



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 15

MEETING DATE: June 20, 2018

SUBJECT: Proposed SCERS Administrative Budget for
Fiscal Year 2018-2019

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board approve the attached Proposed Administrative Budget for the 2018-2019 Fiscal Year.

PURPOSE

In accordance with established Board policy, the Proposed Administrative Budget is to be adopted for the immediate succeeding fiscal year by June 30, and the final budget is to be adopted by August 31. The purpose of this Proposed Administrative Budget request is to serve as the operating budget for administrative expenses for the new fiscal year commencing July 1, 2018. It will remain in effect until the Retirement Board approves the Final Administrative Budget. A Final Administrative Budget request will be presented at the regular August Retirement Board Meeting.

DISCUSSION

Attached for your review and consideration is the Proposed Administrative Budget Request for FY 2018-2019. The requested administrative funding request, including information technology (IT) costs is \$9,419,000, which is \$401,000 higher than in the prior fiscal year's administrative budget. The major changes are summarized below:

- Salaries & Benefits increased \$340,000 or 5.9% over the prior year's budget.
- Services & Supplies increased \$175,000 or 6.2% over the prior year's budget.
- Other Charges' decreased by \$114,000 or 42.7% from the prior year's budget.

Overall, the most significant changes in requested funding are discussed below:

- Salaries & Benefits - Of the \$340,000 increase in the requested administrative budget amount, the most significant change is within the 'Salaries & Wages – Regular Employees'

account. The requested amount has been increased by \$176,000 over the prior year due to the combined effects of a 2% cost-of-living adjustment and planned annual salary adjustments for eligible employees. Retirement benefits for SCERS employees increased \$140,000 due to a combination of expected increases in salaries and increases in the amount of allocated costs for the County's pension obligation bonds.

- Services & Supplies - Services & Supplies are expected to increase by about \$175,000, due to increases in a variety of accounts. Costs for IT consultants are expected to increase by \$200,000 over the prior year. Another part of the expected increase is a Retirement Board election, which will be held in Fall 2018 to fill three Retirement Board seats. Since there was no Retirement Board member election held during the 2017-2018 fiscal year, election services expense increased from zero to \$60,000. Printing and postage charges will also be incurred as a result of the election of approximately \$20,000. In addition, increases in actuarial costs in order to provide additional analysis to our participating employers (\$60,000), other professional fees (\$50,000) for architectural and other professional services, travel, conferences, and training (\$20,000) in order to achieve additional staff development, and various other small increases across numerous accounts are anticipated in the FY 2018-2019 fiscal year. These increases were partially offset by an expected reduction in the budgeted amount of medical services of \$150,000, since these costs declined in the prior year.
- Other Charges - Other charges are expected to decline in Fiscal Year 2018-2019. The amount charged for the Countywide cost allocation, which represents SCERS' portion of general overhead expenses decreased from \$240,000 in the prior year to \$125,000.

The administrative funding request excluding IT costs is \$8,262,000, which is \$374,000 or 4.7% higher than the prior year's budget. The requested amount of \$8,262,000, excluding IT costs, is only eight hundredths of one percent (.08%) of SCERS actuarial accrued liability of \$10,680,998,000 as of June 30, 2017. The requested amount is well below the statutory limit of twenty-one hundredths (.21%) of one percent even before excluding \$1,157,000 in costs of computer software and hardware and related consulting services. Please reference the description of accounts starting on page 26 for more detailed information regarding IT costs.

Please note that the investment and legal staff positions have been referenced throughout the Proposed Administrative Budget; however, the salaries for these positions do not impact administrative costs, since they will be fully charged to investment expenses.

BACKGROUND

Pursuant to Government Code Section 31580.2, the statutory limit for the budget year's administrative expenditures shall not exceed the greater of twenty-one hundredths of one percent (.21%) of the accrued actuarial liability of the retirement system or \$2,000,000 as adjusted annually by a specified annual cost-of-living adjustment. This statutory limit excludes the costs of administration expenditures for computer software and hardware and computer technology consulting services. Page 13 of the Proposed Budget Request summarizes the calculation of the statutory limit compared with SCERS' administrative budget request.

The budget presentation includes columns representing “Total Funding” and “Administrative Funding” for the current and upcoming fiscal years. Total Funding includes amounts associated with both administrative costs, expenses charged against investment earnings, and IT costs. “Administrative Funding Including IT Costs” represents a consistent presentation with the audited financial statements. Columns identifying IT funding requests are also included since expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products are not considered a cost of administration of the retirement system and are excluded from the calculation of the statutory limit of administrative expenses. “Administrative Funding Excluding IT Costs” includes only the amounts which have been allocated to administrative expenses for purposes of assessing compliance with the statutory limit on administrative expenses.

ATTACHMENT

- Budget Presentation
- Proposed Administrative Budget, Fiscal Year 2018-2019, prepared by SCERS Accounting Staff.

/S/

Kathryn T. Regalia
Chief Operations Officer

/S/

Eric Stern
Chief Executive Officer

FY 2018-2019 Proposed Budget

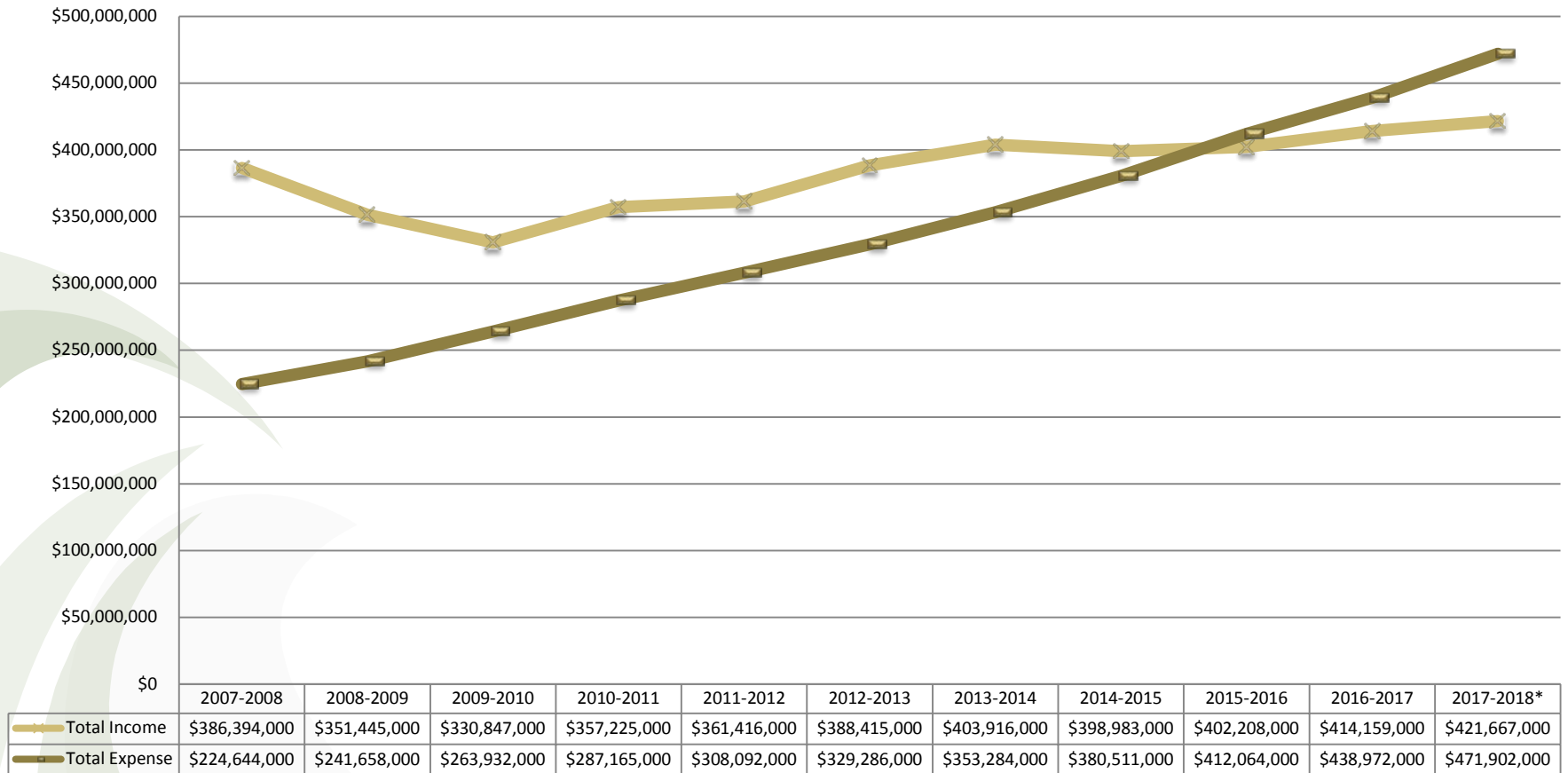


SCERS

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Setting the Stage: SCERS Cash Flow

Prudent budgeting is even more critical



*Estimated

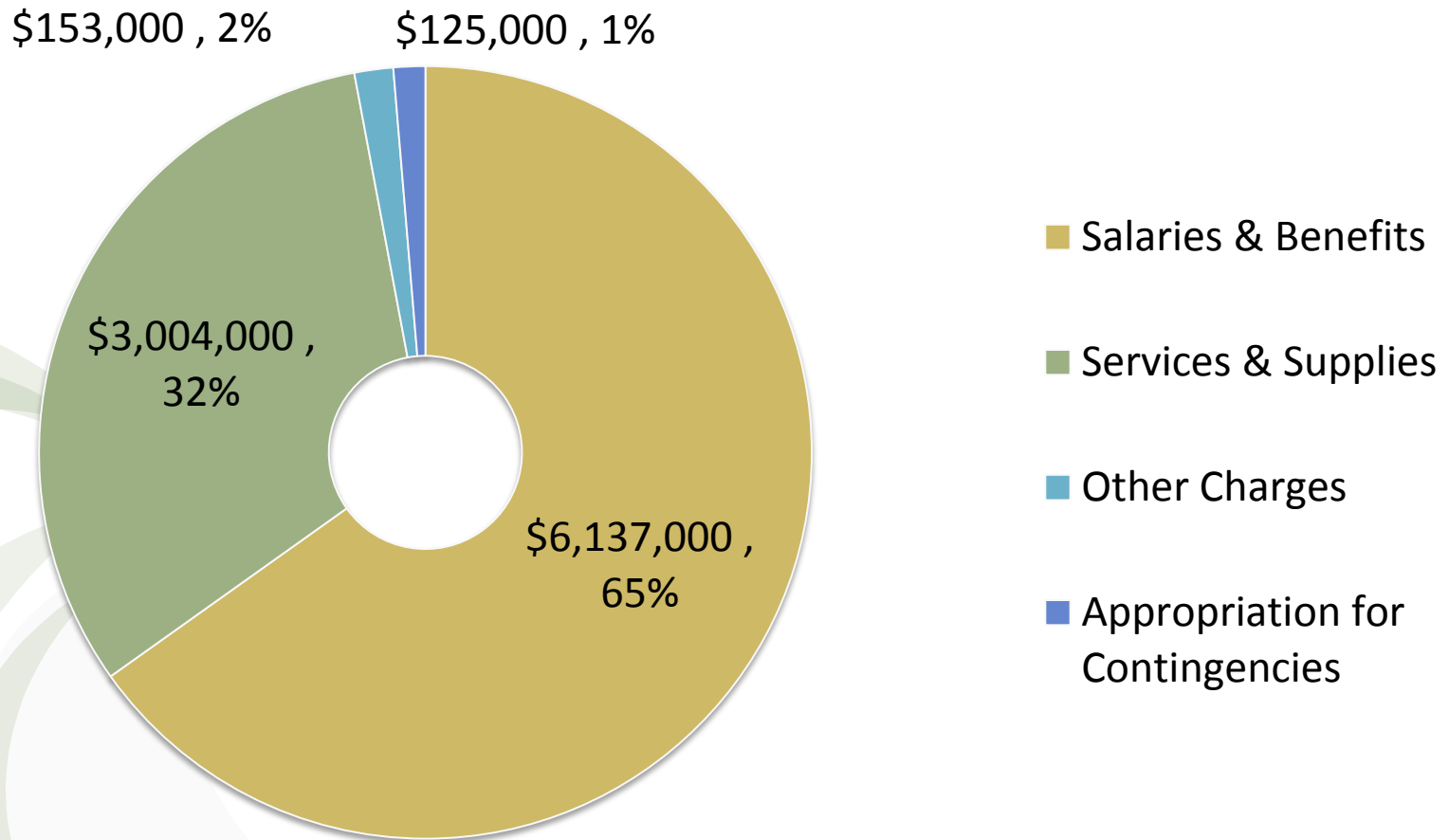


FY 2018-2019 Proposed Budget Overview

- Funding Request
 - Proposed Administrative Funding Request: \$9.4 million
 - Proposed Total Funding Requirement (administrative and investments): \$14 million
 - Total Positions: 62
- Changes from FY 2017-2018 Final Budget
 - Net increase in administrative budget of \$401,000 (4% increase)
 - Salaries and benefits increased by \$340,000
 - Services and supplies increased by \$175,000
 - Countywide cost allocation decreased by \$114,000
 - Increase of 2 positions
- Budget Limit for Administrative Expenses
 - The statutory limit is 0.21% of the total actuarial accrued liability (AAL).
 - FY 2018-2019 Administrative Funding Request is 0.08% of AAL.



FY 2018-2019 Administrative Budget Breakdown



Budget Priorities: Workforce Development

- ❖ Establish a Human Resources Team to support organization-wide recruitment, hiring, and training efforts, through the reallocation of a vacant positions.
- ❖ Broaden the Investment Team structure to support career development and succession planning by creating a new Senior Investment Officer job class.
- ❖ Reinforce the Accounting Team by adding an additional Senior Accountant to support increased administrative and IT demands, through the reallocation of a vacant position.
- ❖ Reallocate two other staff positions in order to strengthen the broader administrative teams.



