



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

---

### Agenda Item 13

**MEETING DATE:** May 20, 2026

**SUBJECT:** Annual Budget for Fiscal Year 2026-27

**SUBMITTED FOR:**  X  Action          Information

---

#### **RECOMMENDATION**

Approve an annual budget of approximately \$24.6 million and 77 positions for fiscal year 2026-27.

#### **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**

The proposed 2026-27 budget reflects an increase of \$1.2 million or 5.1% from the prior year's operating budget.

#### **Staffing**

The increase in personnel costs of \$0.8 million, or 6.5%, is driven by staffing changes, higher 401a employer benefit costs due to recent labor agreement updates, higher filled positions, and anticipated COLA and step increases.

Staffing changes include two new FTE positions, one reclassification, and a temporary Chief Operations Officer transition overlap period. These changes support increased operational demands as SCERS plans for new pension administration and accounting system projects. All position changes have been reviewed and approved for class appropriateness by the Department of Personnel Services.

SCERS has reduced vacancies from 16.0% in July 2025 to 5.3% in April 2026, as active recruitment continues.

---

## Services and Supplies

Key changes include:

- Professional Services increased by \$278,000 (101%), primarily driven by a commercial banking RFP, audit and risk management services, strategic advisory support, and a compensation study.
- Investment Services increased by \$206,000 (10%), largely due to new manager searches.
- Legal Services increased by \$111,000 (8%), reflecting a standard annual adjustment to support ongoing legal needs.
- Software Costs increased by \$108,000 (33%) due to expanded online offerings and higher recurring subscription expenses.
- IT Services decreased by \$386,000 (38%) as the majority of Pension Administration System (PAS) pre-engagement work will be completed in FY 2025-26, resulting in lower requirements for FY 2026-27.
- Temporary Staffing Services decreased by \$140,000 (70%) due to the filling of additional full-time positions.

## Other charges

- Countywide Cost Allocation decreased by \$423,000 (44%) due to lower allocated costs from the County.
- Depreciation Expense increased by \$95,000 (12%) due to the anticipated purchase of new capital assets.

## Capitalized Costs

- Capitalization increased by \$441,000 (83%), driven by planned investments in boardroom equipment, sit/stand desks, and digital transformation initiatives.

**Note:** The digital transformation budget remains unchanged at \$1.5 million. Of this total, \$900,000 is budgeted as capitalized costs and \$600,000 as IT expenses. In the prior year, \$500,000 was budgeted as capitalized costs and \$1,000,000 as IT expenses.

## Administrative Expense Budget Limit

Under the County Employees Retirement Law of 1937, SCERS' administrative expenses are limited to 0.21% of the System's actuarial accrued liability, excluding certain technology, legal, actuarial, and investment-related costs.

For fiscal year 2026-27, administrative expenses are budgeted at \$15.9 million, or 0.10% of actuarial accrued liability as of June 30, 2025—well below the statutory limit. This provides approximately \$16.9 million in remaining capacity.

The fiscal year 2026-27 budget increases by \$1.7 million from the prior year, with administrative expenses rising slightly from 0.09% to 0.10% of actuarial accrued liability.

**ATTACHMENTS**

- Board Order
- Budget Presentation
- Three-Year Budget vs. Actual
- Draft Annual Budget Fiscal Year 2026-27

Prepared by:

/S/

---

Margo Allen  
Chief Operations Officer

Reviewed by:

/S/

---

Eric Stern  
Chief Executive Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

---

Before the Board of Retirement  
May 20, 2026

AGENDA ITEM:

### Annual Budget for Fiscal Year 2026-27

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to approve an annual budget of approximately \$24.6 million and 77 positions for fiscal year 2026-27.

I HEREBY CERTIFY that the above order was passed and adopted on May 20, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

---

Chris Giboney  
Board President

---

Eric Stern  
Chief Executive Officer and  
Board Secretary



# Annual Budget 2026-27

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

# Budget Authority

---

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. ...**

# Budget Changes from March 2026 to May 2026

---

**Net Impact:** Overall budget decrease of \$162,000.

## **Reductions** (−\$178,000)

Reflects lower projected costs for parking, professional services, external audit fees, and computer equipment.

## **Increases** (+\$16,000)

Due to updated estimates for medical insurance and tuition reimbursement.

## **Reclassification** (no net impact)

- \$70,000 for the banking RFP reclassified from Actuarial Services to Professional Services
- \$100,000 reclassified from IT services expense to capitalized costs

# Operating Expense Budget 2026-27

## **Total budget: \$24.6 million**

- Increase: \$1.2 million (5.1%) compared to FY 2025–26

## **Major Year-over-Year Increases**

### Personnel (\$779,000)

- 2 new positions, 1 reclassification, and COO transition overlap
- Higher 401(a) employer contributions resulting from recent labor agreement changes
- Higher filled positions and known salary increases

### Professional Services (\$278,000)

- Increase primarily due to commercial banking RFP, audit and risk management services, strategic support, and a compensation study

### Investment Services & Consultants (\$206,000)

- Increase mainly due to new investment manager searches

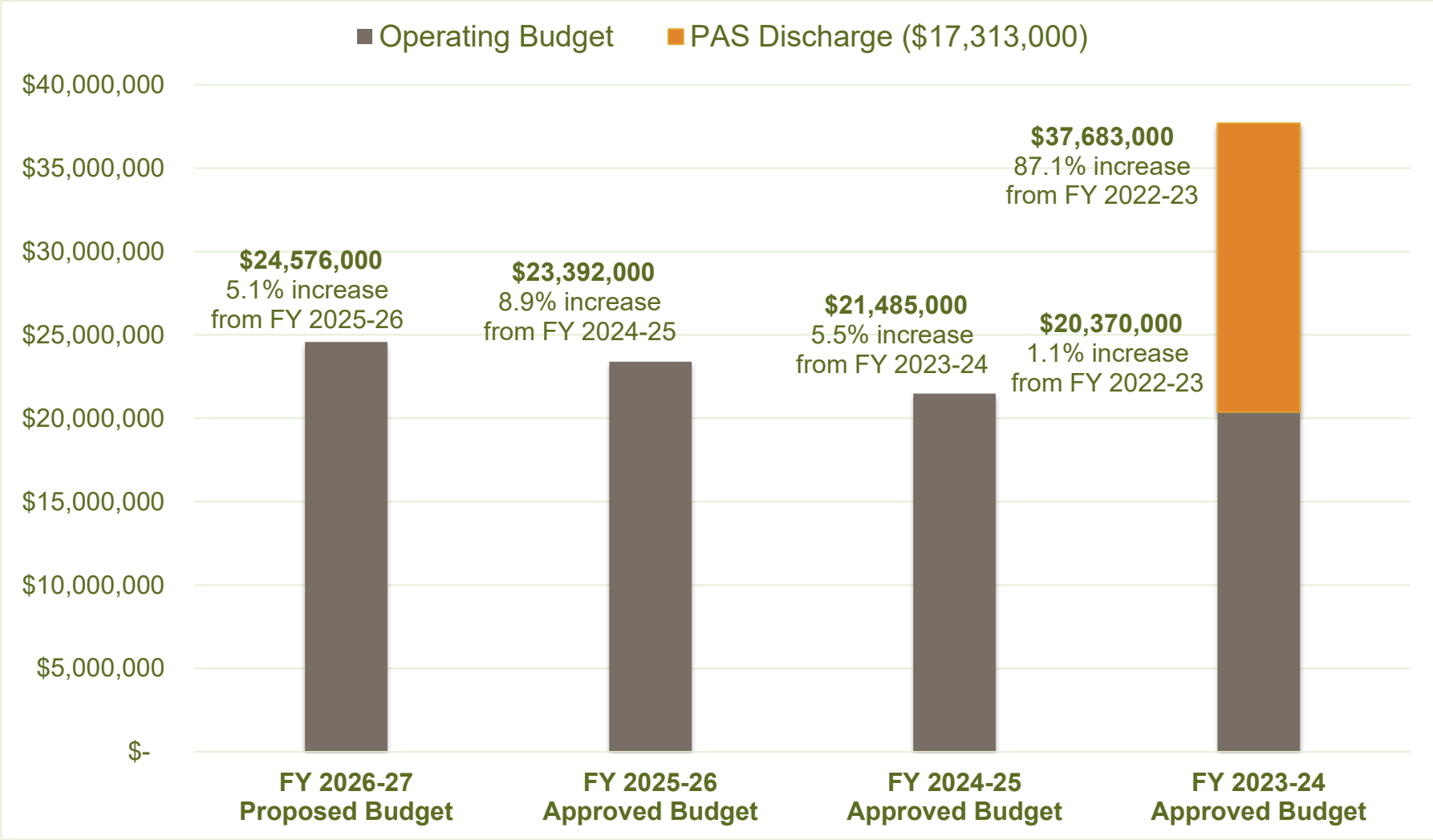
### Legal Services (\$111,000)

- Reflects standard annual increase to support ongoing legal services

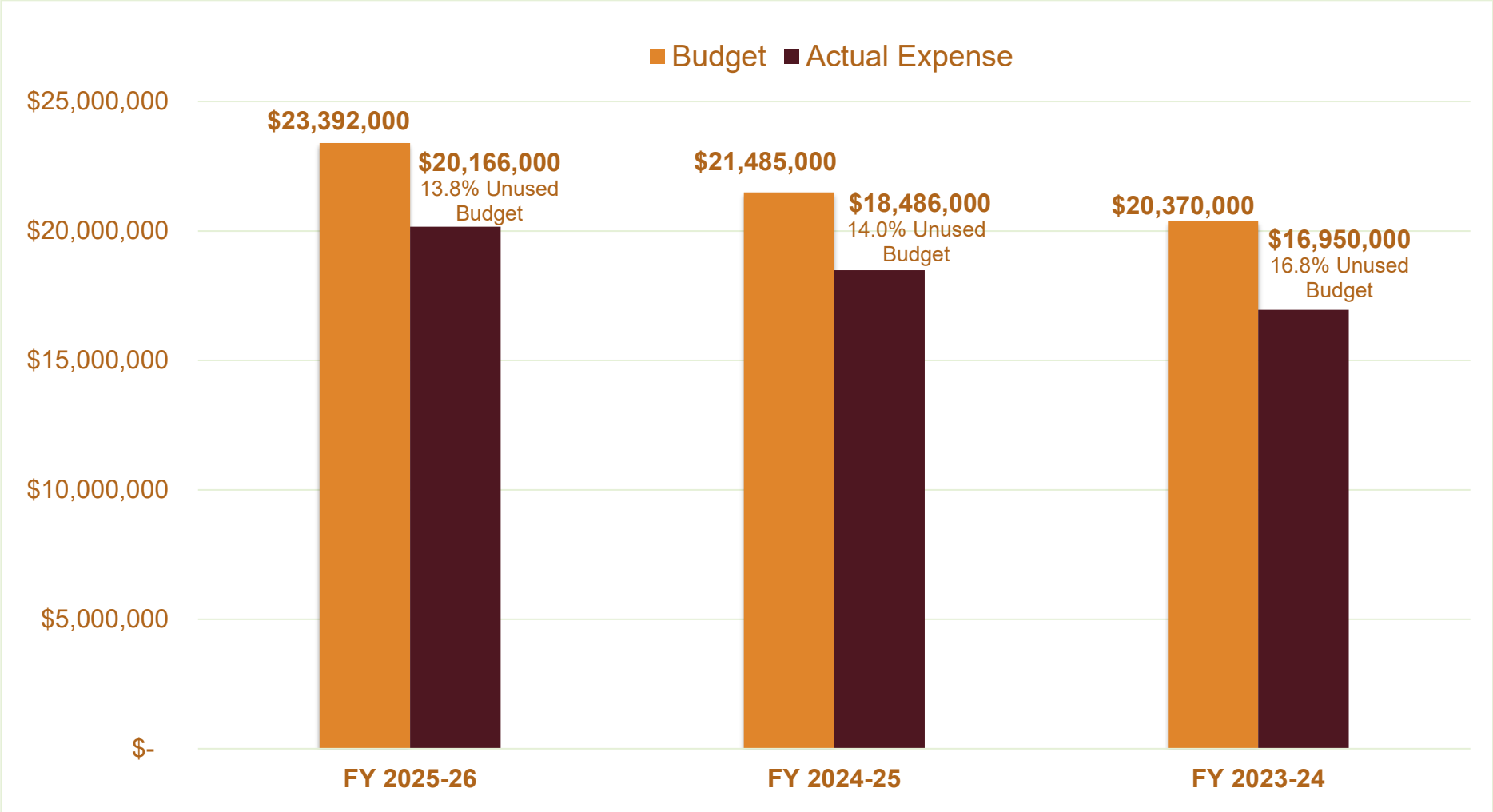
### Software (\$108,000)

