- Further refinement of numbers
- Present to Board on May 20, 2026