Budget Priorities: Customer Service

- ❖ Fill vacancies on Benefits Team to reduce backlogs.
- ❖ Continue engagement with the CEM benchmarking service to analyze and quantify SCERS' administrative costs and service levels, and monitor progress with improving customer service.
- ❖ Implement a satisfaction surveying capability to solicit customer expectations and feedback.



Budget Priorities: Technology Modernization

- ❖ Work on Pension Administration System development with Morneau Shepell to complete the Fit-Gap Analysis project phase, and begin construction and testing.
- ❖ Continue data conversion project with ICON Integration and Design, Inc.
- ❖ Select, implement, and integrate an investment accounting system and conduct requirements analysis for a new general financial accounting system.
- ❖ Deploy the new mobile-capable website and make enhancements during the year to expand functionality and facilitate stakeholder communication.



Budget Priorities:

Investment and Funding Sustainability

- ❖ Research and assess SCERS' liquidity and cash management needs to support benefit payments.
- ❖ Produce an actuarial risk assessment report with Segal Consulting to evaluate impacts on employer contribution rates under various investment return scenarios.
- ❖ Finalize funding agreement with Sacramento Metropolitan Fire District regarding Florin Fire liabilities.



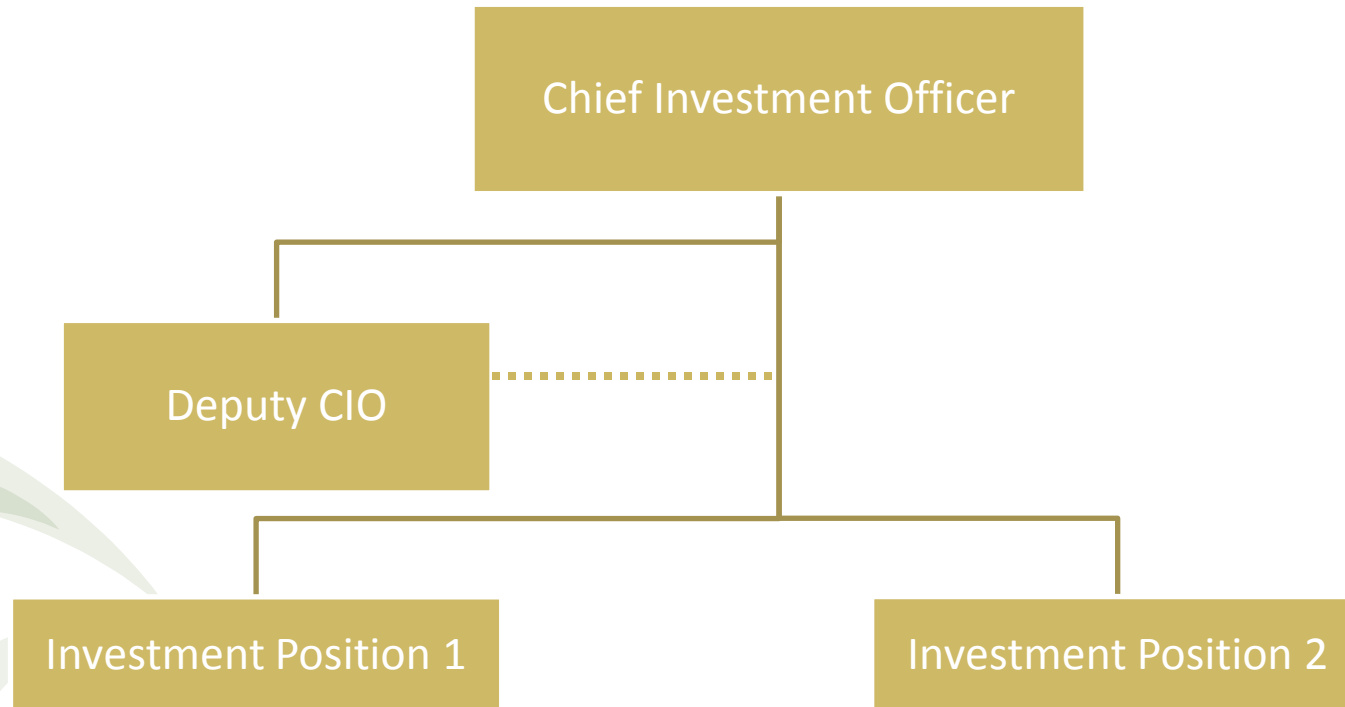
Budget Priorities:

Budget Development for 2019-2020

- ❖ Begin budget development in January 2019.
- ❖ Re-baseline budget items to align budget to actual spending, identify efficiencies, and reallocate budget authority to support SCERS' priorities.
- ❖ Complete contract management project to identify opportunities for savings.
- ❖ Expand expenditure reports to Board of Retirement to increase transparency.



Proposed Investment Team Structure



Investment Position 1 and 2 may be filled by any of the following three classifications:

Senior Investment Officer
Investment Officer
Investment Analyst

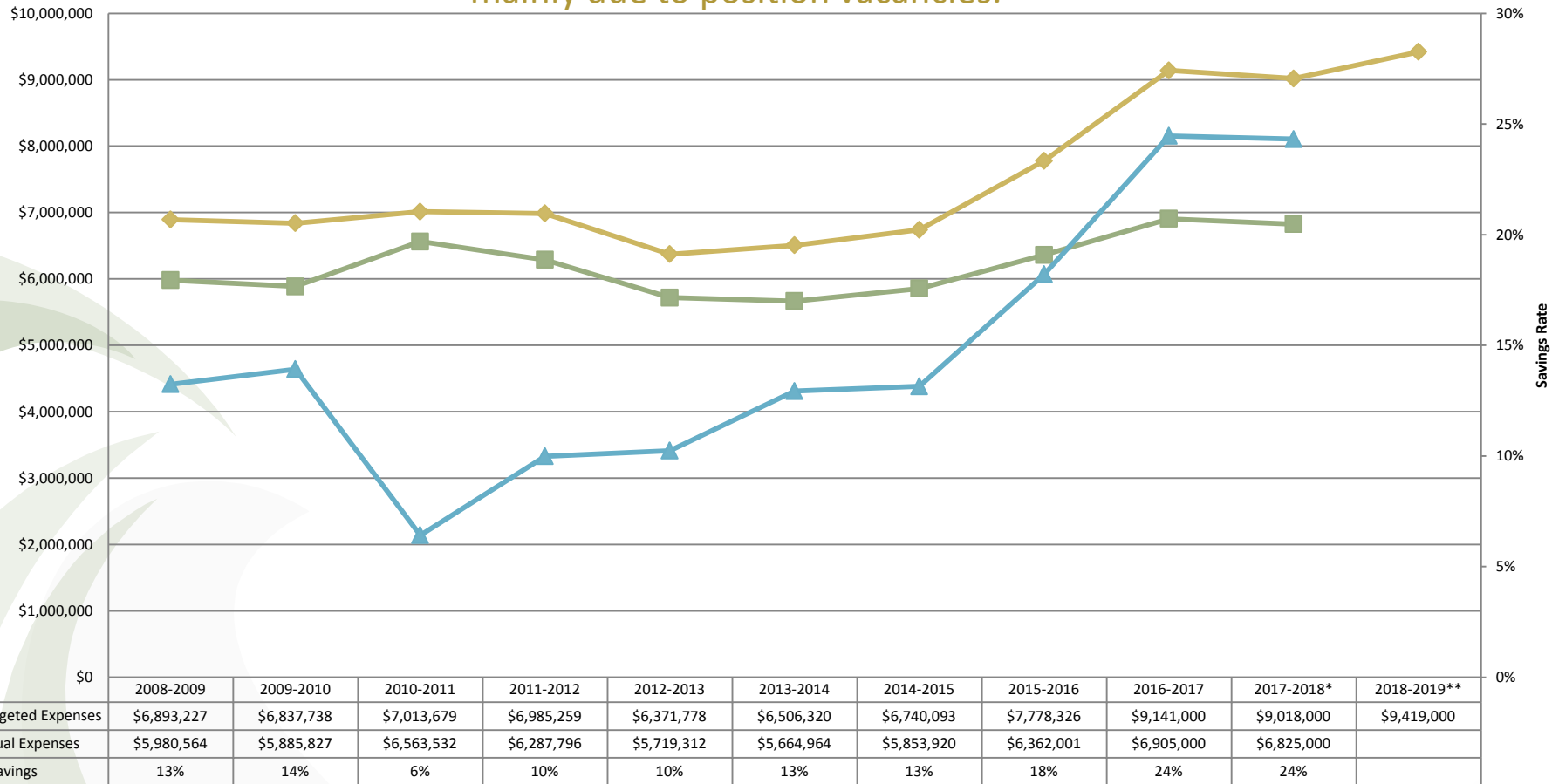


Proposed Accounting Team Structure



Budgeted vs. Actual Administrative Expenses (Including IT)

Actual expenses are historically less than budgeted expenses,
mainly due to position vacancies.



*Estimated actual administrative expenses for fiscal year 2017-2018.

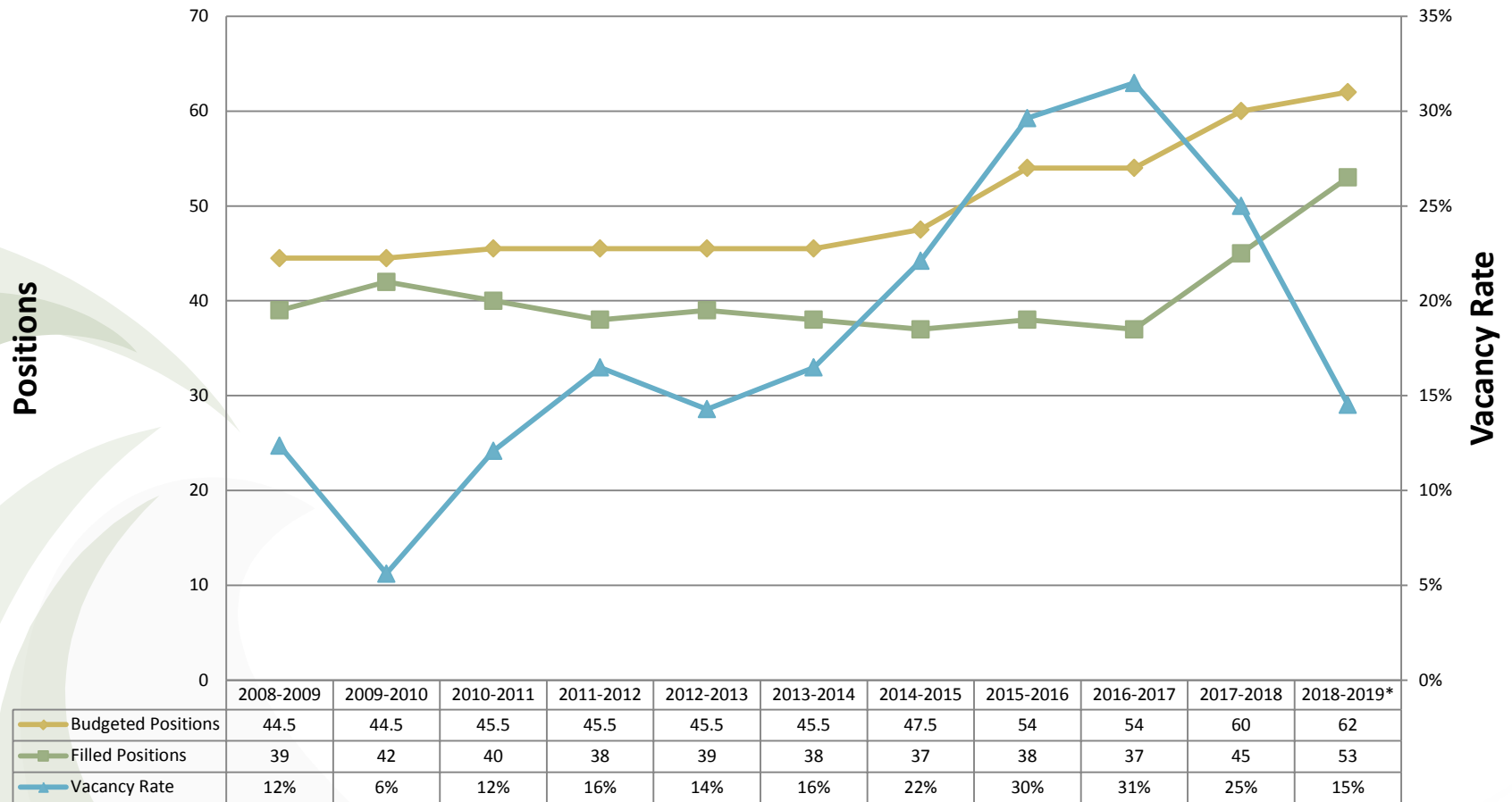
**Fiscal year 2018-2019 based on proposed administrative funding request (including IT).



Budgeted vs. Filled Positions

Vacancies have remained high in recent years.

SCERS will continue to focus on reducing vacancy rate in FY 2018-2019.