- Increase mainly due to expanded online offerings and higher recurring costs

# Budget 4-Year Trend

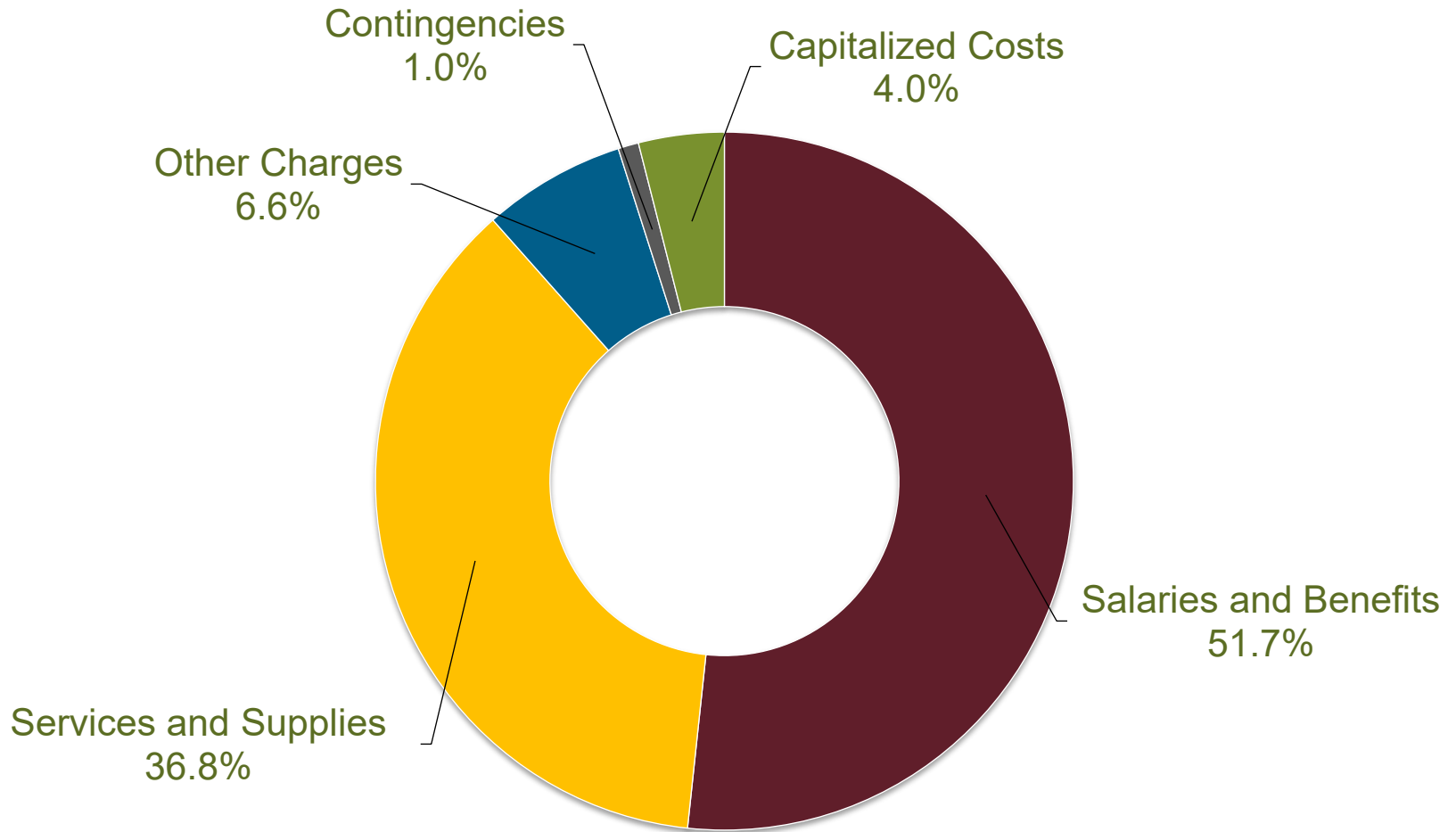


# Budget vs Actual Expense



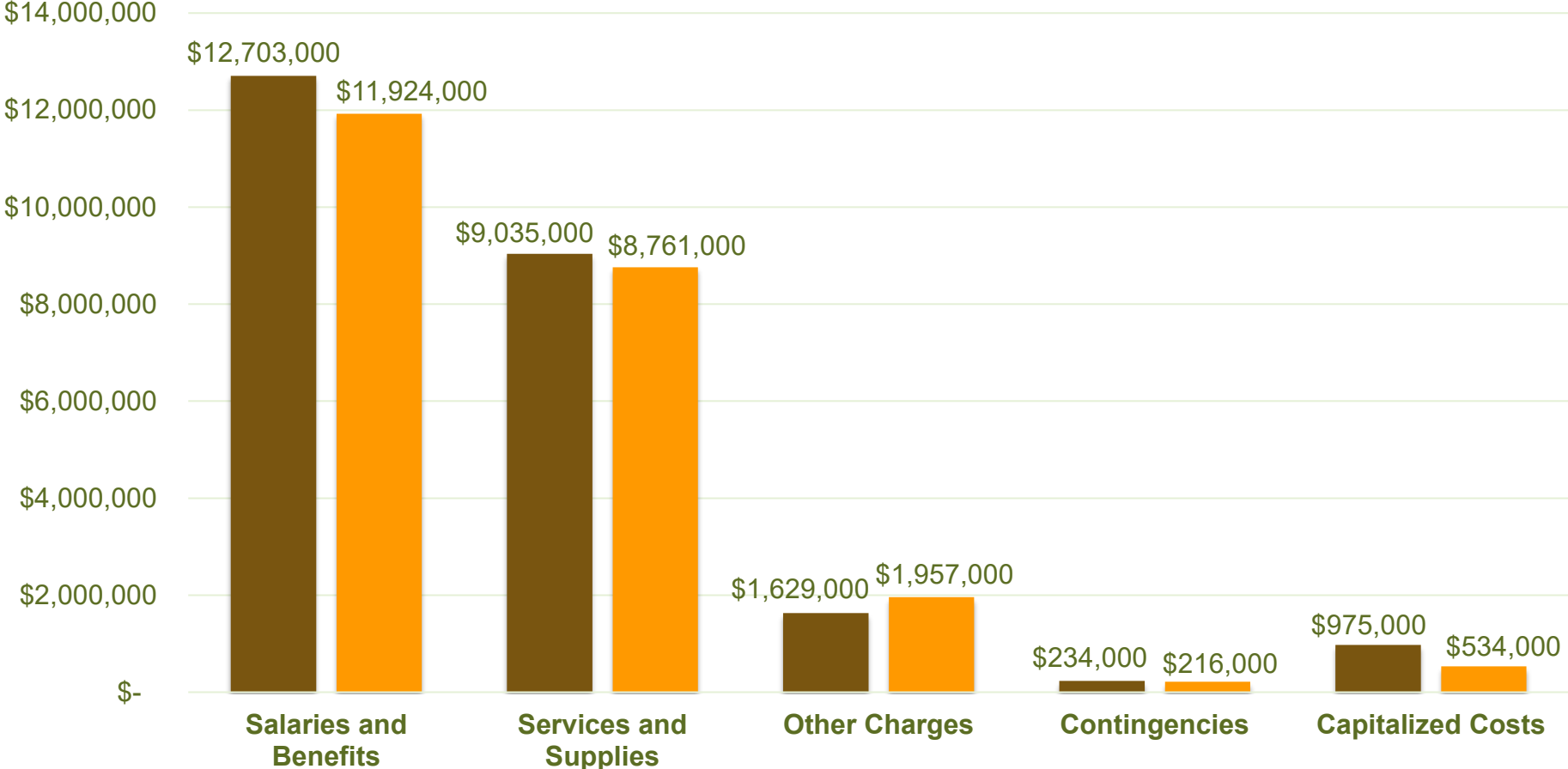
Note: FY 2023–24 excludes \$17.1 million in one-time Pension Administration System (PAS) discharge costs.

# 2026-27 Budget by Expense Type

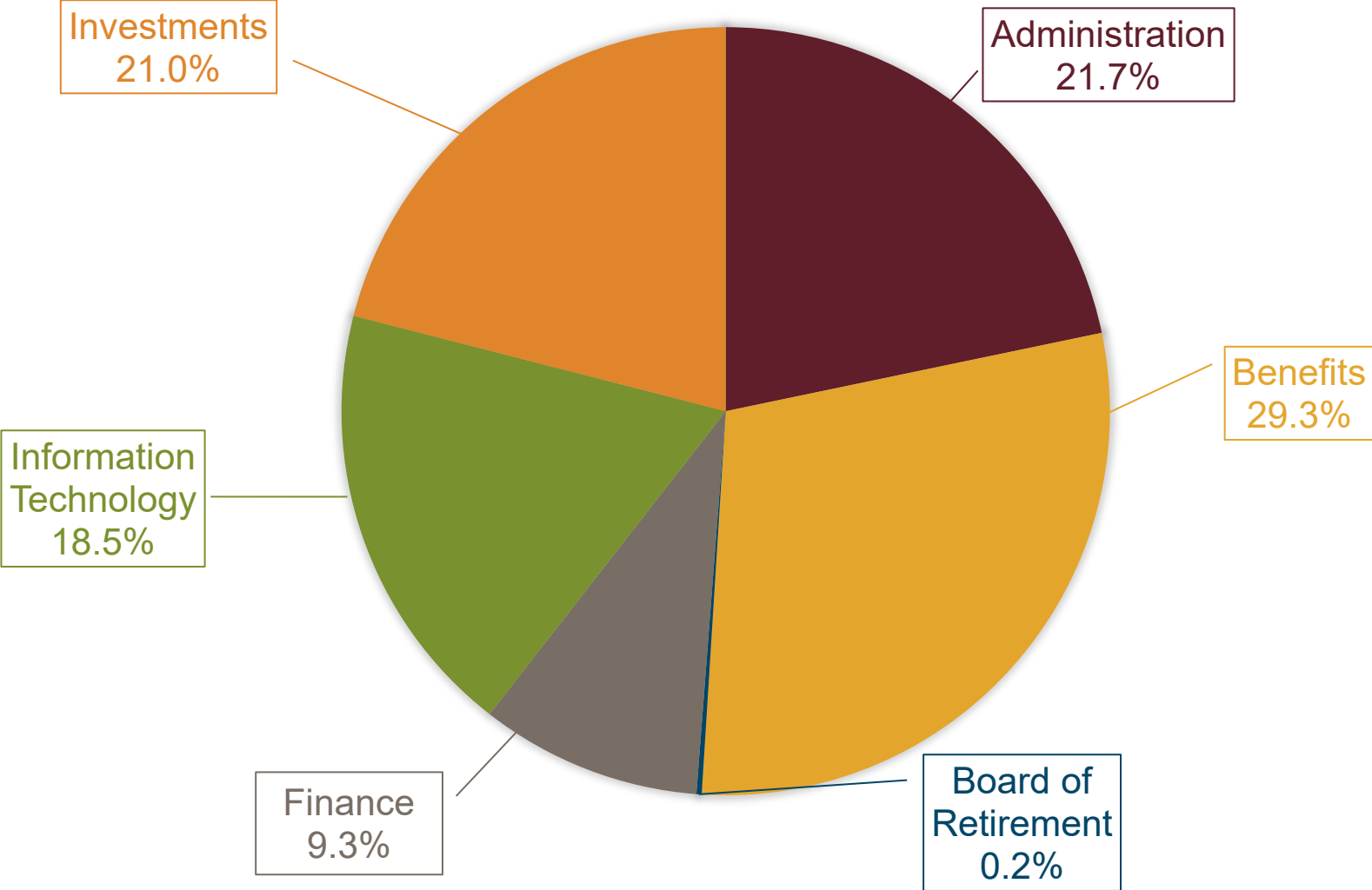


# Budget Summary: 2026-27 and 2025-26

■ FY 2026-27 Proposed Budget   ■ FY 2025-26 Approved Budget



# Budget by Function: 2026-27



# Salaries and Benefits

---

## Overview:

- Represents 51.7% of budget
- 77 positions
- Budget Methodology: County personnel cost schedule

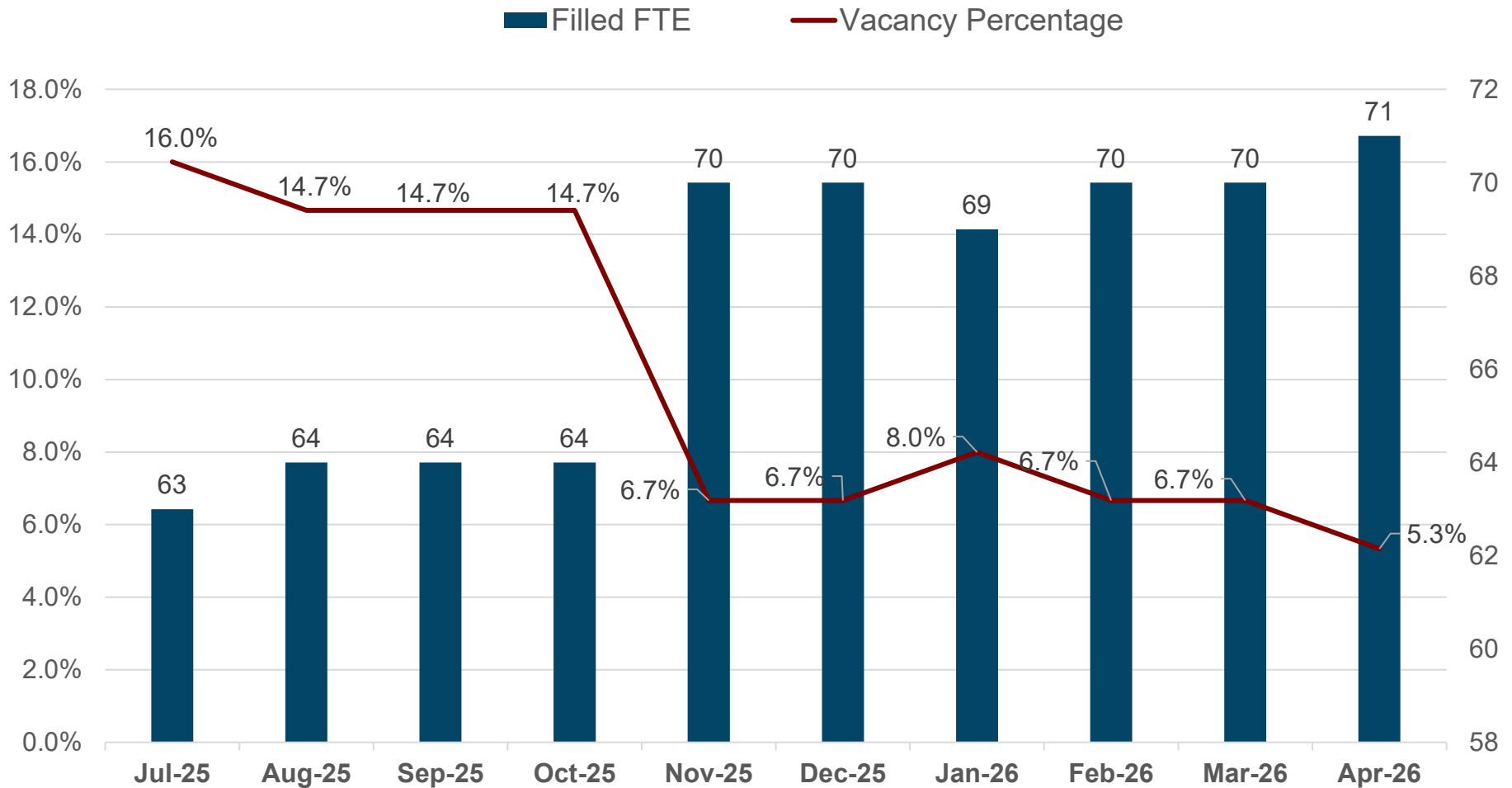
## Budget Comparison:

- 2026-27: \$12,703,000
- 2025-26: \$11,924,000
- Increase: \$779,000 (6.5%)

## 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

---

## Overview:

- Represents 36.8% of budget
- Includes office lease, IT, investment, legal, actuarial, professional services and other operating expenses
- Budget Methodology: Analysis of prior-year actual spending and known changes

## Budget Comparison:

- 2026-27: \$9,035,000
- 2025-26: \$8,761,000
- Increase: \$274,000 (3.1%)