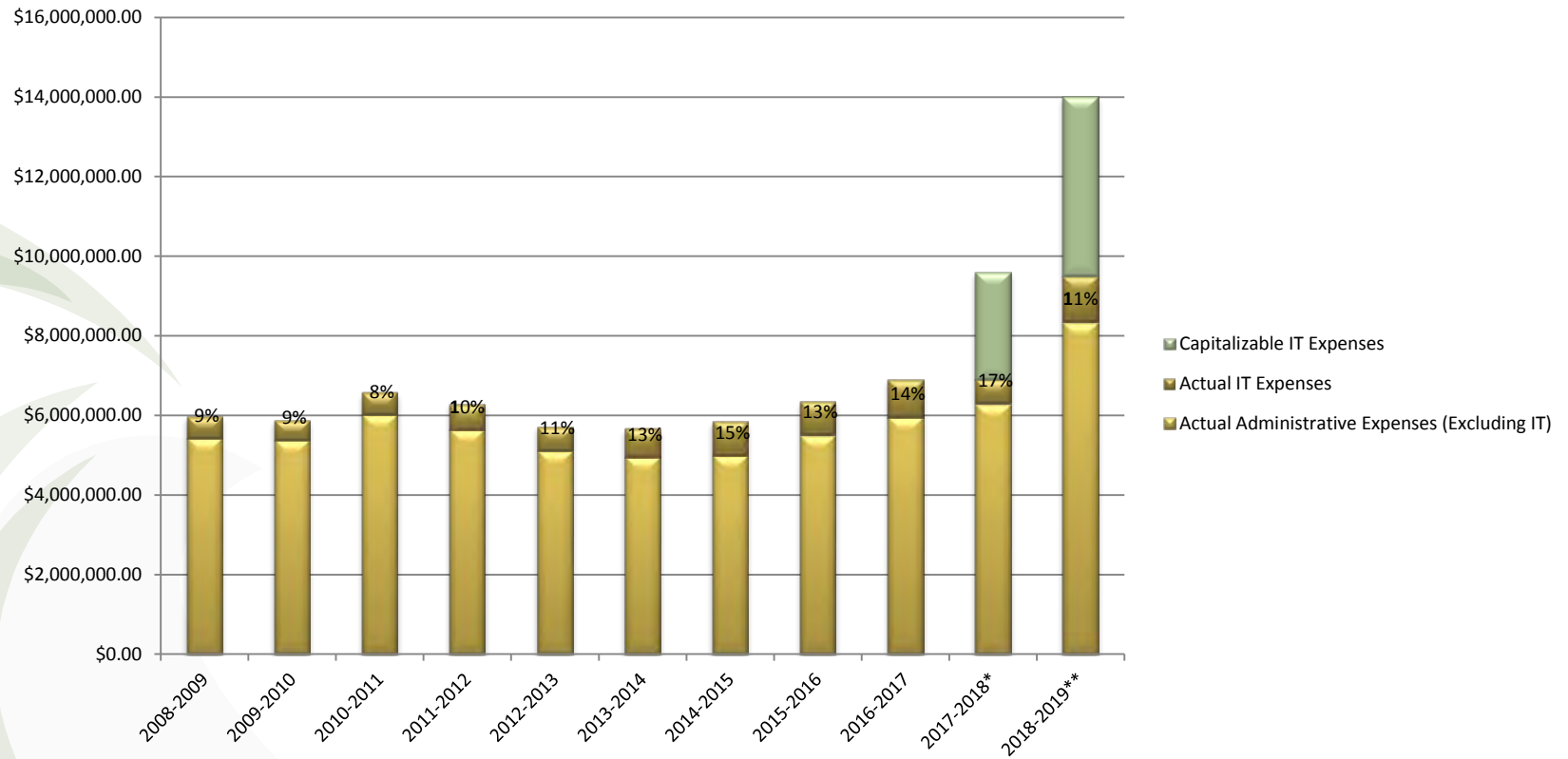


*Estimated



IT Expenses As A Percentage of Administrative Expenses

Expenses for the IT Modernization Program will continue to increase; not included in the Administrative Funding Request because certain IT Modernization expenses are capitalized.



*Estimated actual IT and administrative expenses (excluding IT) for fiscal year 2017-2018.

**Fiscal year 2018-2019 based on proposed administrative funding request (including IT) and estimated capitalizable IT expenses in the fiscal year.



SUMMARY

- Fiscal stewardship
 - Maintaining slow growth.
 - Meeting business needs by reallocating vacant positions.
 - Increasing transparency.
- Budgeting historically high
 - Closing gap by filling vacancies.
 - Re-baselining budget and examining expenses for next year's budget development.



PROPOSED ADMINISTRATIVE BUDGET FISCAL YEAR 2018-2019



PROPOSED ADMINISTRATIVE BUDGET

FISCAL YEAR 2018-2019

PREPARED BY:

ERIC STERN

Chief Executive Officer

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Chief Operations Officer

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Accounting Manager

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Accounting Manager

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

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APPENDIX

ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES.....A1 - A2

ESTIMATED EXPENSES TO BE PAID FROM INVESTMENT EARNINGS.....A3 - A6

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MISSION STATEMENT AND CORE VALUES

MISSION STATEMENT

We are dedicated to providing the highest level of retirement services and managing system resources in an effective and prudent manner.

CORE VALUES

In fulfilling our mission as a retirement system, we are committed to:

- The highest levels of professionalism and fiduciary responsibility
- Acting with integrity
- Competent, courteous and respectful service to all
- Open and fair processes
- Safeguarding confidential information
- Cost-effective operations
- Stable funding and minimal contribution volatility
- Effective communication and helpful education
- Maintaining a highly competent and committed staff
- Continuous improvement
- Planning strategically for the future

BUDGET POLICY

1. The Board shall annually adopt a proposed budget for the immediate succeeding fiscal year no later than June 30th.
2. The Board shall adopt a final budget no later than August 31st following the date in which the Board has adopted a proposed budget.
3. The proposed and final budgets shall not exceed an amount determined to be the statutory limit for a single year's expenses as established in Government Code Section 31580.2.
4. The statutory limit for a budget year's expenses pursuant to Government Code Section 31580.2 shall be based upon the accrued actuarial liability of the System.
5. The Board, in exercising its constitutionally imposed fiduciary duty to the System and its members, may authorize a proposed or final budget in excess of the statutory limit in order to pay the reasonable expenses of administering the System.
6. The Chief Executive Officer shall refer appropriations requests for mid-year expenses that were not anticipated and therefore not included in the final budget to the Board for consideration and ratification. Should such requests result in total anticipated expenses exceeding the statutory limit, the Retirement Administrator should present, for Board approval, a resolution indicating with specificity the justification for exceeding the limit.

PROGRAM DESCRIPTION

Pursuant to the provisions of the County Employees' Retirement Law of 1937 ("1937 Act"), management of the Sacramento County Employees' Retirement System is vested in the Board of Retirement which:

- Is responsible for the administration and maintenance of the records of the System in accordance with the provisions of the 1937 Act and Retirement Board Bylaws.
- Sets policy for the investment of the assets of the System and monitors its investments.
- Appoints a Retirement Administrator who serves as Chief Executive Officer for the System, who is not subject to County Civil Service or merit system rules but serves at the will and pleasure of the Retirement Board¹.
- Annually adopts a budget covering the entire expense of administration of the System.

¹The Chief Investment Officer, General Counsel, Chief Operations Officer, Chief Benefits Officer, Chief Strategy Officer and Deputy Chief Investment Officer for the System are not subject to County Civil Service or merit system rules and are appointed by the Chief Executive Officer subject to confirmation by the Board of Retirement. All other staff positions are appointed by the Chief Executive Officer from the Civil Service lists of the County, are subject to County Civil Service and personnel rules, and as applicable, are covered by the collective bargaining agreements that cover County employees. It is the policy of the SCERS Board that all SCERS employees receive the cost-of-living adjustments and other employee benefits provided to County employees in their respective job classifications or representation groups. All positions are included in the Salary Resolution and the Summary of Positions that are adopted by the Board of Supervisors.

BUDGET PRIORITIES FOR FISCAL YEAR 2018-2019

CUSTOMER SERVICE

- Fill vacancies on Benefits Team to reduce backlogs.
- Continue engagement with the CEM benchmarking service to analyze and quantify SCERS' administrative costs and service levels, and monitor progress with improving customer service.
- Implement a satisfaction surveying capability to solicit customer expectations and feedback.

CUSTOMER SERVICE INVESTMENT AND FUNDING SUSTAINABILITY

- Research and assess SCERS' liquidity and cash management needs to support benefit payments.
- Produce an actuarial "risk assessment" report with Segal Consulting to evaluate impacts on employer contribution rates under various investment scenarios.
- Finalize funding agreement with Sacramento Metro Fire District regarding Florin Fire liabilities.

TECHNOLOGY MODERNIZATION

- Work on Pension Administration System development with Morneau Shepell to complete the Fit-Gap Analysis project phase, and begin construction and testing.
- Continue data conversion project with ICON Integration and Design, Inc.
- Select, implement, and integrate an investment accounting system and conduct requirements analysis for a new general financial accounting system.
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WORKFORCE DEVELOPMENT

- Establish a Human Resources Team to support organization-wide recruitment, hiring, and training efforts, through the reallocation of vacant positions.
- Broaden the Investment Team structure to support career development and succession planning by creating a new Senior Investment Officer job class.
- Reinforce the Accounting Team by adding an additional Senior Accountant to support increased administrative and IT demands, through the reallocation of vacant positions.

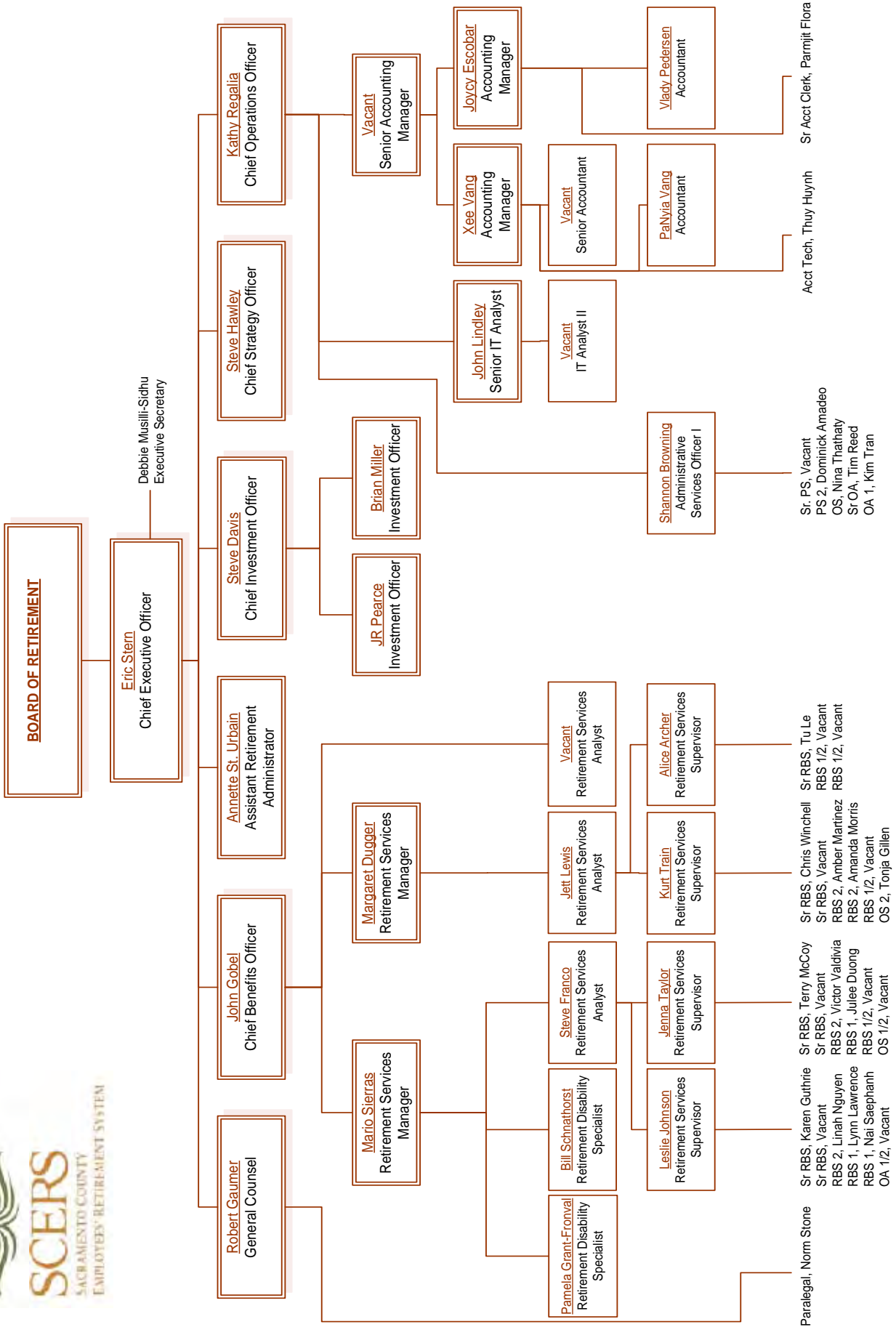
BUDGET PROCESS

- Begin development of budget for Fiscal Year 2019-2020 in January 2019.
- Re-baseline budget items to align budget to actual spending, identify efficiencies, and reallocate budget authority to support SCERS' priorities.
- Complete contract management project to identify opportunities for savings.
- Expand existing expenditure reports to Board of Retirement to increase transparency.