## Significant Changes:

- Professional Services: Increase \$278,000
- Investment Services: Increase \$206,000
- Legal Services: Increase \$111,000
- Software Services: Increase \$108,000

# Other Charges

---

## Overview:

- Represents 6.6% of budget
- Budget methodology: Depreciation/Amortization 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:

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

# ACP –Personnel and Labor Cost

---

## **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”

---

## Overview:

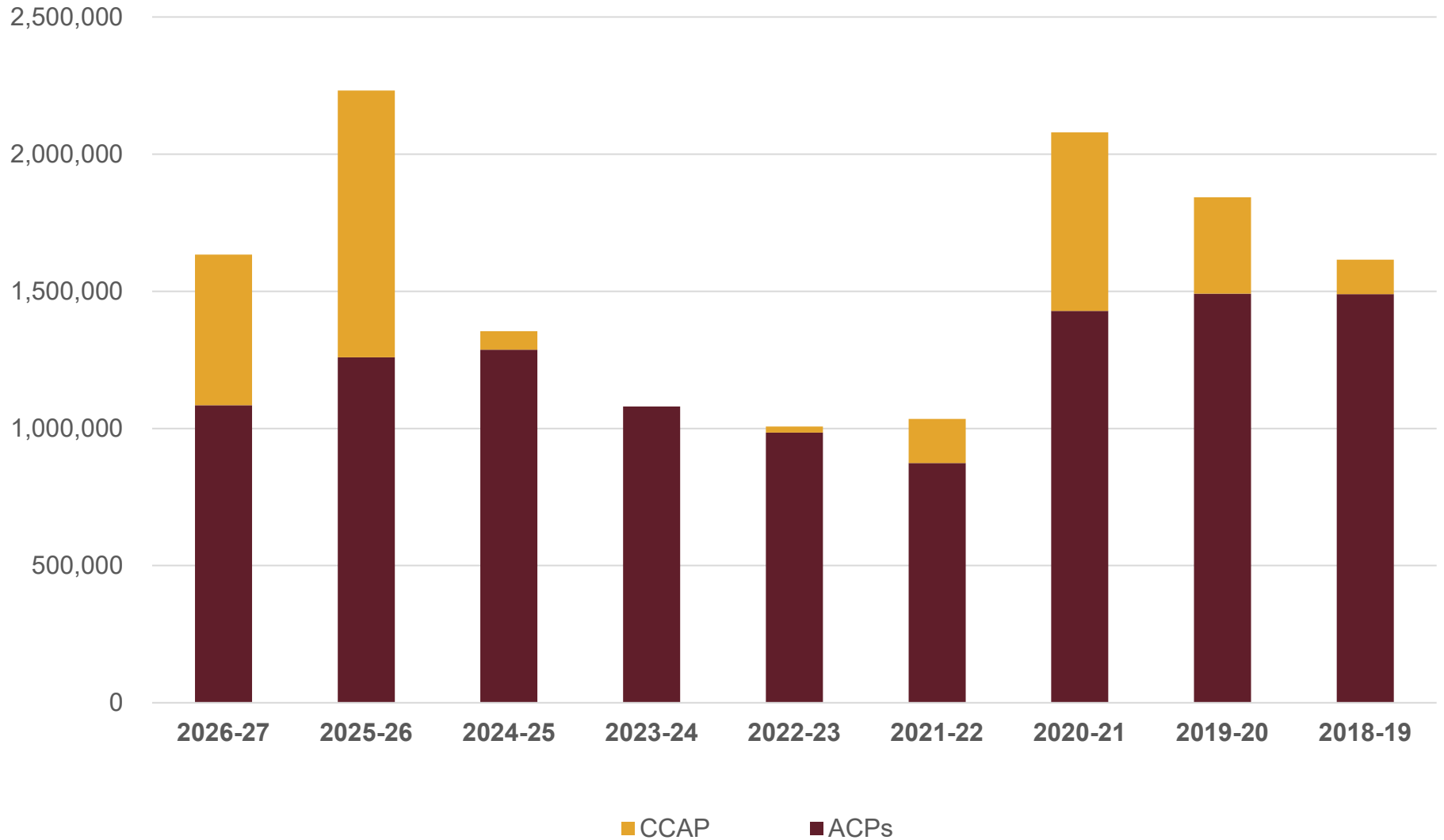
### Countywide Cost Allocation Plan (CCAP)

- 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

---

## Overview:

- Represents 4.0% of budget
- Budget methodology: Actual and projected capitalized costs

## Budget Comparison:

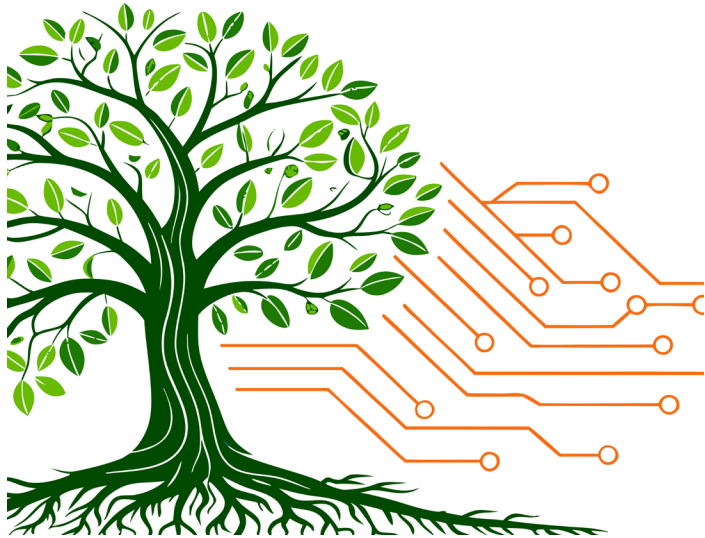
- 2026-27: \$975,000
- 2025-26: \$534,000
- Increase of \$441,000 (82.6%)

## Significant changes:

- Increase primarily due to anticipated purchase of boardroom equipment, sit/stand desks and digital transformation initiatives.

# Digital Transformation Initiatives

## 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)

---

- 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

---

## 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

---

## Overview

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

## Budget Comparison

- 2026-27: \$234,000
- 2025-26: \$216,000
- Increase: \$18,000 (8.3%)

# Administrative Expense Budget Limit

---

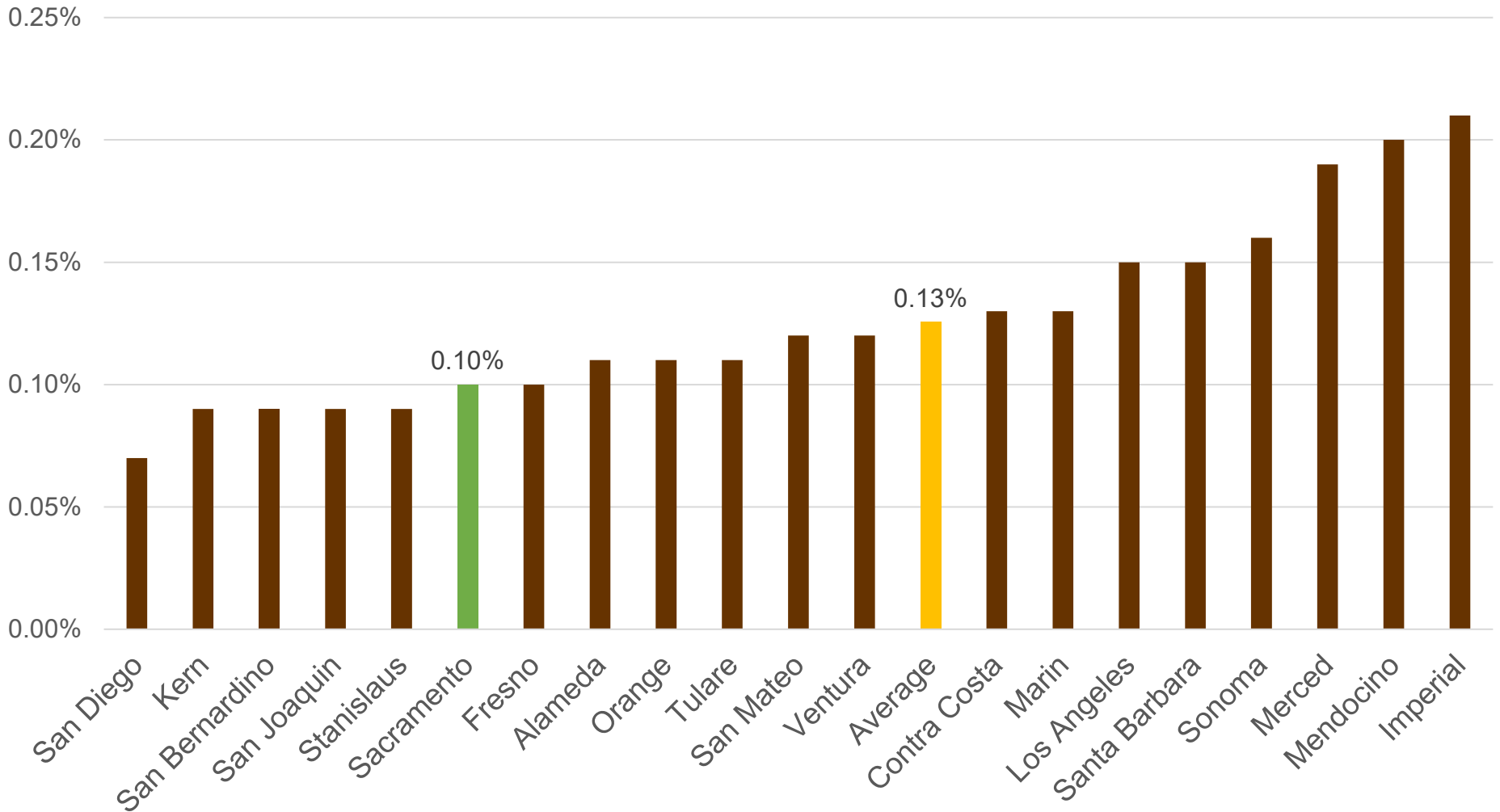
## Budget Limit for Administrative Expenses:

- 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 \$15.9 million, which excludes:

- IT expenses including capitalized cost
- Investment expenses
- Legal expenses
- Actuarial expenses

# Administrative Expense Limit: California Counties Comparison



Note: Other pension systems' data lag by a year

# SCERS

## Budget vs. Actual Expense Comparison

GL #	ACCOUNT TITLE	ACTUAL				BUDGET				Year-over-Year Change
		FY 2023-2024 Actual	FY 2024-2025 Actual	FY 2025-2026 Estimated Actual	3-Year Average	FY 2023-24 Approved Budget	FY 2024-25 Approved Budget	FY 2025-26 Approved Budget	FY 2026-27 Proposed Budget	
<b>SALARIES &amp; BENEFITS</b>										
10111000	Salaries & Wages-Regular Employees	6,014,786	6,690,357	7,320,000	6,675,048	7,443,000	7,612,000	8,061,000	8,845,000	
10112100	Salaries & Wages - Extra Help	15,827	43,204	33,748	30,926	52,000	-	56,000	42,000	
10112400	Salaries & Wages-Committee Members	6,840	5,700	11,300	7,947	8,000	8,000	8,000	10,000	
10113100	Salaries & Wages-Straight Time O/T	423	148	1,000	523	4,000	2,000	2,000	2,000	
10113200	Salaries & Wages-Time & One Half O/T	12,238	11,750	5,000	9,663	10,000	10,000	10,000	7,000	
10114100	Salaries & Wages-Premium Pay	104,100	112,858	102,035	106,331	105,000	107,000	114,000	-	
10114300	Allowances	6,600	6,627	6,600	6,609	6,000	6,000	7,000	7,000	
10115200	Terminal Pay	127,157	247,751	15,000	129,969	75,000	44,000	47,000	10,000	
10115300	Leave Cash Out	-	45,782	10,984	18,922	-	-	30,000	30,000	
10121000	Retirement-Normal & UAAL	1,300,497	1,381,090	1,299,975	1,327,187	1,639,000	1,559,000	1,585,000	1,636,000	
10121100	Retirement-1995/2003 POB Debt Service	325,991	-	-	108,664	329,279	-	-	-	
10121200	Retirement-2004 POB Debt Service	158,584	676,665	610,474	481,907	168,929	675,000	564,000	188,000	
10121300	Health Savings-Employer Cost	36,825	40,180	46,453	41,153	49,000	49,000	49,000	57,000	
10121400	401A Plan-Employer Cost	89,627	100,997	147,421	112,682	98,000	100,000	107,000	340,000	
10122000	OASDI-Employer Cost	426,436	464,949	428,950	440,112	495,000	540,000	569,000	617,000	
10123000	Group Insurance-Employer Cost	625,437	742,171	761,725	709,778	962,000	1,020,000	1,051,000	1,118,000	
10123001	County EE Plan Select	3,600	3,615	3,543	3,586	6,000	4,000	-	-	
10123002	Dental Plan ER Cost	80,047	87,761	90,094	85,967	135,000	97,000	-	-	
10123003	Life Ins - ER Cost	809	861	859	843	1,000	1,000	-	-	
10123004	Vision Ins - ER Cost	292	158	155	202	-	-	-	-	
10123005	EAP	1,999	2,201	2,277	2,159	4,000	2,000	-	-	
10124000	Workers Compensation Ins-Emplr Cost	16,817	17,863	19,738	18,139	16,817	18,000	18,000	18,000	
10125000	Unemployment Ins-Employer Cost	-	-	-	-	6,975	-	-	-	
10199900	Salary Savings Factor	-	-	-	-	(720,000)	(671,000)	(354,000)	(224,000)	
	<b>OBJECT TOTAL</b>	<b>9,354,930</b>	<b>10,682,689</b>	<b>10,917,331</b>	<b>10,318,317</b>	<b>10,894,000</b>	<b>11,183,000</b>	<b>11,924,000</b>	<b>12,703,000</b>	<b>6.5%</b>
<b>SERVICES &amp; SUPPLIES</b>										
20200500	Advertising/Legal Notices	2,020	7,530	2,121	3,890	4,000	4,000	1,000	5,000	
20202400	Periodicals & Subscriptions	3,369	4,499	6,500	4,789	5,000	5,000	4,000	7,000	
20202900	Business Conference	125,906	152,560	171,930	150,132	138,000	179,000	230,000	210,000	
20203500	Education & Training Services	10,075	149	9,998	6,741	140,000	17,000	18,000	5,000	
20203700	Employee Tuition Reimbursement	3,302	3,905	5,000	4,069	14,000	11,000	10,000	8,000	
20203800	Employee Recognition	7,332	11,945	18,000	12,426	30,000	25,000	18,000	20,000	
20205200	Insurance-Fiduciary Liability	173,538	391	180,123	118,017	203,000	203,000	203,000	205,000	
20206100	Memberships	22,842	28,841	36,000	29,228	30,000	35,000	37,000	31,000	
20207600	Office Supplies	5,763	9,627	10,000	8,463	23,000	15,000	10,000	14,000	
20208100	Postage Services	13,532	16,897	17,000	15,810	20,000	25,000	20,000	20,000	