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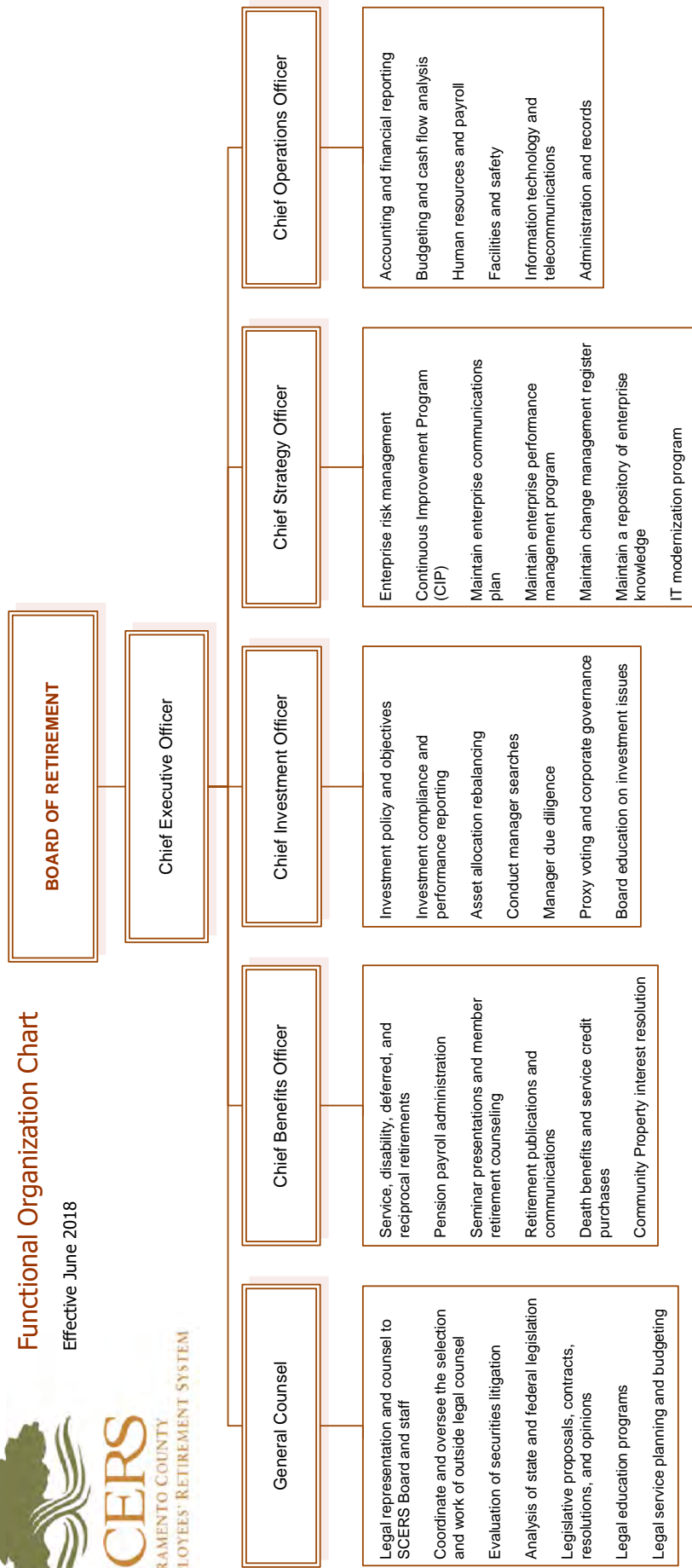
Staff Organization Chart
June 2018





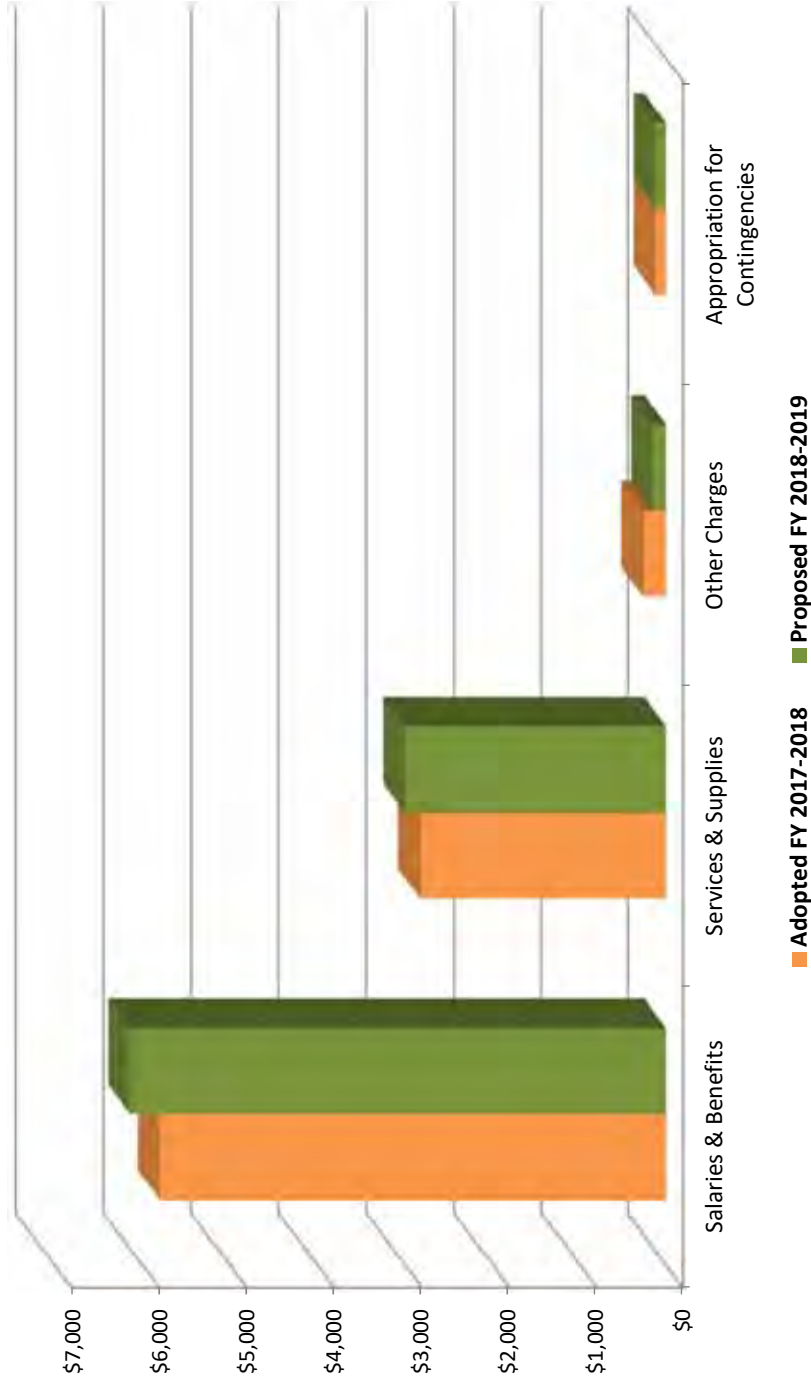
Functional Organization Chart

Effective June 2018



PROPOSED ADMINISTRATIVE FUNDING REQUEST (INCLUDING IT)

(Dollar Amounts Expressed in Thousands)



PROPOSED BUDGET REQUEST SUMMARY

(Dollar Amounts Expressed in Thousands)

BUDGET OBJECT	FY 2017-2018				FY 2018-2019							
	Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Adopted Administrative Funding Request (Excluding IT)	Adopted IT Funding Request	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Estimated Administrative Expenses (Excluding IT)	Estimated IT Expenses	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)	Proposed Administrative Funding Request (Excluding IT)	Proposed IT Funding Request
10 - Salaries & Benefits	\$7,605	\$5,797	\$5,316	\$481	\$5,679	\$4,150	\$3,881	\$269	\$8,529	\$6,137	\$5,709	\$428
20 - Services & Supplies	5,047	2,829	2,422	407	4,161	2,408	2,303	105	5,215	3,004	2,402	602
30 - Other Charges	273	267	25	242	273	267	25	242	159	153	26	127
Subtotal	12,925	8,893	7,763	1,130	10,113	6,825	6,209	616	13,903	9,294	8,137	1,157
70 - Appropriation for Contingencies	125	125	125	-	-	-	-	-	125	125	125	-
Total Expenses	\$13,050	\$9,018	\$7,888	\$1,130	\$10,113	\$6,825	\$6,209	\$616	\$14,028	\$9,419	\$8,262	\$1,157

BUDGET LIMIT FOR ADMINISTRATIVE EXPENSES
(Pursuant to Government Code Section 31580.2)

Total Proposed Administrative Funding Request FY 2018-2019	\$9,419
Total Computer Software and Hardware and Computer Technology Consulting Services Cost (IT Costs)	(1,157)
Administrative Expenses Excluding IT Costs	\$8,262

Total Actuarial Accrued Liability of the Retirement System as of June 30, 2017

Budget Limit for Administrative Expenses is Twenty-one Hundredths of One Percent	0.21%	\$22,000
Less: Administrative Expenses Excluding IT Costs	0.08%	8,262
Budget Limit in Excess of Administrative Expenses Excluding IT Costs	0.13%	\$13,738

PROPOSED BUDGET REQUEST DETAIL

(Dollar Amounts Expressed in Thousands)

SUB-OBJECT	ACCOUNT TITLE	FY 2017-2018				FY 2018-2019							
		Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Adopted Administrative Funding Request (Excluding IT)	Adopted IT Funding Request	Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)	Proposed Administrative Funding Request (Excluding IT)	Proposed IT Funding Request				
OBJECT 10 - SALARIES & BENEFITS													
1011000	Salaries & Wages-Regular Employees	\$4,827	\$3,595	\$3,265	\$330	\$3,472	\$2,454	\$2,271	\$183	\$5,375	\$3,771	\$3,485	\$286
1011200	Salaries & Wages-Committee Members	10	5	5	-	11	5	5	-	10	5	5	-
1011300	Salaries & Wages-Straight Time O/T	10	10	10	-	23	22	22	-	10	10	10	-
1011320	Salaries & Wages-Time & One Half O/T	100	100	100	-	118	107	107	-	100	100	100	-
1011400	Salaries & Wages-Premium Pay	117	85	77	8	55	34	28	6	111	72	66	6
1011430	Allowances	5	3	3	-	6	4	4	-	5	3	3	-
1011520	Terminal Pay	135	98	92	6	208	173	168	5	108	67	59	8
1012100	Retirement-Normal & UAAL	741	550	501	49	512	363	335	28	950	666	616	50
1012110	Retirement-1995/2003 POB Debt Service	273	225	212	13	273	225	212	13	308	243	231	12
1012120	Retirement-2004 POB Debt Service	135	111	104	7	135	112	105	7	148	117	111	6
1012130	Health Savings-Employer Cost	60	55	53	2	27	21	20	1	62	53	51	2
1012140	401A Plan-Employer Cost	19	11	8	3	15	9	8	1	22	11	9	2
1012200	OASDI-Employer Cost	382	296	271	25	263	190	176	14	418	306	286	20
1012300	Group Insurance-Employer Cost	772	637	600	37	542	415	405	10	881	696	661	35
1012400	Workers Compensation Ins-Empir Cost	18	15	14	1	18	15	14	1	20	16	15	1
1012500	Unemployment Ins-Employer Cost	1	1	1	-	1	1	1	-	1	1	1	-
OBJECT TOTAL		7,605	5,797	5,316	481	5,679	4,150	3,881	269	8,529	6,137	5,709	428
OBJECT 20 - SERVICES & SUPPLIES													
2020050	Advertising/Legal Notices	3	3	3	-	1	1	1	-	3	3	3	-
2020200	Books/Periodicals Supply	3	3	3	-	-	-	-	-	3	3	3	-
2020240	Periodicals & Subscriptions	10	4	4	-	8	5	5	-	10	4	4	-
2020290	Business Conferences	96	40	36	4	72	40	35	5	105	56	50	6
2020310	Business Travel	70	10	10	-	9	1	1	-	70	10	10	-
2020350	Education & Training Services	15	15	15	-	6	4	4	-	15	15	15	-
2020370	Employee Tuition Reimbursement	8	8	8	-	-	-	-	-	8	8	8	-
2020380	Employee Recognition	15	9	8	1	19	14	14	-	15	9	9	-
2020390	Employee Transportation	1	1	1	-	-	-	-	-	1	1	1	-
2020510	Insurance-Liability	24	20	19	1	24	20	19	1	28	22	21	1
2020520	Insurance-Fiduciary Liability	110	91	86	5	108	89	84	5	108	85	81	4
2020610	Memberships	37	10	10	-	27	9	9	-	38	11	11	-

PROPOSED BUDGET REQUEST DETAIL (CONTINUED)
(Dollar Amounts Expressed in Thousands)

SUB-OBJECT	ACCOUNT TITLE	FY 2017-2018										FY 2018-2019		
		Total Funding Requirement (Admin and Investment Expenses)					Estimated Total Expenses (Admin and Investment)					Proposed Total Funding Requirement (Admin and Investment Expenses)		
		Adopted Administrative Request (Including IT)	Adopted Administrative Request (Excluding IT)	Adopted IT Funding Request	Estimated Administrative Expenses (Including IT)	Estimated Administrative Expenses (Excluding IT)	Estimated IT Expenses	Estimated Administrative Expenses (Including IT)	Estimated Administrative Expenses (Excluding IT)	Estimated IT Expenses	Proposed Administrative Request (Including IT)	Proposed Administrative Request (Excluding IT)	Proposed IT Funding Request	
20207600	Office Supplies	40	33	31	2	12	10	9	1	40	32	30	2	
20208100	Postage Services	12	10	10	-	5	5	5	-	12	10	10	-	
20208500	Printing Services	40	40	40	-	2	2	2	-	20	20	20	-	
20226100	Office Equipment Maintenance Services	6	5	5	-	-	-	-	-	6	5	5	-	
20226200	Office Equipment Maintenance Supplies	2	2	2	-	-	-	-	-	2	2	2	-	
20226400	Office Equipment Modular Furniture	15	12	11	1	1	1	1	-	15	12	11	1	
20227500	Rents/Leases-Equipment	30	25	24	1	18	15	14	1	30	24	23	1	
20244300	Medical Services	500	500	500	-	279	279	279	-	350	350	350	-	
20250200	Actual Services	260	131	131	-	276	147	147	-	260	191	191	-	
20252100	Temporary Staffing Services	40	40	40	-	43	37	25	12	40	40	40	-	
20253100	Legal Services	1,600	-	-	-	1,338	-	-	-	1,600	-	-	-	
20254100	Personnel Services	43	35	33	2	43	35	33	2	54	43	41	2	
20254110	Labor Relations Services	7	6	6	-	7	6	6	-	8	6	6	-	
20254400	Safety Program Services	1	1	1	-	1	1	1	-	1	1	1	-	
20256100	Reporting Services	200	200	200	-	224	224	224	-	200	200	200	-	
20256200	Transcribing Services	30	30	30	-	23	23	23	-	30	30	30	-	
20259100	Other Professional Services	200	200	200	-	175	174	144	30	200	200	200	-	
20259101	Information Technology Consultants	150	50	-	50	113	113	113	-	350	250	-	250	
20281200	Data Processing Supplies	60	50	-	50	59	53	51	2	60	47	-	47	
20281700	Election Services	-	-	-	-	-	-	-	-	60	60	60	-	
20283200	Interpreter Services	1	1	1	-	-	-	-	-	1	1	1	-	
20291000	Countywide IT Services	42	35	-	35	41	34	32	2	47	37	-	37	
20291100	Systems Development Services	200	165	-	165	164	135	127	8	201	159	-	159	
20291200	Systems Development Supplies	30	25	-	25	35	30	29	1	36	28	-	28	
20291300	Department Of Finance Services	250	250	250	-	196	196	196	-	250	250	250	-	
20291600	Wide Area Network	37	31	-	31	37	30	28	2	43	34	-	34	
20291700	Alarm Services	1	1	-	1	1	1	1	-	1	1	-	1	
20292100	GS-Printing Services	20	20	20	-	30	30	30	-	40	40	40	-	
20292200	GS-Mail/Postage Charges	150	150	150	-	107	107	107	-	150	150	150	-	
20292300	GS-Messenger Services	4	4	4	-	4	4	4	-	4	4	4	-	
20292500	GS-Purchasing Services	2	2	2	-	2	2	2	-	2	2	2	-	
20292700	GS-Warehousing Charges	2	2	2	-	1	1	1	-	2	2	2	-	