GL #	ACCOUNT TITLE	ACTUAL				BUDGET				Year-over-Year Change
		FY 2023-2024 Actual	FY 2024-2025 Actual	FY 2025-2026 Estimated Actual	3-Year Average	FY 2023-24 Approved Budget	FY 2024-25 Approved Budget	FY 2025-26 Approved Budget	FY 2026-27 Proposed Budget	
20208500	Printing Services	30,644	33,988	15,000	26,544	14,000	23,000	15,000	15,000	
20211100	BUILDING MAINTENANCE SERVICE	4,631	19,514	-	8,048	70,000	70,000	35,000	25,000	
20217100	Rents/Lease/RL-Prop	40,787	48,031	62,000	50,273	48,000	48,000	48,000	68,000	
20217310	Interest Expense-Lease (ROU)	253,294	203,567	205,770	220,877	253,000	228,000	200,000	189,000	
20226100	Office Equipment Maintenance Services	1,852	1,843	1,843	1,846	-	2,000	3,000	2,000	
20226400	Office Equipment Modular Furniture	2,102	11,703	6,000	6,602	25,000	26,000	8,000	5,000	
20227500	Rents/Leases-Equipment	14,744	15,194	11,337	13,759	12,000	12,000	15,000	18,000	
20244300	Medical Services	313,236	313,640	56,821	227,899	200,000	430,000	330,000	300,000	
20250200	Actuarial Services	323,937	283,875	300,000	302,604	150,000	155,000	340,000	398,000	
20250500	Accounting Services	80,113	76,895	76,000	77,669	75,000	79,000	76,000	76,000	
20250595	Board Meetings	4,606	4,360	5,100	4,688	6,000	6,000	26,000	11,000	
20250607	Investment Svc-Consultant/Other	2,308,877	1,510,348	2,397,332	2,072,186	1,756,000	1,937,000	2,063,000	2,269,000	
20250700	Assessment Coll Svc	18,142	502	4,780	7,808	-	7,000	3,000	5,000	
20252100	Temporary Svc	240,759	168,463	65,273	158,165	460,000	200,000	200,000	60,000	
20253100	Legal Svc	635,340	848,223	847,403	776,989	1,100,000	1,225,000	1,319,000	1,430,000	
20254106	DPS Dept Svcs	174,095	176,164	-	116,753	345,000	176,000	-	-	
20256100	Reporting Svc	22,947	100	30,000	17,682	50,000	30,000	30,000	30,000	
20256200	Transcribing Svc	-	-	-	-	10,000	1,000	1,000	1,000	
20257100	Security Svc	384	416	384	395	1,000	1,000	1,000	1,000	
20259100	Other Professional Svc	220,364	228,540	390,562	279,822	314,000	297,000	275,000	553,000	
20259101	IT Svcs	302,056	27,412	366,000	231,823	985,000	21,000	1,025,000	639,000	
20271100	Dtech Labor	375,210	271,589	190,689	279,163	-	350,000	400,000	287,000	
20281100	Data Processing Svc	-	-	-	-	-	-	-	-	
20281101	Dtech Fee	12,840	8,355	-	7,065	-	-	-	-	
20281200	Data Processing Sup	26,704	127,351	28,772	60,942	21,000	30,000	36,000	36,000	
20281202	Software	40,023	312,545	382,262	244,943	-	286,000	324,000	432,000	
20281301	General Accounting and Systems	-	-	16,101	16,101	-	-	-	-	
20281700	Election Svcs	-	44,364	48,800	31,055	-	35,000	60,000	-	
20288700	Telecommunication	11,155	12,692	6,500	10,116	12,000	9,000	12,000	10,000	
20291000	CW IT Svcs - ACP	57,185	66,878	71,213	65,092	57,000	67,000	71,000	80,000	
20291100	Dtech Labor - ACP	12,560	12,470	19,833	14,954	146,000	12,000	20,000	106,000	
20291200	Dtech Fee - ACP	61,250	79,084	104,031	81,455	47,000	64,000	104,000	116,000	
20291300	Finance System Control & Recon - ACP	278,423	223,364	328,166	276,651	324,000	325,000	280,000	351,000	
20291302	Fin Proll Svc - ACP	3,429	3,972	4,904	4,102	3,000	4,000	5,000	5,000	
20291303	Fin Pmt Svcs - ACP	16,399	45,162	29,787	30,449	16,000	45,000	30,000	29,000	
20291305	Fin Int Audits - ACP	2,413	2,638	3,116	2,722	2,000	3,000	3,000	3,000	
20291306	Fin Sys Control - ACP	15,160	19,596	-	11,585	15,000	20,000	16,000	16,000	
20291600	Wan Charges - ACP	84,525	109,847	169,192	121,188	85,000	110,000	169,000	225,000	
20291700	Alarm Svcs - ACP	2,138	2,192	1,718	2,016	2,000	2,000	2,000	2,000	
20292100	GS Printing Svc	31,759	25,869	38,188	31,938	25,000	50,000	30,000	41,000	
20292200	GS Mail/Postage	191,965	245,077	216,892	217,978	140,000	170,000	200,000	232,000	
20292300	GS-Messenger Services - ACP	4,166	4,504	5,938	4,869	5,000	6,000	6,000	6,000	

GL #	ACCOUNT TITLE	ACTUAL				BUDGET				Year-over-Year Change
		FY 2023-2024 Actual	FY 2024-2025 Actual	FY 2025-2026 Estimated Actual	3-Year Average	FY 2023-24 Approved Budget	FY 2024-25 Approved Budget	FY 2025-26 Approved Budget	FY 2026-27 Proposed Budget	
20292500	GS-Purchasing Services - ACP	1,887	3,060	2,894	2,614	2,000	4,000	3,000	3,000	
20292700	GS-Warehousing Charges	180	112	202	165	1,000	1,000	1,000	1,000	
20294200	County Facility Use Charges - ACP	3,751	4,278	4,706	4,245	4,000	4,000	5,000	5,000	
20295100	Personnel Services - ACP	-	-	96,800	32,267	-	-	97,000	106,000	
20295102	Benefit Administration Services - ACP	10,583	13,984	-	8,189	-	14,000	-	-	
20295103	Employment Services - ACP	36,213	52,996	-	29,736	-	53,000	-	-	
20295104	Training Services - ACP	9,513	12,956	-	7,490	-	13,000	-	-	
20295105	Department Services Transportation - ACP	105,334	63,983	-	56,439	-	70,000	-	-	
20295106	401A Administration Services - ACP	624	698	663	662	-	1,000	1,000	1,000	
20295107	Labor Relations Services - ACP	6,312	9,497	-	5,270	9,000	11,000	-	-	
20295400	Safety Program Services - ACP	1,079	1,079	1,082	1,080	1,000	1,000	1,000	1,000	
20295600	DPS Dept Svcs	-	-	49,941	16,647	-	-	50,000	60,000	
20296200	GS Parking Charges	67,600	65,797	78,295	70,564	130,000	87,000	175,000	130,000	
20297100	Insurance-Liability - ACP	48,446	67,041	69,720	61,736	48,000	67,000	70,000	103,000	
20298300	GS-Surplus Property Management - ACP	2,984	3,217	3,653	3,285	3,000	4,000	4,000	5,000	
20298700	Telecommunication - ACP	11,305	-	21,594	10,966	18,000	19,000	22,000	23,000	
20298703	Land Line Charges - ACP	8,499	19,074	-	13,787	-	-	-	-	
20298900	Telephone Install	-	-	-	-	-	-	-	-	
20299500	Trans Funds	-	-	-	-	-	-	-	-	
	<b>OBJECT 20 TOTAL</b>	<b>6,902,204</b>	<b>6,144,440</b>	<b>7,293,930</b>	<b>6,795,521</b>	<b>7,597,000</b>	<b>7,430,000</b>	<b>8,761,000</b>	<b>9,035,000</b>	<b>3.1%</b>
	<b>OTHER CHARGES</b>									
30332000	Depreciation Expense	645,423	759,289	809,029	737,913	636,000	646,000	785,000	880,000	
30348000	Countywide Cost Allocation - ACP	-	68,046	972,000	346,682	-	68,000	972,000	549,000	
3850000	Amortization on Intangible Assets	-	114,946	153,261	134,103	17,313,000	120,000	200,000	200,000	
	<b>OBJECT 30 TOTAL</b>	<b>645,423</b>	<b>942,281</b>	<b>1,934,290</b>	<b>1,218,699</b>	<b>17,949,000</b>	<b>834,000</b>	<b>1,957,000</b>	<b>1,629,000</b>	<b>-16.8%</b>
	<b>CAPITALIZED COSTS</b>									
43430110	Tenant Improvement Project	-	-	-	-	-	-	-	-	
43430110	Equip - Prop	47,729	103,588	20,746	57,354	51,000	94,000	34,000	400,000	
44440110	Software System	-	613,044	-	204,348	1,000,000	1,750,000	500,000	575,000	
	<b>OBJECT 40 TOTAL</b>	<b>47,729</b>	<b>716,633</b>	<b>20,746</b>	<b>261,703</b>	<b>1,051,000</b>	<b>1,844,000</b>	<b>534,000</b>	<b>975,000</b>	<b>82.6%</b>
	<b>CONTINGENCIES</b>									
79790100	Appropriation For Contingencies	-	-	-	-	192,000	194,000	216,000	234,000	
	<b>OBJECT 70 TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,000</b>	<b>194,000</b>	<b>216,000</b>	<b>234,000</b>	<b>8.3%</b>
	<b>GRAND TOTAL</b>	<b>16,950,286</b>	<b>18,486,042</b>	<b>20,166,298</b>	<b>18,594,239</b>	<b>37,683,000</b>	<b>21,485,000</b>	<b>23,392,000</b>	<b>24,576,000</b>	<b>5.1%</b>

# Draft

2026-2027



# ANNUAL BUDGET

For the Fiscal Year 2026-2027

Sacramento County Employees' Retirement System  
Sacramento, California

Issued By:

**ERIC STERN**  
Chief Executive Officer

**MARGO ALLEN**  
Chief Operations Officer

**JOSÉ MARTÍNEZ**  
Senior Accounting Manager

Sacramento County  
Employees' Retirement System

980 9th Street, Suite 1900  
Sacramento, CA 95814

[SCERS.gov](https://www.scers.gov)

# Draft

## Table of Contents

### SECTION 1 Budget Overview

Message from the CEO.....	4
Budget Methodology.....	5
Budget Summary.....	6
Three-Year Budget Comparison.....	7
FY 2026-27 Proposed Budget vs FY 2025-26 Approved Budget .....	7

### SECTION 2 Budget Detail

Budget Changes.....	9
Salaries and Benefits.....	11
Services and Supplies .....	12
Other Categories.....	14
Summary of Positions.....	15
Organization Chart .....	18

### SECTION 3 Budget by Function

Functional Area Allocation Approach.....	20
Budget by Function – Summary.....	22
Budget by Function – Graph.....	23

### SECTION 4 Statutory Budget Limit

Administrative Expense Budget Limit - Summary.....	25
Administrative Expense Budget Limit - Graph.....	26

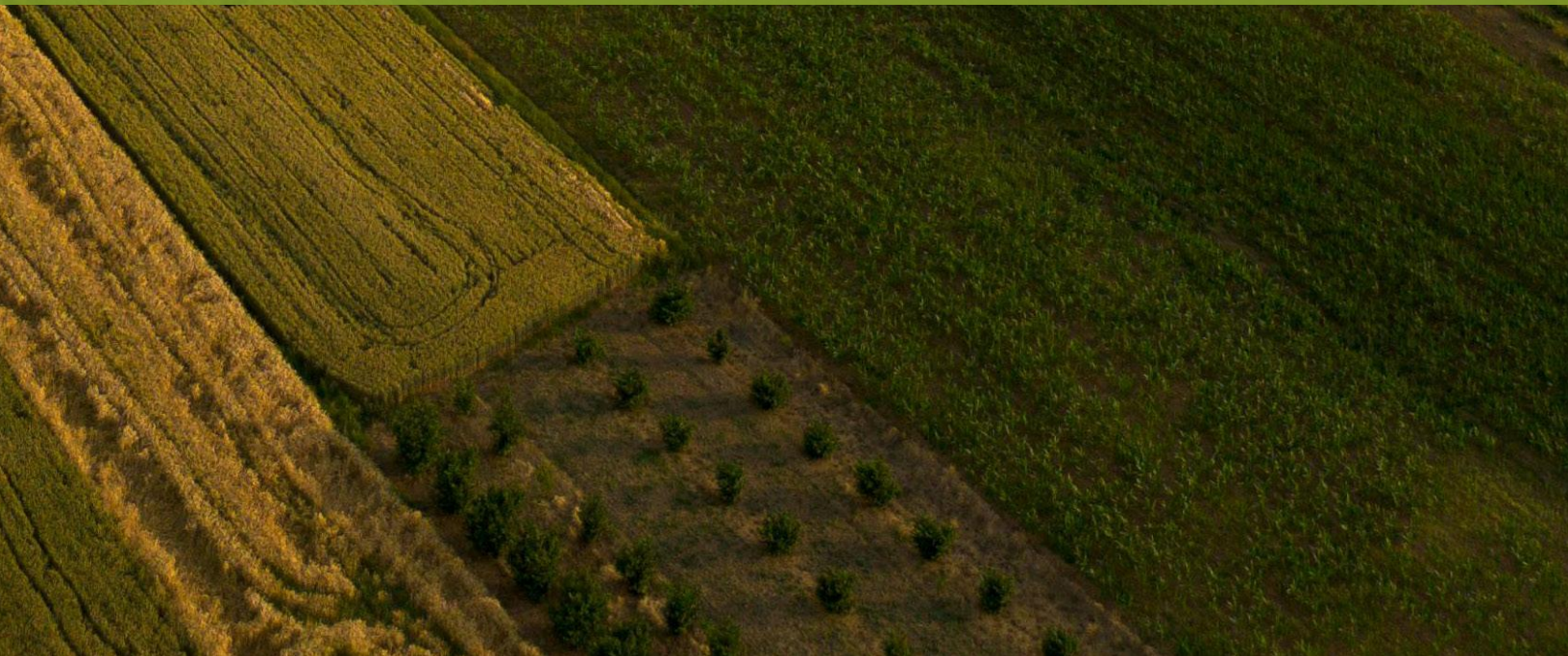
### SECTION 5 Glossary

Glossary.....	28
---------------	----



SECTION ONE

# Budget Overview



Draft

## Message from the Chief Executive Officer

As Chief Executive Officer of the Sacramento County Employees' Retirement System (SCERS or the System), I am pleased to transmit the Fiscal Year 2026–27 Annual Budget. The total operating budget is \$24.6 million, representing an increase of \$1.2 million, or 5.1%, over the prior year. This budget reflects SCERS' continued commitment to prudent financial management, operational effectiveness, and high-quality service to our members and stakeholders.

### Statutory Administrative Expense Limit

In accordance with the County Employees Retirement Law (CERL) of 1937, SCERS' administrative expenses—excluding certain technology, legal, actuarial, and investment-related costs—are limited to 0.21% of the System's actuarial accrued liability. For FY 2026–27, budgeted administrative expenses total \$15.9 million, or 0.10% of the System's actuarial accrued liability as of June 30, 2025. This remains well below the statutory threshold and reflects SCERS' longstanding commitment to fiscal discipline. The System retains approximately \$16.9 million in remaining capacity under the limit.

### Budget Changes

The FY 2026–27 budget incorporates targeted adjustments across major expenditure categories. Salaries and benefits total \$12.7 million, increasing primarily due to modest staffing enhancements, position reclassification, transitional leadership overlap, higher employer benefit costs, and standard compensation adjustments. Services and supplies total \$9.0 million, reflecting increased costs associated with professional services, system support, and County-provided services. These increases are partially offset by reductions in temporary staffing and election-related costs. Other charges decrease to \$1.6 million, primarily due to lower Countywide Cost Allocation charges. Capitalized costs total \$975,000 and reflect planned investments in technology, equipment, and ongoing modernization efforts. Contingency reserves are maintained at one percent of applicable expenditures to support operational flexibility.

This budget represents a balanced approach to addressing operational needs, advancing strategic initiatives, and maintaining cost discipline. It positions SCERS to continue delivering efficient, reliable, and responsive service while supporting the long-term sustainability of the System.

I extend my appreciation to the Board of Retirement for its continued guidance and to SCERS staff for their professionalism and dedication in serving our members.

Respectfully submitted,



Eric Stern  
Chief Executive Officer



The Sacramento County Employee Retirement System (SCERS) Fiscal Year 2026-2027 Annual Budget of \$24,576,000 represents the financial resource needs to achieve SCERS strategic priorities and initiatives. The following budget methods are utilized in the SCERS 2026-2027 annual operating budget:

### Salaries and Benefits:

- Salaries and benefits are projected using Personnel Cost Forecast (PCF) report, with adjustments for changes in positions.
- Salary savings are calculated based on the anticipated hire dates of vacant positions.
- Retirement Debt Service, and Workers Compensation Insurance are derived from the County Allocated Cost Process (ACP).
- Terminal pay, cash-out leave, and overtime are estimated based on the prior year's actual expenses and adjusted for current needs.

### Services and Supplies:

- Services and supplies are based on SCERS' review of prior-year actual expenses, adjusted for anticipated changes, new contracts, and current operational needs.
- Allocated Cost Process (ACP) costs are fixed and charged by the Department of Finance, Technology, Personnel, and General Services.

### Other Charges:

- Depreciation expense covers leased assets, leasehold improvements, equipment, and furniture.
- Amortization expense covers information systems and subscription-based IT arrangements (SBITA).
- Countywide Cost Plan Allocation (CCPA) costs are fixed and 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:

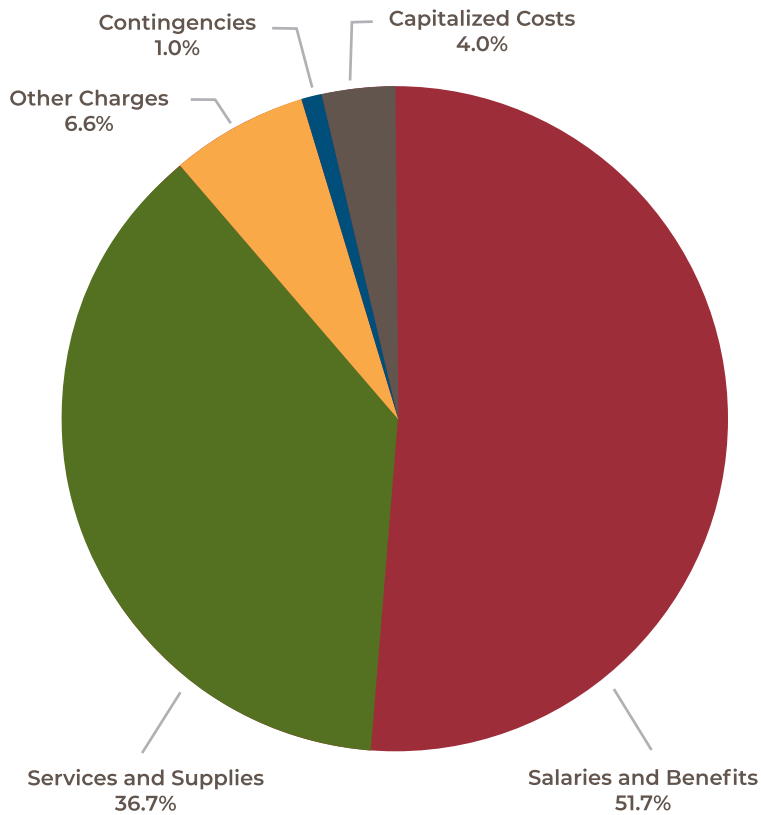
- Capitalized costs include computer equipment, leasehold improvements, furniture, accounting system, pension administration capitalized costs and other IT projects. The budgeted amount is based on anticipated spending.

Draft

## Budget Summary

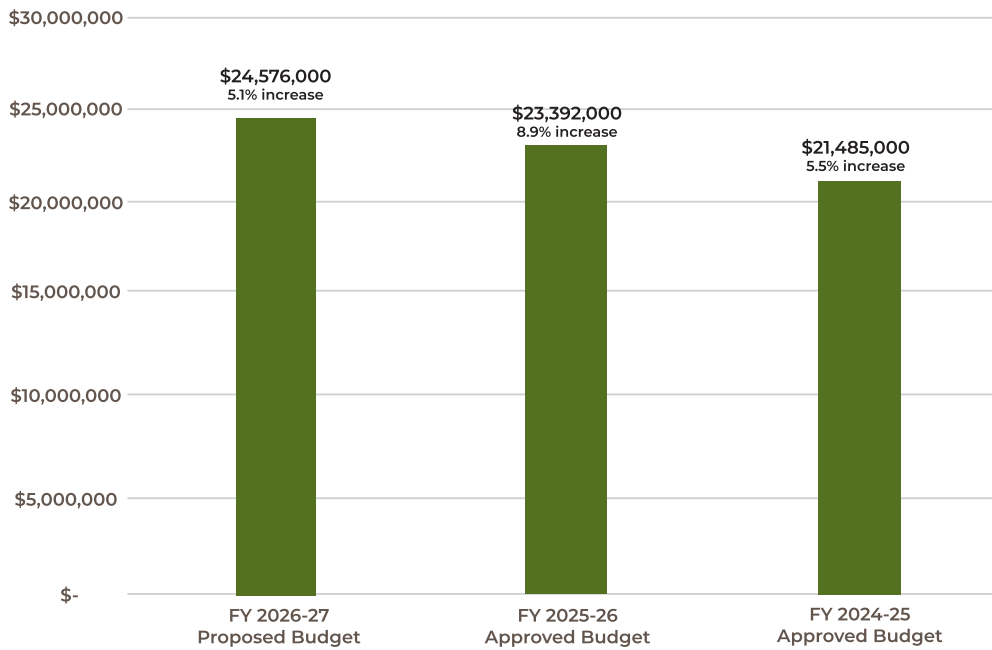
	FY 2026-27 Proposed Budget	FY 2025-26 Approved Budget	Change (%)	FY 2024-25 Approved Budget
Salaries and Benefits	\$12,703,000	\$11,924,000	6.5%	\$11,183,000
Services and Supplies	9,035,000	8,761,000	3.1	7,430,000
Other Charges	1,629,000	1,957,000	-16.8	834,000
Contingencies	234,000	216,000	8.3	194,000
<b>Administrative Expenses Excluding Capitalized Costs</b>	<b>23,601,000</b>	<b>22,858,000</b>	<b>3.3</b>	<b>19,641,000</b>
Capitalized Costs	975,000	534,000	82.6	1,844,000
<b>Total Administrative Budget</b>	<b>\$24,576,000</b>	<b>\$23,392,000</b>	<b>5.1%</b>	<b>\$21,485,000</b>

### Fiscal Year 2026-27 Proposed Budget by Expense Type

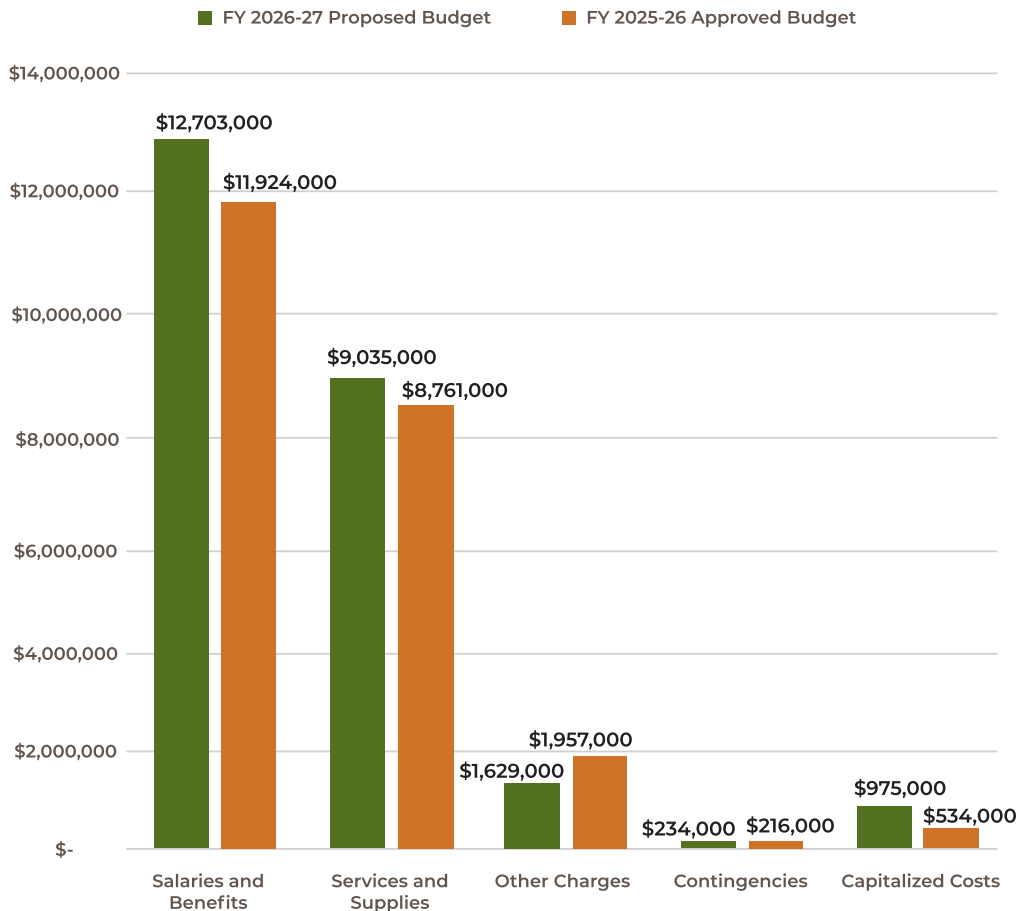


Draft

### Three-Year Budget Comparison



### FY 2026-27 Proposed Budget vs FY 2025-26 Approved Budget





# Draft

SECTION TWO

## **Budget Detail**



## Budget Changes

Significant changes to the Fiscal Year 2026-2027 Budget are outlined below.

### Salaries and Benefits:

- Net increase in salaries and benefits is \$779,000 (6.5%).
- Increase in salaries of \$784,000 (10%) due to two new positions, one reclassification, a three-month COO transition overlap, more filled positions, anticipated cost-of-living adjustments (COLA), step increases, and the incorporation of management differential shifting into base salary under recent labor agreements.
- Increase in 401A Plan Employer Cost of \$233,000 (218%) is due to new benefits for non-management staff and increased benefits for management under recent labor agreement updates.
- Decrease in Retirement Pension Obligation Bond (POB) debt service of \$376,000 (67%) is due to payment of POB debt by the County.

### Services and Supplies:

- Net increase in services and supplies is \$274,000 (3.1%).
- Increase in Professional Services of \$278,000 (101%) is primarily due to anticipated costs for audit and risk management services, strategic management services, a commercial banking RFP, and a compensation study.
- Increase in Investment Services of \$206,000 (10%) is mainly driven by new manager searches.
- Increase in Allocated Cost Process (ACP) of \$206,000 (37%) mainly related to Department of Technology labor, wide area network, and liability insurance.
- Increase in Legal Services of \$111,000 (8%) reflects a standard annual increase to support ongoing legal services.
- Increase in Software Services of \$108,000 (33%) is primarily due to higher recurring costs associated with online services.
- Decrease in IT services of \$386,000 (38%) is due to majority of the Pension Administration System (PAS) pre-engagement work being completed in FY 2025-26, resulting in lower budget requirements in FY 2026-27.
- Decrease in Temporary Staffing Services of \$140,000 (70%) is due to more full-time filled positions.
- Decrease in Election Services of \$60,000 or 100% is due to no Board election in FY 2026-2027.

### Other Charges:

- Net decrease in other charges is \$328,000 (16.8%).
- Decrease in Countywide Cost Allocation of \$423,000 (44%) is due to lower allocated costs from the County.
- Increase in depreciation and amortization costs of \$95,000 (12%) due to the anticipated purchase of new capital assets.

Draft

**Capitalized Costs:**

- Increase in capitalization of \$441,000 (83%) is due to the anticipated purchase of boardroom equipment, furniture, and digital transformation initiatives.

**Category Changes:**

- FY 2026–27 Budget reclassifies certain expenses to align with the County’s general ledger structure for Allocated Cost Package (ACP) charges, and to reflect the incorporation of premium pay into base salary under recent labor agreements.