PROPOSED BUDGET REQUEST DETAIL (CONTINUED)
(Dollar Amounts Expressed in Thousands)

SUB-OBJECT	ACCOUNT TITLE	FY 2017-2018				FY 2018-2019							
		Total Funding Requirement (Admin and Investment Expenses)	Adopted Funding Request (Including IT)	Adopted Administrative Funding Request (Excluding IT)	Adopted IT Funding Request	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Estimated Administrative Expenses (Excluding IT)	Estimated IT Expenses	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)	Proposed Administrative Funding Request (Excluding IT)	Proposed IT Funding Request
20292800	GS-Co Equip. Rental-Light Vehicles	3	3	3	3	-	-	-	-	3	3	3	-
20294200	County Facility Use Charges	3	3	3	3	3	3	3	-	3	2	2	-
20294300	Leased Property Use Charges	631	521	490	31	607	501	472	29	647	511	485	26
20296200	Parking	18	11	10	1	16	9	7	2	18	10	8	2
20298300	GS-Surplus Property Management	2	2	2	-	2	2	2	-	2	2	2	-
20298700	GS-Telephone Usage	22	18	17	1	22	15	13	2	22	17	16	1
20298900	GS-Telephone Installation	1	1	1	-	-	-	-	-	1	1	1	-
	OBJECT 20 TOTAL	5,047	2,829	2,422	407	4,161	2,408	2,303	105	5,215	3,004	2,402	602
OBJECT 30 - OTHER CHARGES													
30332000	Depreciation Expense	33	27	25	2	33	27	25	2	33	27	26	1
30348000	Countywide Cost Allocation	240	240	-	240	240	240	-	240	126	126	-	126
	OBJECT 30 TOTAL	273	267	25	242	273	267	25	242	159	153	26	127
OBJECT 70 - CONTINGENCIES													
70790100	Appropriation For Contingencies	125	125	125	-	-	-	-	-	125	125	125	-
	OBJECT 70 TOTAL	125	125	125	-	-	-	-	-	125	125	125	-
	TOTAL EXPENSES	\$13,050	\$9,018	\$7,888	\$1,130	\$10,113	\$6,825	\$6,209	\$616	\$14,028	\$9,419	\$8,262	\$1,157

PROPOSED BUDGET REQUEST JUSTIFICATION

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

OBJECT 10 - SALARIES & BENEFITS

10111000 Salaries & Wages-Regular Employees

\$4,827	\$3,595	\$3,472	\$2,454	\$5,375	\$3,771
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Request includes all regular salaries/wages paid to SCERS staff. The budget request was calculated by SCERS based on Annual Salary Adjustment dates. Budget Request assumes a 2% cost-of-living adjustment. Vacancies were budgeted at the highest step (9) based on the likelihood of hiring transferred employees.

During FY 2017-2018, a number of positions were entirely or partially vacant during the year, including Retirement Services Manager, IT Analyst, Accountant, Office Specialist, Senior Personnel Specialist, Senior Account Clerk, Retirement Benefits Specialist, Senior Personnel Specialist, Senior Retirement Benefits Specialist, and Retirement Investment Officer. This resulted in actual amounts less than budget.

10112400 Salaries & Wages-Committee Members

\$10	\$5	\$11	\$5	\$10	\$5
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Four appointed Board members and two elected retired members, who are not County employees, are paid for Retirement Board meeting attendance at a rate of \$1 for each meeting. The budget request provides for twelve regular meetings and four special meetings.

10113100 Salaries & Wages-Straight Time O/T

\$10	\$10	\$23	\$22	\$10	\$10
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Budget request is to allow monetary compensation for overtime due to operational needs, leaves of absence and temporarily vacant positions. Certain employees are allowed to choose the method of compensation they prefer for overtime work. Some SCERS job classifications are paid straight time for overtime, and others are paid time and one half for overtime. See account 10113200 for time and one half overtime.

10113200 Salaries & Wages-Time & One Half O/T

\$100	\$100	\$118	\$107	\$100	\$100
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Budget request is to allow monetary compensation for overtime due to operational needs and vacant positions. Certain employees are allowed to choose the method of compensation they prefer for overtime work. Some SCERS job classifications are paid straight time for overtime, and others are paid time and one half for overtime. See account 10113100 for straight time overtime.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

10114100 Salaries & Wages-Premium Pay

\$117	\$85	\$55	\$34	\$111	\$72
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Budget request is for 3.35% differential for management employees, 5% differential for employees who perform out of class duties due to vacant positions, and 2.5% to 5% educational incentive for qualified employees in specified positions.

10114300 Allowances

\$5	\$3	\$6	\$4	\$5	\$3
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Budget request is for car allowance provided to the Chief Executive Officer.

10115200 Terminal Pay

\$135	\$98	\$208	\$173	\$108	\$67
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Terminal pay represents payment for accrued leave balances upon termination or retirement. Estimated expenses include accruals for vacation balances which will be payable upon termination to the employee and for one-half of sick leave balances for management employees who will be eligible to retire in FY 2018-2019. Fourteen employees will be eligible to retire during FY 2018-2019. There were fifteen employees eligible to retire but only one actually retired in FY 2017-2018.

10121000 Retirement-Normal & UAAL

\$741	\$550	\$512	\$363	\$950	\$666
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Request is for the employer cost of normal and unfunded actuarial accrued liability (UAAL) contributions related to SCERS employees. Total contribution rates range from 16.96% to 18.54% depending on the employee's membership tier.

10121100 Retirement-1995/2003 POB Debt Service

\$273	\$225	\$273	\$225	\$308	\$243
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Requested amount is for the employer cost of 1995/2003 Pension Obligation Bond (POB) Debt Service allocated to SCERS by the County of Sacramento (County).

10121200 Retirement-2004 POB Debt Service

\$135	\$111	\$135	\$112	\$148	\$117
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Requested amount is for the employer cost of 2004 POB Debt Service allocated to SCERS by the County.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)
(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

10121300 Health Savings-Employer Cost

\$60	\$55	\$27	\$21	\$62	\$53
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Budget request is for the 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. SCERS contributes \$25 per pay period for each eligible employee.

10121400 401A Plan-Employer Cost

\$19	\$11	\$15	\$9	\$22	\$11
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Budget request is for the 401(a) Retirement Savings Deferred Compensation Plan for management employees. The employer will provide a match of up to 1% of the employee's salary including premium pay and auto allowance.

10122000 OASDI-Employer Cost

\$382	\$296	\$263	\$190	\$418	\$306
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Request is for the employer contribution to federally-mandated Social Security and Medicare.

10123000 Group Insurance-Employer Cost

\$772	\$637	\$542	\$415	\$881	\$696
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Request is for the employer cost of SCERS employees' health insurance and dental insurance based on the County Personnel Budget Report for FY 2018-2019.

10124000 Workers Compensation Ins-Emplr Cost

\$18	\$15	\$18	\$15	\$20	\$16
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Sacramento 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. Request is for SCERS' share of the costs as allocated by the County based on 70% 5-year claims history and 30% estimated risk calculated by weighted payroll.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

10125000 Unemployment Ins-Employer Cost

\$1	\$1	\$1	\$1	\$1	\$1
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Sacramento County is self-insured for all unemployment insurance claims. Request is for SCERS' share of the costs as allocated by the County based on 90% 5-year claims history and 10% total full-time equivalent (FTE) positions.

OBJECT 10 TOTAL

\$7,605	\$5,797	\$5,679	\$4,150	\$8,529	\$6,137
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OBJECT 20 - SERVICES & SUPPLIES

20200500 Advertising/Legal Notices

\$3	\$3	\$1	\$1	\$3	\$3
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Expenses related to publicizing public hearings, legal notices, employment announcements, and solicitations for professional consultants and service providers.

20202200 Books/Periodicals Supply

\$3	\$3	\$0	\$0	\$3	\$3
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Budget request is for 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.

20202400 Periodicals & Subscriptions

\$10	\$4	\$8	\$5	\$10	\$4
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Budget request is for subscriptions, including ALM Recorder, the Wall Street Journal, Barrons, RIA Pension and Benefits Advisor, Public Retirement Journal, Westlaw, and Sacramento Bee.

20202900 Business Conferences

\$96	\$40	\$72	\$40	\$105	\$56
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Budget request is for Board members and staff to attend fiduciary educational seminars, meetings, and conferences as shown on the Estimated Travel Expenses schedule. Costs include hotel, transportation, meals, and other travel expenses.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)
(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20203100 Business Travel

\$70	\$10	\$9	\$1	\$70	\$10
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Request is for business travel expenses, such as transportation, meals, tolls and parking, when staff travel and attend seminars, meetings, workshops, and training, which have not been anticipated or accounted for in account 20202900. Total projected funding requirement includes \$40 for the costs of due diligence visitations which will be charged against investment earnings.

20203500 Education & Training Services

\$15	\$15	\$6	\$4	\$15	\$15
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Request is for registration for seminars, workshops, and other training courses for SCERS staff directly related to their job duties.

20203700 Employee Tuition Reimbursement

\$8	\$8	\$0	\$0	\$8	\$8
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Request is for employee tuition reimbursement. Maximum benefit ranges from \$1.2 to \$1.5 per employee depending on the employee's bargaining unit.

20203800 Employee Recognition

\$15	\$9	\$19	\$14	\$15	\$9
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Request is for purchases of Retirement Board meeting refreshments and meals, breakroom water and coffee supplies, refreshments for staff meetings and other employee recognition items.

20203900 Employee Transportation

\$1	\$1	\$0	\$0	\$1	\$1
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Request is for mileage reimbursement for SCERS staff and Board members when they use private vehicles for SCERS business.

20205100 Insurance-Liability

\$24	\$20	\$24	\$20	\$28	\$22
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Sacramento 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. Request is for SCERS' share of County liability insurance allocated to SCERS based on 70% 7-year claims history and 30% total FTE positions.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20205200 Insurance-Fiduciary Liability

\$110	\$91	\$108	\$89	\$108	\$85
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Request is for SCERS' annual fiduciary insurance policy.

20206100 Memberships

\$37	\$10	\$27	\$9	\$38	\$11
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Request is for annual membership dues for professional associations such as State Association of County Retirement Systems (SACRS), California Association of Public Employees Retirement Systems (CALAPRS), and Council of Institutional Investors.

20207600 Office Supplies

\$40	\$33	\$12	\$10	\$40	\$32
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Request is for purchases of consumable supplies and miscellaneous office items.

20208100 Postage Services

\$12	\$10	\$5	\$5	\$12	\$10
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Request is for mail preparation services performed by contract vendors for presorting, stuffing and sealing envelopes, and United States Postal Services for direct mailings. Federal Express charges and other express mailing service charges are also included. Postage costs related to mailing payroll warrants, notices, annual statements, and forms to SCERS members are included for in account 20292200.

20208500 Printing Services

\$40	\$40	\$2	\$2	\$20	\$20
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Request is for specialty printing, rush orders, and quantity printing including the Comprehensive Annual Financial Report, the Popular Annual Financial Report Summary, member handbooks, member annual statements, notices to members, envelopes, folders, portfolios, and stationery. Depending upon quantity and type of printing, the services are provided by either the County Department of General Services or contract vendors. Costs for printing services provided directly by contract vendors are included here. Printing services provided by the Department of General Services are included in account 20292100.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)
(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20226100 Office Equipment Maintenance Services

\$6	\$5	\$0	\$0	\$6	\$5
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Request is for non-routine, preventive, and corrective maintenance on business machines and office equipment which are not covered by equipment lease agreements (see account 20227500) or provided by the County Department of Technology (DTech) (see account 20291200).

20226200 Office Equipment Maintenance Supplies

\$2	\$2	\$0	\$0	\$2	\$2
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Request is for maintenance supplies for business machines and office equipment which are not covered by service or lease agreements (see account 20227500).

20226400 Office Equipment Modular Furniture

\$15	\$12	\$1	\$1	\$15	\$12
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Request is for purchases of chairs, tables, filing cabinets, and other office furniture.

20227500 Rents/Leases-Equipment

\$30	\$25	\$18	\$15	\$30	\$24
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Request is for lease fees for photocopiers and office equipment, including maintenance and repair service. The lease includes the replacement of consumables which results in a reduction of costs for print/toner cartridges.

20244300 Medical Services

\$500	\$500	\$279	\$279	\$350	\$350
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Request is for costs incurred in conjunction with processing applications for disability retirement, including independent medical examinations, laboratory work, and specialized copying services. Expenses are affected by the number and/or complexity of disability applications and may vary greatly from budgeted amounts. Disability cases are subject to review and input by legal counsel, healthcare advisors, as well as the applicant, and may be delayed at any point in the application process.

20250200 Actuarial Services

\$260	\$131	\$276	\$147	\$260	\$191
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Request is for routine actuarial services to be provided by Segal Consulting and any special studies requested by SCERS. Costs related to the annual actuarial valuation and the experience study are charged to the investment earnings.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20252100 Temporary Staffing Services

\$40	\$40	\$43	\$37	\$40	\$40
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Request is for temporary services to cover operational needs, temporary vacancies, leaves of absences, and projects as needed.