<b>FY 2026-27</b>	<b>FY 2025-26</b>
Salaries & Wages-Regular Employees	Salaries & Wages-Premium Pay
General Accounting and Systems	Finance System Control & Recon - ACP

Draft

Salaries and Benefits

	FY 2026-27 Proposed Budget	FY 2025-26 Approved Budget	\$ Change	% Change	FY 2025-26 Estimated Actual
Salaries & Wages-Regular Employees	\$8,845,000	\$8,061,000	\$784,000	9.7%	\$7,320,000
Salaries & Wages-Committee Members	10,000	8,000	2,000	25.0	11,300
Salaries & Wages-Time & One Half O/T	7,000	10,000	(3,000)	-30.0	5,000
Salaries & Wages-Straight Time O/T	2,000	2,000	-	-	1,000
Salaries & Wages-Premium Pay	-	114,000	(114,000)	-100	102,035
Extra Help	42,000	56,000	(14,000)	-25.0	33,748
Allowances	7,000	7,000	-	-	6,600
Terminal Pay	10,000	47,000	(37,000)	-78.7	15,000
Leave Cash Out	30,000	30,000	-	-	10,984
Group Insurance - Employer Cost	1,118,000	1,051,000	67,000	6.4	761,725
Health Savings - Employer Cost	57,000	49,000	8,000	16.3	46,453
OASDI	617,000	569,000	48,000	8.4	428,950
401A Plan- Employer Cost	340,000	107,000	233,000	217.8	147,421
Retirement-2004 POB Debt Service	188,000	564,000	(376,000)	-66.7	610,474
Retirement-Normal & UAAL	1,636,000	1,585,000	51,000	3.2	1,299,975
Workers Compensation Insurance	18,000	18,000	-	-	19,738
Salary Savings Factor	(224,000)	(354,000)	130,000	-36.7	-
<b>Salaries and Benefits Total</b>	<b>\$12,703,000</b>	<b>\$11,924,000</b>	<b>\$779,000</b>	<b>6.5%</b>	<b>\$10,917,331</b>

Draft

Services and Supplies

	FY 2026-27 Proposed Budget	FY 2025-26 Approved Budget	\$ Change	% Change	FY 2025-26 Estimated Actual
401A Administrative Services- ACP	\$1,000	\$ 1,000	\$-	-%	\$663
Accounting Services	76,000	76,000	-	-	76,000
Actuarial Services	398,000	340,000	58,000	17.1	300,000
Advertising/Legal Notices	5,000	1,000	4,000	400.0	2,121
Alarm Services - ACP	2,000	2,000	-	-	1,718
Assessment Collection	5,000	3,000	2,000	66.7	4,780
Board Meetings	11,000	26,000	(15,000)	-57.7	5,100
Building Maintenance Services	25,000	35,000	(10,000)	-28.6	-
Business/Conference Expense	210,000	230,000	(20,000)	-8.7	171,930
County Facility Use Charges - ACP	5,000	5,000	-	-	4,706
Countywide IT Services - ACP	80,000	71,000	9,000	12.7	71,213
Data Processing Supplies	36,000	36,000	-	-	28,772
Department of Finance Services	351,000	280,000	71,000	25.4	328,166
Department Services- ACP	60,000	50,000	10,000	20.0	49,941
Department of Technology Fee- ACP	116,000	104,000	12,000	11.5	104,031
Department of Technology Labor	287,000	400,000	(113,000)	-28.3	190,689
Department of Technology Labor- ACP	106,000	20,000	86,000	430	19,833
Education & Training Services	5,000	18,000	(13,000)	-72.2	9,998
Election Services	-	60,000	(60,000)	-100.0	48,800
Employee Recognition	20,000	18,000	2,000	11.1	18,000
Employee Tuition Reimbursement	8,000	10,000	(2,000)	-20.0	5,000
Finance Internal Audits	3,000	3,000	-	-	3,116
Finance Payment Services	29,000	30,000	(1,000)	-3.3	29,787
Finance Payroll Services	5,000	5,000	-	-	4,904
General Accounting and Systems	16,000	16,000	-	-	16,101
GS-Mail/Postage Charges	232,000	200,000	32,000	16.0	216,892
GS-Messenger Services	6,000	6,000	-	-	5,938
GS-Parking Charges	130,000	175,000	(45,000)	-25.7	78,295

Draft

Services and Supplies (cont.)

	FY 2026-27 Proposed Budget	FY 2025-26 Approved Budget	\$ Change	% Change	FY 2025-26 Estimated Actual
GS-Printing Services	\$41,000	\$30,000	\$11,000	36.7%	\$38,188
GS-Purchasing Services	3,000	3,000	-	-	2,894
GS-Surplus Property Management	5,000	4,000	1,000	25.0	3,653
GS-Warehousing Charges	1,000	1,000	-	-	202
Information Technology Services	639,000	1,025,000	(386,000)	-37.7	366,000
Insurance-Premium	205,000	203,000	2,000	1.0	180,123
Interest Expense-Lease (ROU)	189,000	200,000	(11,000)	-5.5	205,770
Investment Services/Consultants and Other	2,269,000	2,063,000	206,000	10.0	2,397,332
Legal Services	1,430,000	1,319,000	111,000	8.4	847,403
Liability Insurance- ACP	103,000	70,000	33,000	47.1	69,720
Medical Services	300,000	330,000	(30,000)	-9.1	56,821
Memberships	31,000	37,000	(6,000)	-16.2	36,000
Office Equipment Maintenance	2,000	3,000	(1,000)	-33.3	1,843
Office Equipment Modular Furniture	5,000	8,000	(3,000)	-37.5	6,000
Office Supplies	14,000	10,000	4,000	40.0	10,000
Other Professional Services	553,000	275,000	278,000	101.1	390,562
Periodicals & Subscriptions	7,000	4,000	3,000	75.0	6,500
Personnel Services- ACP	106,000	97,000	9,000	9.3	96,800
Postage Services	20,000	20,000	-	-	17,000
Printing Services	15,000	15,000	-	-	15,000
Rents/Leases- Equipment	18,000	15,000	3,000	20.0	11,337
Rents/Leases/RL Property	68,000	48,000	20,000	41.7	62,000
Reporting Services	30,000	30,000	-	-	30,000
Safety Program- ACP	1,000	1,000	-	-	1,082
Security Services	1,000	1,000	-	-	384
Software	432,000	324,000	108,000	33.3	382,262
Telecommunication	10,000	12,000	(2,000)	-16.7	6,500
Telecommunication- ACP	23,000	22,000	1,000	4.5	21,594
Temporary Staffing Services	60,000	200,000	(140,000)	-7.0	65,273
Transcribing Services	1,000	1,000	-	-	-
Wide Area Network - ACP	225,000	169,000	56,000	33.1	169,192
<b>Services and Supplies Total</b>	<b>\$9,035,000</b>	<b>\$8,761,000</b>	<b>\$274,000</b>	<b>3.1%</b>	<b>\$7,293,930</b>

Draft

Other Charges, Contingencies & Capitalized Costs

	FY 2026-27 Proposed Budget	FY 2025-26 Approved Budget	\$ Change	% Change	FY 2025-26 Estimated Actual
<b>Other Charges</b>					
Depreciation Expense	\$880,000	\$785,000	\$95,000	12.1%	\$809,028
Amortization Expense	200,000	200,000	-	-	153,261
Countywide Cost Allocation- ACP	549,000	972,000	(423,000)	-43.5	972,000
<b>Other Charges Total</b>	<b>1,629,000</b>	<b>1,957,000</b>	<b>(328,000)</b>	<b>-16.8</b>	<b>1,934,289</b>
<b>Contingencies</b>					
Appropriation For Contingencies	234,000	216,000	18,000	8.3	-
<b>Contingencies Total</b>	<b>234,000</b>	<b>216,000</b>	<b>18,000</b>	<b>8.3</b>	<b>-</b>
<b>Administrative Expenses Excluding Capitalized Costs</b>	<b>23,601,000</b>	<b>22,858,000</b>	<b>743,000</b>	<b>3.3</b>	<b>20,145,551</b>
<b>Capitalized Costs</b>					
Tangible Assets	400,000	34,000	366,000	1076.5	20,746
Intangible Assets	575,000	500,000	75,000	15.0	-
<b>Capitalized Costs Total</b>	<b>975,000</b>	<b>534,000</b>	<b>441,000</b>	<b>82.6</b>	<b>20,746</b>
<b>Total Budget</b>	<b>\$24,576,000</b>	<b>\$23,392,000</b>	<b>\$1,184,000</b>	<b>5.1%</b>	<b>\$20,166,297</b>

Draft

Summary of Positions

	FY 2026-27 Proposed	FY 2025-26 Approved	Change	FY 2025-26* Filled
<b>Administration</b>				
Chief Executive Officer (Retirement Administrator)	1	1	-	1
Chief Operations Officer (Asst Retirement Admin-Operations Rng B)	1	1	-	1
Retirement General Counsel Rng B	1	1	-	1
Executive Secretary	1	-	1	-
Sr Office Specialist Conf	-	1	(1)	1
Sr Public Information Officer	1	1	-	1
Admin Svcs Officer 2	1	1	-	1
Admin Svcs Officer 1	1	1	-	1
Office Specialist Lv 2	3	3	-	3
Office Specialist Lv 1	1	1	-	1
Paralegal	1	1	-	1
<b>Administration Total</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>12</b>

Draft

Summary of Positions (cont.)

	FY 2026-27 Proposed	FY 2025-26 Approved	Change	FY 2025-26* Filled
<b>Benefits</b>				
Chief Benefits Officer (Asst Retirement Admin-Benefits Rng B)	1	1	-	1
Retirement Services Manager	2	2	-	2
Retirement Services Analyst	3	3	-	1
Retirement Services Supervisor	4	4	-	4
Sr Retirement Benefits Specialist	7	7	-	6
Retirement Benefits Specialist Lv 2	13	13	-	13
Retirement Benefits Specialist Lv 1	5	5	-	5
Office Specialist Lv 2	3	3	-	3
Office Specialist Lv 1	2	2	-	1
<b>Benefits Total</b>	<b>40</b>	<b>40</b>	<b>-</b>	<b>36</b>
<b>Finance</b>				
Sr Accounting Manager	1	1	-	1
Accounting Manager	2	2	-	2
Sr Accountant	3	3	-	3
Accountant	3	2	1	2
Accounting Technician	3	3	-	3
<b>Finance Total</b>	<b>12</b>	<b>11</b>	<b>1</b>	<b>11</b>

Draft

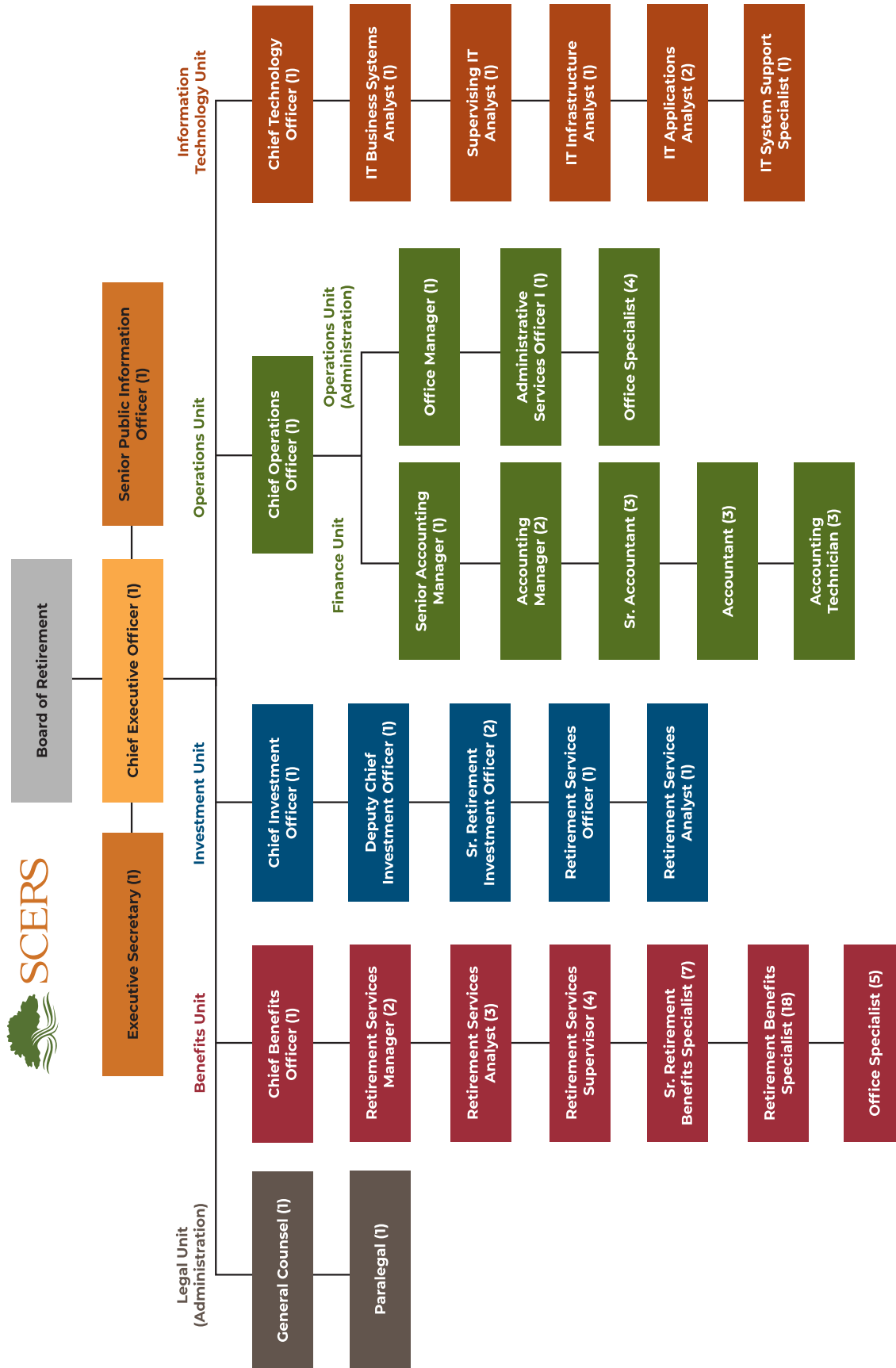
Summary of Positions (cont.)