20253100 Legal Services

\$1,600	\$0	\$1,338	\$0	\$1,600	\$0
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Funding request is for legal services provided by contract vendors for specialized legal consulting and representation and for County Counsel related to disability matters. Legal costs are not part of the administrative budget.

20254100 Personnel Services

\$43	\$35	\$43	\$35	\$54	\$43
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Requested amount is for the central human resources and employee benefits services provided by the County Department of Personnel Services. The costs are allocated to SCERS based on the total FTE positions.

20254110 Labor Relations Services

\$7	\$6	\$7	\$6	\$8	\$6
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The County Office of Labor Relations is responsible 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. Requested amount is for SCERS' pro-rata share as allocated by the County to SCERS based on the total FTE positions.

20254400 Safety Program Services

\$1	\$1	\$1	\$1	\$1	\$1
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The County Department of Personnel Services, Risk and Loss Control Division manages the Countywide Safety/Accident Prevention and Industrial Hygiene programs. The costs of the Safety program are calculated based on a 70% 5-year claims history and 30% estimated risk calculated by weighted payroll and assigned to SCERS.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)
(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20256100 Reporting Services

	\$200	\$200	\$224	\$224	\$200	\$200
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Request is for contract services provided by qualified professionals acting as hearing officers for disability retirement cases as required by the Retirement Board. Expenses for this account are affected by the number and/or complexity of disability applications, and thus expenses may vary greatly from budgeted amounts.

20256200 Transcribing Services

	\$30	\$30	\$23	\$23	\$30	\$30
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Request is for qualified legal reporters to record disability retirement hearings, prepare transcripts as necessary, and copy medical reports. Expenses are affected by the number and/or complexity of disability applications, and thus expenses may vary greatly from budgeted amounts.

20259100 Other Professional Services

	\$200	\$200	\$175	\$174	\$200	\$200
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Request is for professional services, including specialty consultation regarding CEM benchmarking, strategic planning and board governance, private investigations, death file match information, and other professional services as needed, such as financial audits and human resources consultants. Charges may include court-ordered payment of other parties' attorney fees incurred in preparing and presenting appeals to Superior Court.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)
20259101 Information Technology Consultants					
\$150	\$50	\$113	\$113	\$350	\$250

Expenses related to SCERS’s IT Modernization Program, including consulting services, project management, temporary staffing, data conversion, software and hardware costs. The program will be comprised of a multi-phase, multi-year sequence of projects. The program’s estimated costs are as follows:

Program Element	Estimated Cost - Low	Estimated Cost - High		Estimated Cost - Low	Estimated Cost - High
Software	\$500	\$1,100	Year 1	\$500	\$1,000
Implementation	5,200	8,400	Year 2	1,600	2,750
Hosting Fees	150	800	Year 3	2,400	4,250
Project Oversight	1,500	2,000	Year 4	2,650	4,600
Other Consulting Services	1,700	2,500	Year 5	3,500	5,200
Data Conversion Services	700	1,500	Total	\$10,650	\$17,800
Temporary Staffing	900	1,500			
Total	\$10,650	\$17,800			

While the costs for the Program will be paid as incurred, only costs for activities in the preliminary project stage are expensed as incurred. 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 amortized over the useful life of the product. Recognition of the amortized costs will begin once the product is ready for its intended use (FY 2021-2022). FY 2018-2019 request is for activities in the preliminary project stage for the investment accounting system and the financial accounting system.

20281200 Data Processing Supplies

\$60	\$50	\$59	\$53	\$60	\$47
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Request is for purchase of computers and computer monitors, laptop computers, printers, related equipment, and software. Request includes costs for equipment and supplies used for the scanning of paper-based record.

20281700 Election Services

\$0	\$0	\$0	\$0	\$60	\$60
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Request is for the election of one Miscellaneous and two Safety Retirement Board members.

20283200 Interpreter Services

\$1	\$1	\$0	\$0	\$1	\$1
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Request is for charges for foreign language interpreter services for members.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)
(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)
20291000 Countywide IT Services					
\$42	\$35	\$41	\$34	\$47	\$37

Request is for costs for Countywide shared services provided by DTech. Services provided include 3-1-1 contact center, Countywide data center, communications center, service desk, security, policy, and planning initiatives. The cost of these services is established by DTech.

20291100 Systems Development Services

\$200	\$165	\$164	\$135	\$201	\$159
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DTech charges SCERS for ongoing maintenance, revision and/or enhancement of existing automated systems, development and implementation of new systems, and for projects continuing from prior years. Labor estimates for these services are prepared by DTech based upon the requirements for each program/application. DTech and SCERS staff reach agreement prior to the commencement of work.

20291200 Systems Development Supplies

\$30	\$25	\$35	\$30	\$36	\$28
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Request is for DTech costs for providing maintenance and supplies for existing automation equipment. The cost of these services is established by DTech.

20291300 Department Of Finance Services

\$250	\$250	\$196	\$196	\$250	\$250
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Request is for employee payroll services, payment services, and pension payroll services performed by the County Department of Finance. The costs of employee payroll services are allocated to SCERS based on the total FTE positions. The costs of payment services are allocated to SCERS based on the payment claim/invoice transaction counts. Costs for pension payroll services are based on the number of warrants processed by Department of Finance.

20291600 Wide Area Network

\$37	\$31	\$37	\$30	\$43	\$34
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Requested amount is for Data Wide Area Network (WAN) and WAN Perimeter Security Support services provided by DTech and assigned to SCERS.

20291700 Alarm Services

\$1	\$1	\$1	\$1	\$1	\$1
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Request is for Intrusion Alarm Monitoring services provided by County Department of General Services which is based upon the occupancy and the number of services utilized.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20292100 GS-Printing Services

\$20	\$20	\$30	\$30	\$40	\$40
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Request is for quantity printing, including forms, form letters, and other materials provided by County Department of General Services. See account 20208500 for costs of printing services provided directly by contract vendors.

20292200 GS-Mail/Postage Charges

\$150	\$150	\$107	\$107	\$150	\$150
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Request is for U.S. postage and handling fees for sorted and unsorted first class mailings and certified mailings provided by the Department of General Services including distribution of notices and forms to SCERS members. Prepaid postage costs for warrant and annual statement mailings are also included here. Mailing services performed by external vendors are included in account 20208100.

20292300 GS-Messenger Services

\$4	\$4	\$4	\$4	\$4	\$4
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Request is for delivery of County inter-departmental mail based on one daily delivery stop.

20292500 GS-Purchasing Services

\$2	\$2	\$2	\$2	\$2	\$2
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Request is for allocated cost for assistance from County General Services and Purchasing Division Buying Teams for contract and purchasing services. The method for allocating the costs is based upon SCERS' pro-rata share of the County combined purchase order dollar values.

20292700 GS-Warehousing Charges

\$2	\$2	\$1	\$1	\$2	\$2
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Request is for storage of essential records. Request is based on the usage of 160 square feet at a monthly rate established by General Services.

20292800 GS-Co Equip. Rental-Light Vehicles

\$3	\$3	\$0	\$0	\$3	\$3
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Request is for SCERS' use of County vehicles. SCERS is charged an estimated per diem.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)
(Dollar Amounts Expressed in Thousands)

FY 2017-2018				FY 2018-2019	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20294200 County Facility Use Charges

\$3	\$3	\$3	\$3	\$3	\$2
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Request is for allocated cost for the County's shared meeting room space costs which are based on the total FTE positions at SCERS.

20294300 Leased Property Use Charges

\$631	\$521	\$607	\$501	\$647	\$511
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Request is for the lease at 980 9th Street at the monthly rate of \$49,000 per month. Budget request includes after hours utilities plus miscellaneous building items and service requests, such as fire extinguishers, locks and keys, storage fees and other services.

20296200 Parking

\$18	\$11	\$16	\$9	\$18	\$10
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Request is for monthly parking for management staff and parking coupons for the Retirement Board members during Board meetings and for other official business.

20298300 GS-Surplus Property Management

\$2	\$2	\$2	\$2	\$2	\$2
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Request is for assistance in the acquisition and disposition of surplus property and allocated based on the number of FTE positions at SCERS.

20298700 GS-Telephone Usage

\$22	\$18	\$22	\$15	\$22	\$17
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Request is for ongoing access to the County telephone system, including long distance charges, mobile devices, message charges, line charges, voice mail, fax machine, and telephone service administrative costs.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

(Dollar Amounts Expressed in Thousands)

FY 2016-2017				FY 2017-2018	
Total Funding Requirement (Admin and Investment Expenses)	Adopted Administrative Funding Request (Including IT)	Estimated Total Expenses (Admin and Investment)	Estimated Administrative Expenses (Including IT)	Proposed Total Funding Requirement (Admin and Investment Expenses)	Proposed Administrative Funding Request (Including IT)

20298900 GS-Telephone Installation

\$1	\$1	\$0	\$0	\$1	\$1
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Connection to the County telephone system, telephone equipment installation, and modifications to service.

OBJECT 20 TOTAL

\$5,047	\$2,829	\$4,161	\$2,408	\$5,215	\$3,004
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OBJECT 30 - OTHER CHARGES

30332000 Depreciation Expense

\$33	\$27	\$33	\$27	\$33	\$27
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Depreciation expense for fixed assets such as furniture and office equipment, including workstations, tables, and chairs.

30348000 Countywide Cost Allocation

\$240	\$240	\$240	\$240	\$126	\$126
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SCERS' portion of general overhead expenses as calculated by the Department of Finance and referenced in the Allocated Cost Package for FY 2018-2019 based on two-year-old actual cost information.

OBJECT 30 TOTAL

\$273	\$267	\$273	\$267	\$159	\$153
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OBJECT 70 - CONTINGENCIES

70790100 Appropriation For Contingencies

\$125	\$125	\$0	\$0	\$125	\$125
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A contingency amount of \$125 is requested consistent with prior years.

OBJECT 70 TOTAL

\$125	\$125	\$0	\$0	\$125	\$125
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SCERS ESTIMATED PERSONNEL COSTS - TOTAL FUNDING REQUIREMENT

(Dollar Amounts Expressed in Thousands)

Class Title	Class Code	Estimated Total Annual Salary Earned Account 10111000	Premium Pay Account 10114100	FICA Account 10122000	Medicare Account 10122000	Retirement Account 10121000	Health Savings Account 10121300	401A Plan Account 10121400
Accountant	27548	\$67	\$0	\$4	\$1	\$12	\$1	\$0
Accountant	27548	70	-	4	1	12	1	-
Accounting Manager	27560	106	4	7	2	20	1	1
Accounting Manager	27560	109	4	7	2	21	1	1
Accounting Technician	27610	55	-	3	1	10	1	-
Administrative Services Officer Level 1	27603	65	-	4	1	11	1	-
Administrative Services Officer Level 2	27604	91	-	6	1	15	1	-
Asst Retirement Administrator - Benefits	29089	153	5	8	2	29	1	2
Asst Retirement Administrator - Enterprise Solutions Management	29581	153	5	8	2	21	1	2
Asst Retirement Administrator - Investments	29448	153	5	8	2	28	1	2
Asst Retirement Administrator - Operations	29090	153	5	8	2	29	1	2
Chief Investment Officer - Retirement	27736	180	6	8	3	35	1	2
Executive Secretary	27953	53	-	3	1	9	1	-
Information Technology Analyst Level 2	27517	98	-	6	1	17	1	-
Office Assistant Level 2	28206	35	-	2	1	6	1	-
Office Specialist Level 2	28215	41	-	3	1	7	1	-
Office Specialist Level 2	28215	47	1	3	1	8	1	-
Office Specialist Level 2	28215	48	2	3	1	9	1	-
Office Specialist Level 2	28215	48	2	3	1	9	1	-
Paralegal	28232	57	-	4	1	11	1	-
Personnel Specialist Level 2	28944	49	2	3	1	9	1	-
Retirement Administrator	28318	189	6	8	3	35	1	2
Retirement Benefits Specialist Level I/II	29489	43	-	3	1	7	1	-
Retirement Benefits Specialist Level I/II	29489	46	-	3	1	8	1	-
Retirement Benefits Specialist Level I/II	29489	46	-	3	1	8	1	-
Retirement Benefits Specialist Level I/II	29489	49	-	3	1	8	1	-
Retirement Benefits Specialist Level I/II	29489	51	-	3	1	9	1	-
Retirement Benefits Specialist Level I/II	29489	58	-	4	1	11	1	-
Retirement Benefits Specialist Level I/II	29489	58	3	4	1	10	1	-
Retirement Benefits Specialist Level I/II	29489	58	3	4	1	10	1	-
Retirement Benefits Specialist Level I/II	29489	58	3	4	1	10	1	-
Retirement Benefits Specialist Level I/II	29489	58	3	4	1	10	1	-
Retirement Benefits Specialist Level I/II	29489	58	3	4	1	10	1	-
Retirement Benefits Specialist Level I/II	29489	58	3	4	1	10	1	-
Retirement Disability Specialist	28927	95	-	6	1	18	1	-
Retirement Disability Specialist	28927	95	-	6	1	18	1	-
Retirement General Counsel	29215	167	6	8	2	31	1	2

SCERS ESTIMATED PERSONNEL COSTS - TOTAL FUNDING REQUIREMENT (CONTINUED)
(Dollar Amounts Expressed in Thousands)

Class Title	Class Code	Estimated Total Annual Salary Earned Account 101110000	Premium Pay Account 10114100	FICA Account 10122000	Medicare Account 10122000	Retirement Account 10121000	Health Savings Account 10121300	401A Plan Account 10121400
Retirement Investment Officer	29404	131	-	8	2	21	1	-
Retirement Investment Officer	29404	131	-	8	2	21	1	-
Retirement Services Analyst	29274	83	-	5	1	15	1	-
Retirement Services Analyst	29274	95	-	6	1	16	1	-
Retirement Services Analyst	29274	95	-	6	1	16	1	-
Retirement Services Manager	29031	116	4	7	2	20	1	1
Retirement Services Manager	29031	116	4	7	2	22	1	1
Retirement Services Supervisor	29032	74	-	5	1	14	1	-
Retirement Services Supervisor	29032	74	-	5	1	14	1	-
Retirement Services Supervisor	29032	74	-	5	1	14	1	-
Senior Account Clerk	27541	51	-	3	1	9	1	-
Senior Accountant	27545	89	-	6	1	15	1	-
Senior Accountant	27545	89	-	6	1	15	1	-
Senior Accounting Manager	27564	125	4	8	2	21	1	1
Senior Information Technology Analyst	27516	111	4	7	2	21	1	1
Senior Investment Officer	TBD	142	5	8	2	21	1	1
Senior Investment Officer	TBD	142	5	8	2	21	1	1
Senior Office Assistant	28203	46	-	3	1	8	1	-
Senior Personnel Analyst	28224	95	-	6	1	16	1	-
Senior Retirement Benefits Specialist	29490	56	-	4	1	10	1	-
Senior Retirement Benefits Specialist	29490	60	3	4	1	11	1	-
Senior Retirement Benefits Specialist	29490	64	-	4	1	12	1	-
Senior Retirement Benefits Specialist	29490	64	3	4	1	11	1	-
Senior Retirement Benefits Specialist	29490	64	3	4	1	11	1	-
Senior Retirement Benefits Specialist	29490	64	3	4	1	12	1	-
Sub Total		5,285	106	318	81	932	62	22
Estimate of Expired CTO to be Paid to Employees		74	2	5	1	14	-	-
Estimate of Management Buybacks of Vacation Accruals		16	1	-	-	3	-	-
Sub Total		90	3	5	1	17	-	-
Estimate of Overtime Pay		100	-	6	1	-	-	-
Estimate of Terminal Pay		108	2	4	2	-	-	-
Auto Allowance		5	-	-	-	1	-	-
Sub Total		213	2	10	3	1	-	-
Grand Total		\$5,588	\$111	\$333	\$85	\$950	\$62	\$22

SCERS ESTIMATED PERSONNEL COSTS - ALLOCATED TO INVESTMENT EXPENSES

(Dollar Amounts Expressed in Thousands)

Class Title	Class Code	Percentage Allocated to Investment Expenses	Estimated Total Annual Salary Earned Account 10111000	Premium Pay Account 10114100	FICA Account 10122000	Medicare Account 10122000	Retirement Account 10121000	Health Savings Account 10121300	401A Plan Account 10121400
Accountant	27548	40%	\$28	\$0	\$2	\$0	\$5	\$0	\$0
Accounting Manager	27560	40%	42	1	3	1	8	-	-
Accounting Manager	27560	70%	76	3	5	1	15	-	1
Accounting Technician	27610	50%	28	-	2	-	5	-	-
Asst Retirement Administrator - Enterprise Solutions Management	29581	20%	31	1	2	-	4	-	-
Asst. Retirement Administrator - Investments	29448	100%	153	5	8	2	28	1	2
Asst Retirement Administrator - Operations	29090	15%	23	1	1	-	4	-	-
Chief Investment Officer - Retirement	27736	100%	180	6	8	3	35	1	2
Executive Secretary	27953	15%	8	-	-	-	1	-	-
Information Technology Analyst Level 2	27517	15%	15	-	1	-	2	-	-
Paralegal	28232	100%	57	-	4	1	11	1	-
Retirement Administrator	28318	30%	57	2	2	1	11	-	1
Retirement General Counsel	29215	100%	167	6	8	2	31	1	2
Retirement Investment Officer	29404	100%	131	-	8	2	21	1	-
Retirement Investment Officer	29404	100%	131	-	8	2	21	1	-
Senior Account Clerk	27541	40%	20	-	1	-	3	-	-
Senior Accountant	27545	90%	80	-	5	1	14	1	-
Senior Accountant	27545	15%	13	-	1	-	2	-	-
Senior Accounting Manager	27564	50%	62	2	4	1	10	-	1
Senior Information Technology Analyst	27516	15%	17	1	1	-	3	-	-
Senior Investment Officer	TBD	100%	142	5	8	2	21	1	1
Senior Investment Officer	TBD	100%	142	5	8	2	21	1	1
Sub Total			1,603	38	90	21	276	9	11
Estimate of Management Buybacks of Vacation Accruals			1	-	-	-	-	-	-
Estimate of Terminal Pay			41	1	-	1	8	-	-
Auto Allowance			2	-	-	-	-	-	-
Sub Total			44	1	-	1	8	-	-
Grand Total			\$1,647	\$39	\$90	\$22	\$284	\$9	\$11

SCERS SUMMARY OF POSITIONS

Class Code	Class Title	Approved	Filled	Requested
		2017-2018	2017-2018	2018-2019
27548	Accountant	2	2	2
27560	Accounting Manager	1	2	2
27610	Accounting Technician	1	1	1
27603	Administrative Services Officer, Level 1	1	1	1
27604	Administrative Services Officer, Level 2	-	-	1
29089	Assistant Retirement Administrator - Benefits	1	1	1
29448	Assistant Retirement Administrator - Investments	1	1	1
29090	Assistant Retirement Administrator - Operations	1	1	1
29581	Assistant Retirement Administrator - Enterprise Solutions Management	1	1	1
27736	Chief Investment Officer - Retirement	1	1	1
27953	Executive Secretary	1	1	1
27517	Information Technology Analyst 2	1	-	1
28206	Office Assistant, Level 2	2	1	1
28215	Office Specialist, Level 2	3	2	4
28232	Paralegal	1	1	1
28944	Personnel Specialist, Level 2	1	1	1
28318	Retirement Administrator	1	1	1
29489	Retirement Benefits Specialist Level 1/2	11	7	11
28927	Retirement Disability Specialist	2	2	2
29215	Retirement General Counsel	1	1	1
29404	Retirement Investment Officer	2	2	2
29274	Retirement Services Analyst	3	2	3
29031	Retirement Services Manager	2	2	2
29032	Retirement Services Supervisor	4	4	4
27541	Senior Account Clerk	1	1	1
27545	Senior Accountant	2	-	2
27564	Senior Accounting Manager	1	-	1
27516	Senior Information Technology Analyst	1	1	1
TBD	Senior Investment Officer*	-	-	2
28203	Senior Office Assistant	1	1	1
28212	Senior Office Specialist	1	-	1
28943	Senior Personnel Specialist	1	-	-
29490	Senior Retirement Benefits Specialist	7	4	6
Budget Unit Total		60	45	62

*Pending Board of Supervisors approval.

ESTIMATED TRAVEL EXPENSES

(Dollar Amounts Expressed in Thousands)

Event Date	Event	Attendee(s)	Total Funding Requirement FY 2018-2019	Expenses Charged Against Investment Earnings
Jul-18	SACRS Public Pension Investment Management Program	Board Members and/or Management Staff	\$6	\$4
Jul-18	The Pension Bridge	Chief Executive Officer and Chief Investments Officer	4	2
Aug-18	CALAPRS Principles for Pension Management for Trustees	Board Member	3	3
Sep-18	Annual Public Funds Forum	Chief Executive Officer	2	1
Sep-18	CALAPRS Accountants' Round Table	Management Staff and Staff Members	2	1
Sep-18	CALAPRS Information Technology Round Table	Senior Information Technology Analyst and Staff Member	1	-
Sep-18	CALAPRS Benefits Round Table	Management Staff and Staff Member	1	-
Sep-18	CALAPRS Attorneys' Round Table	General Counsel	1	1
Sep-18	CALAPRS Administrators' Institute	Chief Executive Officer	2	1
Oct-18	Council of Institutional Investors	Board Members and/or Management Staff	2	1
Oct-18	Public Pension Financial Forum	Chief Operations Officer, Senior Accounting Manager and Accounting Managers	4	2
Oct-18	CALAPRS Trustees' Round Table	Board Members	1	-
Nov-18	SACRS Fall Conference	Management Staff and Board Members	12	6
Jan-19	CALAPRS Administrators' Round Table	Chief Executive Officer	1	-
Jan-19	CALAPRS Advanced Principles of Pension Management	Board Members	7	2
Feb-19	CALAPRS Trustees' Round Table	Board Members	1	-
Feb-19	NAPPA 2018 Winter Seminar	General Counsel	1	1
Mar-19	CALAPRS General Assembly	Management Staff and Board Members	11	5
Apr-19	U.S. Pensions Summit	Management Staff and Staff Members	3	2
Apr-19	CALAPRS Accountants' Round Table	Management Staff and Staff Members	2	1
Apr-19	CALAPRS Information Technology Round Table	Senior Information Technology Analyst and Staff Member	1	-
Apr-19	Council of Institutional Investors	Board Members and/or Management Staff	3	2
Apr-19	Public Retirement Information Systems Management Conference (PRISM)	Chief Strategy Officer and Senior Information Technology Analyst	3	-
May-19	CEM Conference	Chief Executive Officer and Management Staff	3	-
May-19	SACRS Spring Conference	Management Staff and Board Members	11	6
May-19	GFOA Conference	Chief Operations Officer, Senior Accounting Manager and Accounting Managers	6	3
Jun-19	Institutional Limited Partnership Association Conference	General Counsel and Chief Investment Officer	3	3
Jun-19	CALAPRS Benefits Round Table	Management Staff and Staff Member	1	-
Jun-19	CALAPRS Administrators' Round Table	Chief Executive Officer	1	-
Jun-19	SHRM Annual Conference	Chief Operations Officer and Senior Personnel Analyst	4	-
Jun-19	NAPPA Legal Education Conference	General Counsel	2	2
Total			\$105	\$49

APPENDIX

ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES

(Dollar Amounts Expressed in Thousands)

SUB-OBJECT	ACCOUNT TITLE	Actual Administrative Expenses (Including IT) FY 2016-2017	Estimated Administrative Expenses (Including IT) FY 2017-2018	% Change	Adopted Administrative Funding Request (Including IT) FY2017-2018	Proposed Administrative Funding Request (Including IT) FY 2018-2019	%
OBJECT 10 - SALARIES & BENEFITS							
10111000	Salaries & Wages-Regular Employees	\$2,463	\$2,454	0%	\$3,595	\$3,771	5%
10112400	Salaries & Wages-Committee Members	4	5	25%	5	5	0%
10113100	Salaries & Wages-Straight Time O/T	13	22	69%	10	10	0%
10113200	Salaries & Wages-Time & One Half O/T	83	107	29%	100	100	0%
10114100	Salaries & Wages-Premium Pay	28	34	21%	85	72	-15%
10114300	Allowances	3	4	33%	3	3	0%
10115200	Terminal Pay	99	173	75%	98	67	-32%
10121000	Retirement-Normal & UAAL	387	363	-6%	550	666	21%
10121100	Retirement-1995/2003 POB Debt Service	199	225	13%	225	243	8%
10121200	Retirement-2004 POB Debt Service	97	112	15%	111	117	5%
10121300	Health Savings-Employer Cost	22	21	-5%	55	53	-4%
10121400	401A Plan-Employer Cost	7	9	29%	11	11	0%
10122000	OASDI-Employer Cost	192	190	-1%	296	306	3%
10123000	Group Insurance-Employer Cost	374	415	11%	637	696	9%
10124000	Workers Compensation Ins-Emplr Cost	12	15	25%	15	16	7%
10125000	Unemployment Ins-Employer Cost	1	1	0%	1	1	0%
OBJECT TOTAL		3,984	4,150	4%	5,797	6,137	6%
OBJECT 20 - SERVICES & SUPPLIES							
20200500	Advertising/Legal Notices	-	1	***	3	3	0%
20202200	Books/Periodicals Supply	-	-	***	3	3	0%
20202400	Periodicals & Subscriptions	4	5	25%	4	4	0%
20202900	Business Conferences	25	40	60%	40	56	40%
20203100	Business Travel	-	1	***	10	10	0%
20203500	Education & Training Services	10	4	-60%	15	15	0%
20203700	Employee Tuition Reimbursement	-	-	***	8	8	0%
20203800	Employee Recognition	12	14	17%	9	9	0%
20203900	Employee Transportation	-	-	***	1	1	0%
20205100	Insurance-Liability	20	20	0%	20	22	10%
20205200	Insurance-Fiduciary Liability	89	89	0%	91	85	-7%
20206100	Memberships	6	9	50%	10	11	10%
20207600	Office Supplies	12	10	-17%	33	32	-3%
20208100	Postage Services	5	5	0%	10	10	0%
20208500	Printing Services	19	2	-89%	40	20	-50%
20226100	Office Equipment Maintenance Services	-	-	***	5	5	0%
20226200	Office Equipment Maintenance Supplies	-	-	***	2	2	0%
20226400	Office Equipment Modular Furniture	-	1	***	12	12	0%
20227500	Rents/Leases-Equipment	14	15	7%	25	24	-4%

ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES (CONTINUED)
(Dollar Amounts Expressed in Thousands)