	FY 2026-27 Proposed	FY 2025-26 Approved	Change	FY 2025-26* Filled
<b>Information Technology</b>				
Chief Technology Officer (Asst Retirement Admin-Enterprise Rng B)	1	1	-	1
Info Tech Business Systems Analyst 3	1	1	-	1
Supv Information Technology Analyst	1	1	-	1
Info Tech Infrastructure Analyst Lv 2	1	1	-	1
Info Tech Applications Analyst Lv 2	2	2	-	2
IT Systems Support Specialist Level II	1	-	1	-
<b>Information Technology Total</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>6</b>
<b>Investment</b>				
Chief Investment Officer Retirement Rng B	1	1	-	1
Deputy Chief Investment Officer (Asst Retirement Admin-Investment Rng B)	1	1	-	1
Sr Retirement Investment Officer	2	2	-	2
Retirement Investment Analyst Lv 1	1	1	-	1
Retirement Investment Officer	1	1	-	1
<b>Investment Total</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>Total Positions</b>	<b>77</b>	<b>75</b>	<b>2</b>	<b>71</b>

\*Fiscal year 2025-26 filled positions are presented as of April 30, 2026.

Draft

# Organization Chart



Draft

SECTION THREE

# Budget by Function



# Draft Functional Area Allocation Approach

SCERS organizes its budget into functional areas based on the primary responsibilities of each team. Costs are assigned either directly to the function that incurs them or centrally to Administration for shared organizational expenses.

## Functional Areas

- **Board of Retirement**  
Provides oversight of SCERS, including participation in Board and Committee meetings, policy decisions, and business conferences.
- **Administration**  
Manages overall agency operations, including office and facility management, human resources, and administrative support. Administration also serves as the central function for shared organizational (indirect) costs.
- **Benefits**  
Administers retirement, disability, and survivor benefits, and provides services to active, deferred, and retired members.
- **Finance**  
Manages financial operations, including pension payroll, refunds, vendor payments, accounting, budgeting, audit coordination, actuarial support, and financial reporting.
- **Information Technology (IT)**  
Maintains and supports SCERS systems, software, and equipment, and leads technology modernization efforts.
- **Investments**  
Oversees and implements SCERS investment program and supports the Board in executing investment decisions.

## How Costs Are Allocated

SCERS uses a simplified and consistent approach to assign costs across functions.

### 1. Salaries and Benefits

- 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 monthly.
- The Board of Retirement function includes stipends paid to Board members who are not County employees.

### 2. Services and Supplies

#### a. Direct Costs

- Costs that clearly relate to a specific function are charged directly to that function.
- Examples include IT services, investment-related expenses, and audit.

# Draft

- Indirect Costs

- Costs that support overall agency operations are assigned to the Administration function.

- These include County charges, insurance, office supplies, postage, printing, rent, and similar shared services.

### 3. Other Charges

- Includes depreciation, amortization, and Countywide cost allocation.
- Depreciation and amortization related to IT assets are assigned to the IT function. All other depreciation, amortization, and Countywide cost allocation are assigned to the Administration function as centralized overhead.

### 4. Contingencies

- Contingency funds are maintained for unforeseen needs.
- These funds are assigned to the Administration function.

### 5. Capitalized Costs

- Capitalized costs include furniture, IT equipment, leasehold improvements, and the Pension Administration System (PAS).
- Furniture and leasehold improvements are assigned to the Administration function.
- The PAS and other technology-related capital costs are assigned to the Information Technology function.

Draft

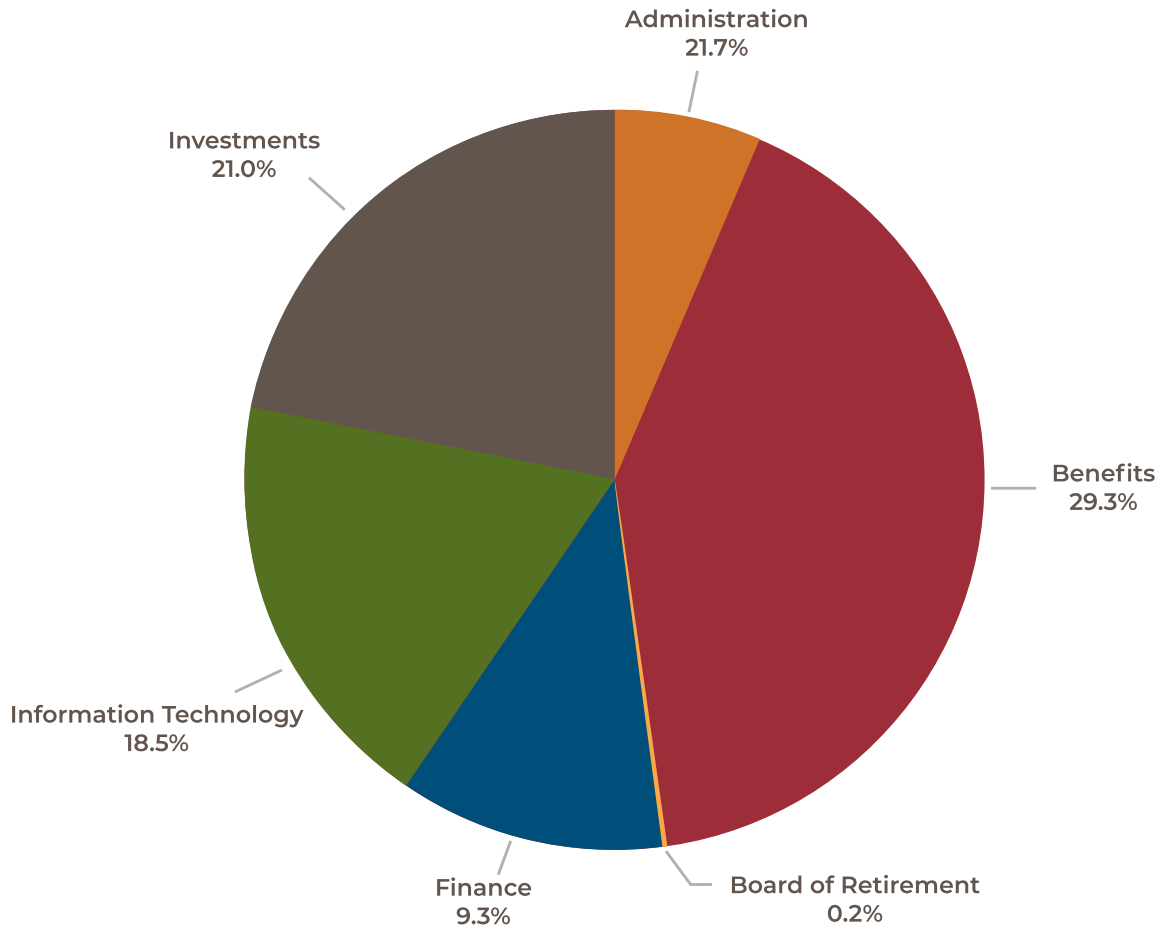
Functional Budget Summary - Fiscal Year 2026-27

	Salaries and Benefits	Services and Supplies	Other Charges	Contingencies	Capitalized Costs	Total
Benefits	\$5,018,000	\$2,175,000	\$-	\$-	\$-	\$7,193,000
Administration	2,120,000	1,599,000	1,312,000	234,000	75,000	5,340,000
Investment	1,890,000	3,272,000	-	-	-	5,162,000
IT	1,546,000	1,774,000	317,000	-	900,000	4,537,000
Finance	2,119,000	171,000	-	-	-	2,290,000
Board of Retirement	10,000	44,000	-	-	-	54,000
<b>Total</b>	<b>\$12,703,000</b>	<b>\$9,035,000</b>	<b>\$1,629,000</b>	<b>\$234,000</b>	<b>\$975,000</b>	<b>\$24,576,000</b>

	Salaries and Benefits	Services and Supplies	Other Charges	Contingencies	Capitalized Costs	Total
Benefits	39.5%	24.1%	-%	-%	-%	29.3%
Administration	16.7	17.7	80.5	100	7.7	21.7
Investment	14.9	36.2	-	-	-	21.0
IT	12.2	19.6	19.5	-	92.3	18.5
Finance	16.7	1.9	-	-	-	9.3
Board of Retirement	0.1	0.5	-	-	-	0.2
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Draft

Budget by Function Fiscal Year 2026-27





Draft

SECTION FOUR

# Statutory Budget Limit

Draft

## Administrative Expense Budget Limit - Summary

### Statutory Administrative Expense Limit (CERL)

The Administrative Budget is governed by Section 31580.2 of the California Government Code (County Employees Retirement Law of 1937), which limits administrative expenses to 0.21% of total actuarial accrued liabilities. Certain costs related to investment, actuarial, legal, and technology activities are excluded from this limit.

Based on actuarial accrued liabilities of \$15.6 billion, the FY 2026-27 administrative budget of \$15.9 million is well below the \$32.8 million limit. Of the total \$24.6 million operating budget, approximately \$8.7 million is excluded from the cap.

	FY 2026-27	FY 2025-26	Change
Actuarial Accrued Liability*	\$ 15,597,205	\$ 15,002,017	\$ 595,188
CERL Maximum Limit (%)	0.21%	0.21%	-
Maximum Allowable Administrative Expenses	32,754	31,504	1,250
CERL-Eligible Administrative Expenses**	15,903	14,141	1,762
Remaining Capacity Under CERL Limit	16,851	17,363	(512)
<b>Administrative expenses as % of Actuarial Accrued Liability</b>	<b>0.10%</b>	<b>0.09%</b>	<b>0.01%</b>

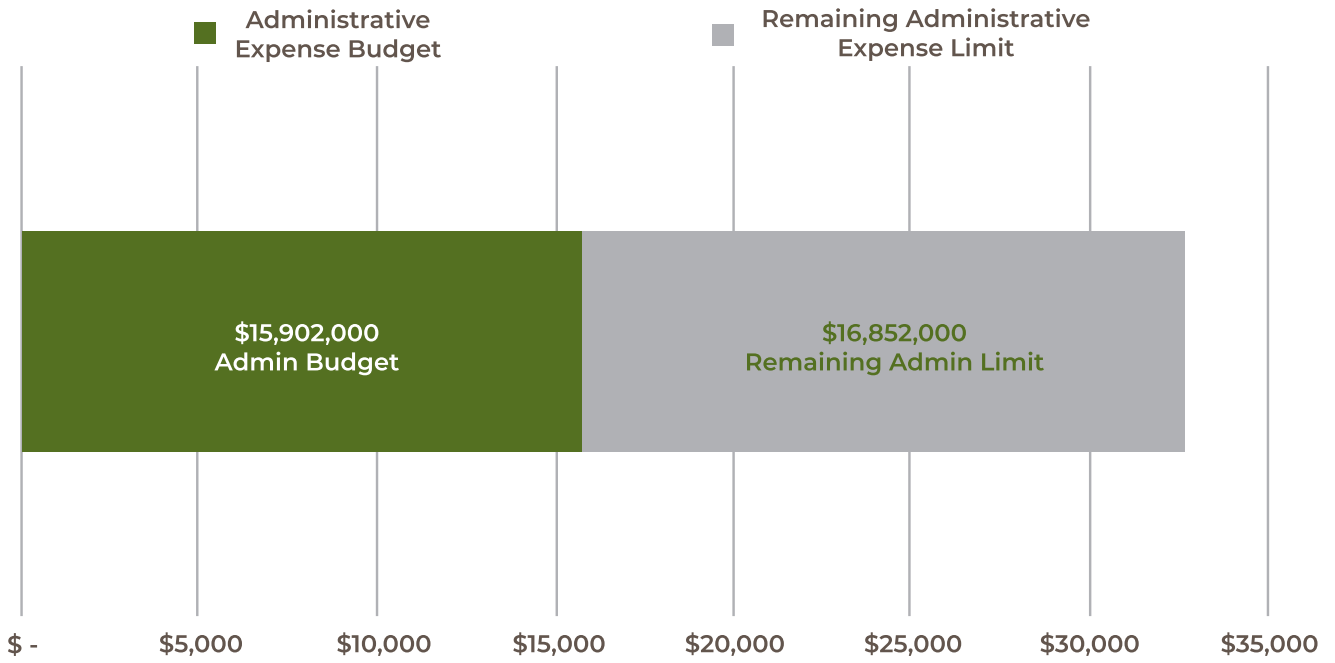
\*Actuarial Accrued Liability, based on the prior fiscal year’s valuation, is used to determine the CERL limit for the current year.

\*\*Calculation of CERL-Eligible Administrative Expenses:

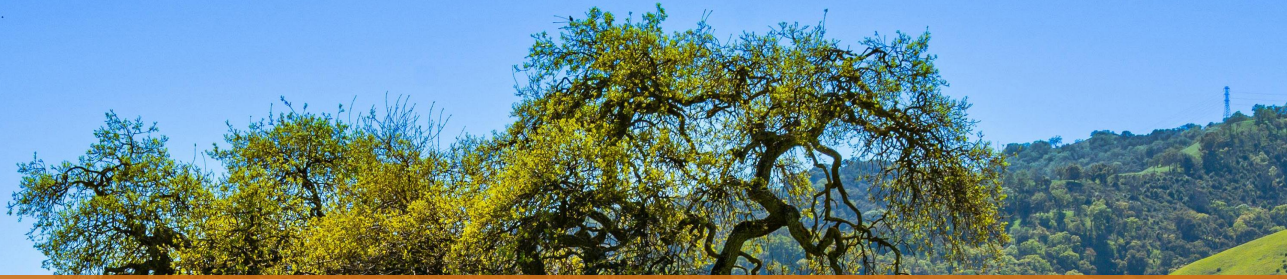
	FY 2026-27	FY 2025-26	Change
Total Budget	\$24,576	\$ 23,392	\$1,184
Investments Expenses	(4,247)	(4,905)	658
IT Expenses	(1,699)	(2,186)	487
Legal Expenses	(1,430)	(1,320)	(110)
Actuarial Expenses	(398)	(340)	(58)
Capitalized Costs	(900)	(500)	(400)
<b>Administrative Expenses Budget (CERL-Eligible)</b>	<b>\$15,902</b>	<b>\$ 14,141</b>	<b>\$1,761</b>

# Draft

## Statutory Administrative Expense Limit Utilization (Fiscal Year 2026-27)



# Draft



SECTION FIVE

## **Glossary**



## Glossary

Account Title	Description
<b>401A Administrative Services-ACP</b>	Expense attributed to the administration of the 401(a) Retirement Savings Deferred Compensation Plan for employees.
<b>401A Plan-Employer Cost</b>	This is the IRC 401(a) Retirement Savings Deferred Compensation Plan for employees. When the employee participates in the County's IRC 457(b) Deferred Compensation Plan, SCERS provides a match of up to 3% or of up to 5% of the employee's salary, based on the employee's bargaining unit and labor agreement.
<b>Accounting Services</b>	Expenses related to annual external audits.
<b>Actuarial Services</b>	Expenses attributed to actuarial services.
<b>Advertising/Legal Notices</b>	Expenses comprised of publicizing public hearings, legal notices, employment announcements, and solicitations for professional consultants and service providers.
<b>Alarm Services</b>	Expenses related to alarm services allocated from the Department of General Services.
<b>Allowances</b>	This line item is comprised of car allowance provided to the Chief Executive Officer.
<b>Amortization of Intangible Assets</b>	This is an amortization expense of intangible assets.
<b>Appropriation for Contingencies</b>	This line item is comprised of 1% of the total Salaries and Benefits, total Services and Supplies, and Other Charges expenses.
<b>Assessment Collection</b>	This line item is County Revenue Recovery fees for the collection of outstanding account receivables.
<b>Board Meetings</b>	Retirement Board expenses, including refreshments and meals.
<b>Building Maintenance Services</b>	Expenses related to building maintenance, including lighting installments, electrical system maintenance, and other utility services.
<b>Business/Conference Expense</b>	Expenses comprised of educational seminars, conferences, and meetings attended by Board members and SCERS staff, including registration, hotel, transportation, meals, tolls, parking, and other travel costs.
<b>Computer Software</b>	This line item is comprised of capitalized costs related to SCERS' implementation of a workflow solution software, including the software and hardware costs (if any). Costs for the software related to activities in the application development stage will be capitalized and amortized over the estimated useful life of the software. Amortization of the capitalized costs will begin once the software is ready for its intended use.
<b>County Employee Plan Select</b>	Expenses related to the cost of employee plan selection and changes.