SUB-OBJECT	ACCOUNT TITLE	Actual	Estimated	% Change	Adopted	Proposed	% Change
		Administrative Expenses (Including IT) FY 2016-2017	Administrative Expenses (Including IT) FY 2017-2018		Administrative Funding Request (Including IT) FY2017-2018	Administrative Funding Request (Including IT) FY 2018-2019	
20244300	Medical Services	415	279	-33%	500	350	-30%
20250200	Actuarial Services	85	147	73%	131	191	46%
20252100	Temporary Staffing Services	10	37	270%	40	40	0%
20254100	Personnel Services	33	35	6%	35	43	23%
20254110	Labor Relations Services	6	6	0%	6	6	0%
20254400	Safety Program Services	1	1	0%	1	1	0%
20256100	Reporting Services	134	224	67%	200	200	0%
20256200	Transcribing Services	16	23	44%	30	30	0%
20259100	Other Professional Services	342	174	-49%	200	200	0%
20259101	Information Technology Consultants	157	113	-28%	50	250	400%
20281200	Data Processing Supplies	49	53	8%	50	47	-6%
20281700	Election Services	29	-	-100%	-	60	***
20283200	Interpreter Services	2	-	-100%	1	1	0%
20291000	Countywide IT Services	36	34	-6%	35	37	6%
20291100	Systems Development Services	143	135	-6%	165	159	-4%
20291200	Systems Development Supplies	21	30	43%	25	28	12%
20291300	Department Of Finance Services	194	196	1%	250	250	0%
20291600	Wide Area Network	31	30	-3%	31	34	10%
20291700	Alarm Services	1	1	0%	1	1	0%
20292100	GS-Printing Services	22	30	36%	20	40	100%
20292200	GS-Mail/Postage Charges	121	107	-12%	150	150	0%
20292300	GS-Messenger Services	4	4	0%	4	4	0%
20292500	GS-Purchasing Services	1	2	100%	2	2	0%
20292700	GS-Warehousing Charges	1	1	0%	2	2	0%
20292800	GS-Co Equip. Rental-Light Vehicles	-	-	***	3	3	0%
20294200	County Facility Use Charges	2	3	50%	3	2	-33%
20294300	Leased Property Use Charges	474	501	6%	521	511	-2%
20296200	Parking	11	9	-18%	11	10	-9%
20298300	GS-Surplus Property Mgt	2	2	0%	2	2	0%
20298700	GS-Telephone Usage	15	15	0%	18	17	-6%
20298900	GS-Telephone Installation	2	-	-100%	1	1	0%
OBJECT 20 TOTAL		2,576	2,408	-7%	2,829	3,004	6%
OBJECT 30 - OTHER CHARGES							
30332000	Depreciation Expense	27	27	0%	27	27	0%
30348000	Countywide Cost Allocation	318	240	-25%	240	126	-48%
OBJECT 30 TOTAL		345	267	-23%	267	153	-43%
OBJECT 70 - CONTINGENCIES							
70790100	Appropriation For Contingencies	-	-	***	125	125	0%
OBJECT 70 TOTAL		-	-	***	125	125	0%
TOTAL EXPENSES		\$6,905	\$6,825	-1%	\$9,018	\$9,419	4%

ESTIMATED INVESTMENT EXPENSES

TO BE PAID FROM INVESTMENT EARNINGS

FISCAL YEAR 2018-2019

(Dollar Amounts Expressed in Thousands)

Contractor	Service Provided	Fee
Custodian		
State Street Bank and Trust Co. California	Custody Administration	\$235
State Street Bank and Trust Co. California	Compliance Monitoring	41
Portfolio Analytics		
State Street Analytics	Performance and Transaction Cost	90
Investment Managers		
Public Equity		
AllianceBernstein L.P.	Passive Large Cap Index	226
AQR Capital Management	Active Systematic Multi-Factor	627
Baillie Gifford & Co.	Active Emerging Mkts All Cap	1,337
Dalton, Greiner, Hartman, Maher & Co. LLC	Active Small Cap Value	470
Eagle Capital Management	Active Large Cap Value	1,893
Equity Extension 130/30 Manager (TBD)	Equity Extension 130/30	1,780
Lazard Asset Management	Active International Large Cap (ACWI ex-US)	2,102
LSV Asset Management	Active Dev Mkts Large Cap Value	2,049
Mondrian Emerging Markets Equity Fund, L.P.	Active Emerging Mkts All Cap	1,245
Mondrian International Small Cap Equity Fund, L.P.	Active Dev Mkts Small Cap	683
Walter Scott International EAFE Income Growth	Active Dev Mkts Large Cap Growth	1,240
Weatherbie Capital, LLC	Active Small Cap Growth	261
William Blair International Small Cap Growth Portfolio	Active Dev Mkts Small Cap	869
Absolute Return		
AQR Delta Fund II, L.P.	Absolute Return Fund	716
Brevan Howard, L.P.	Absolute Return Fund	698
Elliott International Limited	Absolute Return Fund	822
Graham Global Investment Fund II SPC LTD	Absolute Return Fund	427
Jana Partners Qualified, L.P.	Absolute Return Fund	847
Lakewood Capital Partners, L.P.	Absolute Return Fund	691
Laurion Capital Ltd.	Absolute Return Fund	920
OZ Domestic Partners II, L.P.	Absolute Return Fund	982
SC Absolute Return Fund, LLC – Diversifying Series	Absolute Return Fund	1,038
SC Absolute Return Fund, LLC – Growth Series	Absolute Return Fund	1,038
SC Absolute Return Fund, LLC- Series B	Absolute Return Fund	1,204
Third Point Partners Qualified, L.P.	Absolute Return Fund	1,017
Winton Diversified Futures Fund, L.P.	Absolute Return Fund	380
Fixed Income		
Brandywine Global Investment Management, LLC	Active Global	901
Metwest Asset Management	Active Core Plus	924
Neuberger Berman Fixed Income LLC	U.S. Treasury	193
Prudential Investment Management	Active Core Plus	818

ESTIMATED INVESTMENT EXPENSES (CONTINUED)
(Dollar Amounts Expressed in Thousands)

Contractor	Service Provided	Fee
Investment Managers		
Public Equity		
SC Credit Opportunities Mandate, LLC	Active Credit	1,435
Real Return		
ACM Fund II, L.P.	Real Assets Private Fund	438
Allegis Value Trust	Value Added Real Estate Fund	70
ArcLight Energy Partners Fund VI, L.P.	Real Assets Private Fund	600
Atalaya SCERS SMA, LLC	Real Assets Private Fund	375
Barings Real Estate Advisers	Core Real Estate Separate Account Properties	215
BlackRock Realty Advisors I	Core Real Estate Separate Account Properties	435
BlackRock Realty Advisors II	Core Real Estate Separate Account Properties	141
Blackstone Resources Select Offshore Fund	Commodity Fund	-
Brookfield Infrastructure Fund III, L.P.	Real Assets Private Fund	600
Carlyle China Realty, L.P.	Opportunistic Real Estate Fund	150
Carlyle China Rome Logistics, L.P.	Opportunistic Real Estate Fund	400
Carlyle Power Partners II, L.P.	Real Assets Private Fund	600
CIM Fund VIII, L.P.	Opportunistic Real Estate Fund	525
ECE European Prime Shopping Centre Fund II, SCS-SIF	Value Added Real Estate Fund	525
EnCap Energy Capital Fund IX, L.P.	Real Assets Private Fund	495
EnCap Energy Capital Fund X, L.P.	Real Assets Private Fund	600
EnCap Flatrock Midstrem Fund III, L.P.	Real Assets Private Fund	300
EnCap Flatrock Midstream Fund IV, LP	Real Assets Private Fund	338
European Real Estate Debt Fund II, L.P.	Real Estate Debt Fund	300
Global Energy & Power Infrastructure Fund II, L.P.	Real Assets Private Fund	525
Hammes Partners II, L.P.	Core Real Estate Fund	375
Hammes Partners III, L.P.	Core Real Estate Fund	469
Hines US Office Value Fund II, L.P.	Value Added Real Estate Fund	-
IFM Global Infrastructure Fund	Real Assets Private Fund	1,125
Jamestown Premier Property Fund, L.P.	Core Real Estate Fund	120
KKR Real Estate Partners Americas, L.P.	Opportunistic Real Estate Fund	525
Meridiam Infrastructure North America III, LP	Real Assets Private Fund	600
MetLife Core Property Fund, L.P.	Core Real Estate Fund	240
NREP Nordic Strategies Fund II, SCSp	Value Added Real Estate Fund	525
NREP Nordic Strategies Fund III, SCSp	Value Added Real Estate Fund	600
NREP Nordic Strategies Fund, FCP-FIS	Value Added Real Estate Fund	150
Och-Ziff Real Estate Fund III, L.P.	Opportunistic Real Estate Fund	525
Pantheon SCERS SIRF MM, LLC	Real Assets Private Fund	460
Prime Property Fund, LLC	Core Real Estate Fund	560
Principal US Property Account	Core Real Estate Fund	380
Prologis Targeted Europe Logistics Fund, L.P.	Core Real Estate Fund	350
Prologis Targeted US Logistics Fund, L.P.	Core Real Estate Fund	350
Quantum Energy Partners VI, L.P.	Real Assets Private Fund	613
Quantum Energy Partners VII, LP	Real Assets Private Fund	700

ESTIMATED INVESTMENT EXPENSES (CONTINUED)
(Dollar Amounts Expressed in Thousands)

Contractor	Service Provided	Fee
Investment Managers		
Real Return (continued)		
Strategic Commodities Fund Ltd.	Commodities Fund	275
Townsend Real Estate Fund, L.P.	Core Real Estate Fund	205
Wastewater Opportunity Fund, LLC	Real Assets Private Fund	500
Overlay		
SSgA Real Asset Strategy	Overlay Real Assets Proxy	600
State Street Global Advisors	Asset Allocation Overlay	500
Private Credit		
Athyrium Opportunities Fund II, L.P.	Private Credit Fund	480
Athyrium Opportunities Fund III, L.P.	Private Credit Fund	375
Benefit Street Partners Senior Secured Opportunities Fund, L.P.	Private Credit Fund	200
Summit Partners Credit Fund, L.P.	Private Credit Fund	94
Summit Partners Credit Fund II, L.P.	Private Credit Fund	280
Summit Partners Credit III LP	Private Credit Fund	124
TCP Direct Lending Fund VIII-[S], LLC	Private Credit Fund	313
Private Equity		
Abbott Capital Private Equity Fund VI, L.P.	Private Equity Fund	293
Accel-KKR Capital Partners IV, L.P.	Private Equity Fund	338
Accel-KKR Capital Partners V, L.P.	Private Equity Fund	500
Accel-KKR Growth Capital Partners II, L.P.	Private Equity Fund	263
Atalaya Special Opportunities Fund VI, L.P.	Private Equity Fund	375
DavidsonKempner Long-Term Distressed Opportunities Fund IV, LP	Private Equity Fund	525
Dyal II US Investors, L.P.	Private Equity Fund	700
Dyal Capital Partners III, L.P.	Private Equity Fund	700
Garrison Opportunity Fund III A LLC	Private Equity Fund	400
H.I.G. Bayside Loan Opportunity Fund III (Europe-US\$), L.P.	Private Equity Fund	600
H.I.G. Capital Partners V, L.P.	Private Equity Fund	280
H.I.G. Europe Capital Partners II, L.P.	Private Equity Fund	400
HarbourVest International Private Equity Partners VI-Partnership Fund L.P.	Private Equity Fund	435
HarbourVest Partners VIII, L.P.	Private Equity Fund	500
Khosla Ventures IV, L.P.	Private Equity Fund	200
Khosla Ventures V, L.P.	Private Equity Fund	400
Khosla Ventures VI, LP	Private Equity Fund	700
Linden Capital Partners III, L.P.	Private Equity Fund	700
Linden Capital Partners IV, L.P.	Private Equity Fund	880
Marlin Equity IV, L.P.	Private Equity Fund	400
Marlin Equity Partners V, L.P.	Private Equity Fund	500
Marlin Heritage, L.P.	Private Equity Fund	300
Marlin Heritage II, L.P.	Private Equity Fund	200
Marlin Heritage Europe, L.P.	Private Equity Fund	292
New Enterprise Associates 14, L.P.	Private Equity Fund	313

ESTIMATED INVESTMENT EXPENSES (CONTINUED)
(Dollar Amounts Expressed in Thousands)

Contractor	Service Provided	Fee
Investment Managers		
Private Equity (continued)		
New Enterprise Associates 15, L.P.	Private Equity Fund	438
New Enterprise Associates 16, L.P.	Private Equity Fund	438
Private Equity Partners X, L.P.	Private Equity Fund	750
RRJ Capital Master Fund II, L.P.	Private Equity Fund	700
RRJ Capital Master Fund III, L.P.	Private Equity Fund	700
Spectrum Equity VII, L.P.	Private Equity Fund	500
Spectrum Equity VIII, L.P.	Private Equity Fund	375
Summit Partners Europe Growth Equity Fund II	Private Equity Fund	350
Summit Partners Venture Capital Fund III-A, L.P.	Private Equity Fund	330
Summit Partners Venture Capital Fund IV, L.P.	Private Equity Fund	700
Thoma Bravo Fund XI, L.P.	Private Equity Fund	600
Thoma Bravo Fund XII, L.P.	Private Equity Fund	600
TPG Opportunities Partners III, L.P.	Private Equity Fund	525
Trinity Ventures XI, L.P.	Private Equity Fund	625
Trinity Ventures XII, L.P.	Private Equity Fund	625
TSG7 A, L.P.	Private Equity Fund	320
TSG7 B, L.P.	Private Equity Fund	100
Waterland Private Equity Fund V C.V.	Private Equity Fund	612
Waterland Private Equity Fund VI Overflow Fund, C.V.	Private Equity Fund	120
Waterland Private Equity Fund VI, C.V.	Private Equity Fund	480
Wayzata Opportunities Fund III, L.P.	Private Equity Fund	145
Opportunities		
Atalaya Special Opportunities Fund V, L.P.	Opportunistic Credit Fund	375
Consultant - General		
BSR & Co.	Tax Consultant - India	5
CliffWater LLC	Alternative Assets Investment Consultant	450
Financial Recovery Technologies, LLC	Class Action Research	70
Glass Lewis Proxy Analysis	Corporate Actions	38
Informa Investment Solutions	Investment Manager Research Software	14
Institutional Shareholder Services	Corporate Actions	57
MSCI Inc.	Market Data	1
The Townsend Group	Real Estate Investment Consultant	225
Verus Advisory, Inc.	General Investment Consultant	300
	Subtotal	73,206
Salaries & Benefits Allocated to Investment Expenses		2,392
Services & Supplies Allocated to Investment Expenses*		2,211
Other Charges		6
	Total	\$77,815

*Includes prospective manager due diligence visits of \$40.

Note: Establishing a direct investing platform compared to investing in fund-of-funds vehicles within the alternative assets portfolio will make year-to-year comparisons difficult. While SCERS' fund-of-funds investments invest in underlying funds directly, the investment fees for these funds are not displayed, and it is only the fees for the fund-of-funds that are included. Accordingly, this will make fund-of-funds investments appear less expensive than if both sets of fees were displayed.

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