Draft

<b>County Facility Use Charges - ACP</b>	This is a County allocated cost for the County’s shared meeting room based on 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 allocated based on the number of permanent authorized positions.
<b>Countywide Cost Allocation - ACP</b>	This is a County allocated cost indirect overhead and support service costs. Additional services are provided separately which are distributed through billing or cost transfer mechanisms such as Employee Fringe Benefits, County Executive Office, Labor Relations, Data Processing- Shared Systems, Civil Service Commission, Personnel Services, Finance, County Counsel, Regional Parks, General Services, Liability, Worker’s Compensation, Regional Radio Communications System, Department of Technology, and other cost allocations.
<b>Countywide IT Services - ACP</b>	This is a County allocated cost for services provided by the Department of Technology which includes County data centers, county-wide service desk, county-wide security, 3-1-1 contact center/County-wide communications center, and policy and planning initiatives. The charges are based on historical usage data and input from County Departments.
<b>Data Processing Supplies</b>	Expenses for purchases of non-capitalized equipment and supplies, including computers, monitors, laptop computers, and printers.
<b>Dental Plan</b>	Expenses related to the cost of employee dental plan.
<b>Department of Finance Services</b>	Expenses related to pension payroll services performed by the County Department of Finance. Charges are based on the cost per warrant and the total number of warrants processed.
<b>Department Services - ACP</b>	This is County allocated cost related to Employee Relations Team, Medical/Leaves Team, Payroll Team, and Specialized HR.
<b>Depreciation Expense</b>	Depreciation expense for capital assets such as building improvements, furniture, computer hardware, information system, office equipment, and office lease (GASB 87).
<b>Department of Technology Fee - ACP</b>	Expenses related to services provided by County Department of Technology for Power Business Intelligence, data storage, and virtual servers.
<b>Department of Technology Labor</b>	Expenses related to services provided by County Department of Technology for special projects and internal orders.
<b>Department of Technology Labor-ACP</b>	Expenses related to services provided by County Department of Technology for desktop support, server support, and data migration.
<b>Employee Assistance Program (EAP)</b>	Expenses pertaining to employee assistance programs.
<b>Education &amp; Training Services</b>	Expenses pertaining to annual membership of online learning programs.
<b>Election Services</b>	Expenses related to SCERS Board member elections.

Draft

<b>Employee Recognition</b>	Expenses comprised of water and coffee supplies for staff, refreshments for staff meetings, and other employee recognition items.
<b>Employee Tuition Reimbursement</b>	Employee tuition reimbursement payments range from \$1,200 to \$1,500 per employee based on the employee's bargaining unit and labor agreement.
<b>Extra Help</b>	This line item is comprised of temporary employees.
<b>Finance Internal Audits - ACP</b>	Expenses related to internal audit services provided by County Department of Finance.
<b>Finance Payment Services - ACP</b>	Expenses related to vendor payment services provided by County Department of Finance.
<b>Finance Payroll Services - ACP</b>	Expenses related to employee payroll services provided by County Department of Finance.
<b>Finance System Control &amp; Recon - ACP</b>	This is the County allocated cost for maintaining overall function of the enterprise resource planning system – COMPASS, by performing system testing, upgrading, responding to service desk tickets, and maintaining user security. The costs of the System Control & Reconciliation unit are allocated to County departments and offices based on transaction counts for all document types, except payment issuance and payment clearing transactions.
<b>General Accounting and System</b>	This is the County allocated cost for maintaining overall function of the enterprise resource planning system – COMPASS, performing system testing for Legal Change packages, testing other changes and upgrade related to financials, monitoring and reviewing work roles and standard. The costs of General Accounting & Systems are allocated to County departments and offices based on transaction counts, including, but not limited to, journal entries, fixed assets, debt service activities, appropriations, and other financial system transactions, excluding payment issuance and payment clearing transactions.
<b>Group Insurance - Employer Cost</b>	Employer's contributions of health and dental insurance premiums. This is provided in the County's Personnel Cost Forecasting Report which calculates prior calendar year actual premium payments through December pay period 26 and adjusted to incorporate anticipated staffing changes in the budgeted fiscal year.
<b>GS-Mail/Postage Charges</b>	Expenses related to U.S. postage and handling fees for sorted and unsorted first-class mailings and certified mailings provided by County Department of General Services, including distribution of notices and forms to SCERS members, and postage costs for pension warrant and annual statements. The total annual cost for postage is determined by usage. Refer to account line-item Postage Services for mailing services provided by external vendor.
<b>GS-Messenger Services</b>	This is a County allocated cost from County Department of General Services for delivery of County inter-departmental mail. The annual cost is based on mail/messenger pick-up or delivery stop.
<b>GS-Parking Charges</b>	Expense of parking space provided to employees.

Draft

<p><b>GS-Printing Services</b></p>	<p>Expenses for printing service provided by County Department of General Services, including forms, letters, and other materials. The annual printing cost depends upon the size and complexity of printing services requested. See account line-item Printing Services for printing services provided by external vendors.</p>
<p><b>GS-Purchasing Services</b></p>	<p>This is a County allocated cost from County Department of General Services, Contract and Purchasing Services Division, for a centralized purchasing process and for monitoring contracted vendor performance and resolving 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.</p>
<p><b>GS-Surplus Property Management</b></p>	<p>This is a County allocated cost from County Department of General Services 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.</p>
<p><b>GS-Warehousing Charges</b></p>	<p>Expenses related to central warehouse and records management service provided by County Department of General Services, including the receipt, storage, retrieval, and destruction of semi-active and/or inactive records. Costs are based on number of pallets.</p>
<p><b>Health Savings - Employer Cost</b></p>	<p>This line item includes the Retirement Health Savings Plan (RHSP) costs for each eligible employee up to \$30 per pay period, varying based on bargaining unit.</p>
<p><b>Information Technology Services</b></p>	<p>Expenses related to SCERS' public website hosting, intranet hosting, and maintenance and application support.</p>
<p><b>Insurance - Premium</b></p>	<p>This represents the annual fiduciary insurance policy cost.</p>
<p><b>Interest Expense-Lease (ROU)</b></p>	<p>Interest expense portion of SCERS office lease payments. Governmental Accounting Standard Board Statement No 87 requires lessee (SCERS) to reduce the lease liability as payments are made and recognize an outflow of resources for interest of the liability.</p>
<p><b>Investment Services/Consultants and Other</b></p>	<p>Investment-related expenses for consulting services and third-party vendor services, including the accounting and reporting of private market investments. This line item excludes investment manager fees, which are paid directly from the custodial fund and are not included in the budget.</p>
<p><b>IT Equipment</b></p>	<p>This line item is to record any large purchases of Information Technology (IT) equipment that is to be capitalized, including portable computers (PCs), laptops, and tablets.</p>
<p><b>Legal Services</b></p>	<p>Expenses related to legal services such as legal consultation and representation.</p>
<p><b>Leave Cash Out</b></p>	<p>Employees can cash in up to forty (40) hours/year vacation after ten (10) years of service and 240 hours accrued vacation. Eligible employees receive cash payment on their accrued vacation hours. The payments are made in the following calendar year of the application.</p>

Draft

<b>Liability Insurance - ACP</b>	Expenses related to allocation of liability insurance from the County.
<b>Life Insurance</b>	Expenses related to cost of employee life insurance.
<b>Medical Services</b>	Expenses pertaining to disability retirement applications processing, including independent medical examinations, laboratory work, and specialized copying services.
<b>Memberships</b>	Annual membership dues for professional associations.
<b>OASDI</b>	Employer's mandated Social Security and Medicare Tax payments.
<b>Office Equipment Maintenance</b>	Expenses comprised of maintenance of office equipment such as desks, chairs, tables, filing cabinets, and other office furniture.
<b>Office Equipment Modular Furniture</b>	Expenses comprised of purchases for desks, chairs, tables, filing cabinets, and other office furniture.
<b>Office Supplies</b>	Expenses comprised of consumable supplies and miscellaneous office items.
<b>Other Professional Services</b>	Expenses attributed to professional services, such as graphic design, communication consulting, customer experience management, strategic planning, video production, photography, financial statements formatting, process improvement, and disaster recovery plan services.
<b>Periodicals &amp; Subscriptions</b>	Expenses related to subscriptions, such as international business newspapers, daily financial newspapers, and other news and article subscriptions.
<b>Personnel Services - ACP</b>	Expenses related to the programs, such as Employment Services, Training and Organizational Development, Benefits Administration, Labor Relations. These programs are allocated to SCERS based on total full-time equivalent (FTE).
<b>Postage Services</b>	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, BRM Permit charges, and other express mailing services.
<b>Printing Services</b>	Expenses 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.
<b>Rents/Leases-Equipment</b>	Lease expenses for printers and photocopiers, including maintenance and repair service.
<b>Rents/Leases/RL Property</b>	Expenses related to lease operating expenses and storage fees.
<b>Reporting Services</b>	Expenses for contract services provided by the Office of Administrative Hearings related to retirement disability cases as required by the Retirement Board.

Draft

<b>Retirement-2004 PCF Debt Service</b>	This is a County allocated cost pertaining to the principal and interest payments of the 2004 POB. Costs are allocated based on SCERS' total salaries.
<b>Retirement-Normal &amp; UAAL</b>	This represents the employer's share of pension cost, which includes normal cost and Unfunded Actuarial Accrued Liability (UAAL) contributions.
<b>Safety Program - ACP</b>	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).
<b>Salaries &amp; Wages-Committee Members</b>	Salaries and wages for Board members who are not County employees to attend regular and special Board and Committee meetings.
<b>Salaries &amp; Wages-Premium Pay</b>	Salaries and wages for pay differential based on a 3.35% management base pay, 5% pay differential for out of class staff, and 2.5% to 5% educational incentive for qualified employees in specified positions. In FY 2026-2027 labor agreements moved Salaries and Wages Premium Pay to Salaries and Wages Regular Employees.
<b>Salaries &amp; Wages-Regular Employees</b>	This line item is comprised of regular salaries and wages for Sacramento County Employee Retirement System (SCERS) personnel. SCERS uses the fiscal year 2025-26 Personnel Cost Forecasting (PCF) Report provided by the County as the basis, and updates anticipated staffing changes for fiscal year 2026-27. The PCF is based on data extracted from the human resources module of the Sacramento County Comprehensive Online Management Personnel and Accounting System (COMPASS) for pay period 26 ending December 2025, which includes a 2.8% cost-of-living adjustment (COLA) based on the current Consumer Price Index estimates and a 4% longevity pay for permanent employees who reach ten (10) years of full-time service. The budget reflects step increases based on the anniversary of an employee's start date. Exempt positions are budgeted based on anticipated step increases. Vacant positions are budgeted at the lowest step.
<b>Salaries &amp; Wages-Straight Time O/T</b>	Straight overtime costs for operational needs, including leaves of absence and vacancies. Certain job classifications are paid straight overtime as prescribed by the labor agreements. Employees have the option to select monetary compensation or receive compensatory time off.
<b>Salaries &amp; Wages-Time &amp; One-Half O/T</b>	Salaries and wages time and one-half for operational needs, including leaves of absence and vacancies. Certain job classifications are paid regular time and one-half as prescribed by the labor agreements. Employees have the option to select monetary compensation or receive compensatory time off.
<b>Salary Savings Factor</b>	Salaries and benefits savings for vacant positions not anticipated to be filled during budgeted fiscal year periods.
<b>Security Services</b>	Expenses related to fingerprinting services provided by the State of California.

Draft

<b>Software</b>	Expenses related to software subscriptions.
<b>Telecommunication</b>	Expenses related to telecommunication outside of the County services, such as cell phones and television services.
<b>Telecommunication – ACP</b>	This is a County allocated cost from Department of Technology 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 are prepared based on input from County Departments and historical usage data and represent estimated Department of Technology costs for the fiscal year.
<b>Temporary Staffing Services</b>	Temporary services to cover operational needs, temporary vacancies, leaves of absence, and special projects as needed.
<b>Terminal Pay</b>	This line item represents anticipated payments for accrued leave balances and for one-half of sick leave balances upon retirement for management employees.
<b>Transcribing Services</b>	Expenses related to qualified legal reporters to record disability retirement hearings, prepare transcripts as necessary, and copy medical reports.
<b>Vision Insurance</b>	Expenses related to the cost of employee vision plan selection.
<b>Wide Area Network</b>	This is a County allocated cost from Department of Technology for Wide Area Network (WAN), which includes infrastructure design, implementation, support, and maintenance services for the County’s WAN. The charges are prepared based on historical usage data and County Departments input regarding estimated Department of Technology costs for the fiscal year.
<b>Workers’ Compensation Insurance - Employer Cost</b>	Employer’s cost for Workers’ Compensation Insurance claim payments and administration. The costs are allocated to County departments based on 70 percent of a five-year claims history and 30 percent estimated risk calculated by weighted payroll. The County purchases excess Workers’ Compensation Insurance to cover claims above a self-insured retention of \$3.0 million.

# Draft



2026 - 2027



980 9th Street, Suite 1900  
Sacramento, CA 95814

[SCERS.gov](https://www.scers.gov)