



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 9

MEETING DATE: June 21, 2017

SUBJECT: Proposed SCERS Administrative Budget for the 2017-2018 Fiscal Year

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

RECOMMENDATION

Staff recommends the Board approve the attached Proposed Administrative Budget for the 2017-2018 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, 2017. 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 2017-2018. The requested administrative funding request, including IT costs is \$9,018,000, which is \$123,000 lower than in the prior fiscal year's budget. The proposed funding request for IT is \$1,130,000, which is \$730,000 less than the prior year's budget.

The administrative funding request excluding IT costs is \$7,888,000, which is \$607,000 or 8.3% higher than the Final Administrative Budget for FY 2016-2017. 'Salaries & Benefits' increased \$594,000 or 12.6%. The requested amounts for 'Services & Supplies' and 'Other Charges' were materially consistent with the prior year's request. Services and Supplies increased only \$23,000 or 1.0%, while Other Charges decreased by \$10,000 from the prior year's budgeted amount.

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

- Salaries & Wages – Regular Employees (Salaries & Benefits) The most significant change in ‘Salaries & Benefits’ is within the ‘Salaries & Wages – Regular Employees’ account. The proposed administrative budget has been increased by \$275,000 over the prior year due to the combined effects of a 2% cost-of-living adjustment and the addition of five new positions. The increase in salaries resulted in increases in the related benefits.
- Election Services – (Services & Supplies) Since there is no Retirement Board member election expected to be held during the 2017-2018 fiscal year, election services expense decreased from \$60,000 to zero.

The requested amount of \$7,888,000, excluding IT Costs, is only eight hundredths of one percent (.08%) of SCERS actuarial accrued liability of \$9,436,090,000 as of June 30, 2016. The requested amount is well below the statutory limit of twenty-one hundredths (.21%) of one percent even before excluding \$1,130,000 in costs of computer software and hardware and related consulting services.

Please note that the investment 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 15 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 information technology (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

Proposed Administrative Budget, Fiscal Year 2017-2018, prepared by SCERS Accounting Staff.


Kathryn T. Regalia
Chief Operations Officer


Annette St. Urbain
Interim Chief Executive Officer

PROPOSED ADMINISTRATIVE BUDGET FISCAL YEAR 2017-2018



SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM



PROPOSED ADMINISTRATIVE BUDGET

FISCAL YEAR 2017-2018

PREPARED BY:

ANNETTE ST. URBAIN

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KATHRYN T. REGALIA, CPA, CGMA

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Senior Accounting Manager

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SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

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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, Enterprise Solutions Management Director 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.

SIGNIFICANT DEVELOPMENTS DURING FISCAL YEAR 2016-2017

- Continued the implementation of the 2014-2018 Strategic Plan goals and objectives.
- Completed the review and revision of SCERS Bylaws/Regulations. Combined the materials with applicable statutes, policies and procedures to form a consolidated plan document.
- Continued to assess SCERS' information technology system requirements, modified and enhanced SCERS' systems to accommodate operational needs and strategically planned for future information technological needs; Continued to work with Linea Solutions, Inc. (Linea) to provide SCERS with pension administration and financial systems consulting services.
- Substantially completed the assessment phase of the IT Modernization Program; Worked with Linea to issue Request for Proposal (RFP) for Data Conversion Services and selected Icon Integration and Design, Inc. (ICON) to perform data conversion services; Worked with Linea to issue RFP for the Pension Administration System (PAS) and received responses from five well-qualified vendors.
- Made site visits to other 1937 Act retirement systems with recent PAS implementation to learn about the solutions, resources and organizational challenges during and post implementation.
- Worked with Sacramento County Department of Personnel Services, Department of Finance, and Department of Technology on the transition of payroll system for special districts from Highline to COMPASS that will be effective in FY 2017-2018.
- Worked with Orangevale Recreation and Park District to complete the last phase of a 50/50 normal cost sharing arrangement in which the employees pay 50% of the combined employee and employer normal cost.
- Continued to work with Sacramento Metropolitan Fire District on a plan to pay off the unfunded actuarial accrued liability.
- Analyzed and implemented staffing plan to adequately support the daily business operation and the execution of the IT Modernization Program; added staff positions in benefit administration, operations and information technology; created a new functional area, Enterprise Solutions Management.
- Surveyed participating employers and developed standards and controls to ensure that SCERS employers properly enroll eligible employees in SCERS; worked with participating employers to correctly enroll eligible employees in SCERS.
- Worked with Ralph Andersen & Associates to perform a compensation study for SCERS executive staff.
- Engaged Hudepohl & Associates to conduct the recruitment for the SCERS Chief Executive Officer position.
- Received a new Determination Letter from the Internal Revenue Service renewing SCERS' qualified plan status.
- Completed the strategic asset allocation study for SCERS that was initiated in FY 2015-2016, outcomes of which are to increase diversification, reduce the potential range of portfolio outcomes, and increase cash flow generation.

SIGNIFICANT DEVELOPMENTS DURING FISCAL YEAR 2016-2017 (CONTINUED)

- Initiated and completed implementation plans for several asset classes within the structure of SCERS' recently approved strategic asset allocation.
- Initiated the revision of SCERS' Master Investment Policy Statement in support of SCERS' recently approved strategic asset allocation.
- Conducted and completed a large cap international developed markets search within SCERS' International Equity asset class.
- Identified, performed due diligence and made direct fund investments within SCERS' Absolute Return, Private Equity, Real Assets and Opportunities asset classes.
- Presented the annual reports and annual investment plans for the Private Equity, Private Credit and Real Assets asset classes.
- Executed on implementation of SCERS' Real Estate program, including: (1) Assessments of core separate account properties and open-end commingled funds; and (2) Review of opportunities in value add and opportunistic real estate.
- Prepared and presented the 2016 Investment Year in Review report.
- Evaluated the proxies utilized within SCERS' overlay program.
- Monitored and assessed the direction of the securities lending program.
- Continued to monitor and assess the investment manager lineup across SCERS' fund.
- Conducted investment education on private equity fund transparency and portfolio asset class construction.

ANTICIPATED CHANGES FOR FISCAL YEAR 2017-2018

Continue the implementation of the 2014-2018 Strategic Plan goals and objectives.

GOVERNANCE

- Establish appropriate operating authority for SCERS.

STAFFING

- Continue work with executive search consultant to complete recruitment, selection and on-boarding of successor Chief Executive Officer.
- Fill vacant staff positions.
- Develop additional staff training programs.
- Implement a structured goal setting and performance evaluation process for SCERS employees.

CUSTOMER SERVICE

- Develop and implement additional educational programs and materials for SCERS members.
- Continue to develop and implement a comprehensive communications plan, integrating a SCERS 'brand' concept.
- Develop and implement a program for establishing a baseline for member satisfaction, enhancing member feedback, measuring improvements in service, and benchmarking against best practices in customer service.
- Enhance the business continuity plan.

INFORMATION TECHNOLOGY

- Continue work with Linea Solutions, Inc., and Department of Technology on the IT Modernization Program (a five year project).
 - Select a Pension Administration System (PAS)/Vendor and commence implementation services.
 - Continue data conversion project for the PAS with Icon Integration and Design, Inc. (a four year project).
 - Select, implement and integrate financial management application and investment accounting application.

INVESTMENTS

- Continue implementation of asset categories and asset classes within the structure of SCERS' strategic asset allocation adopted in January 2017.
- Complete the revision of SCERS' Master Investment Policy Statement, which includes incorporating SCERS' individual asset class investment policy statements.
- Assess potential strategic partners for the private market asset classes, including Private Equity, Private Credit and Real Assets.

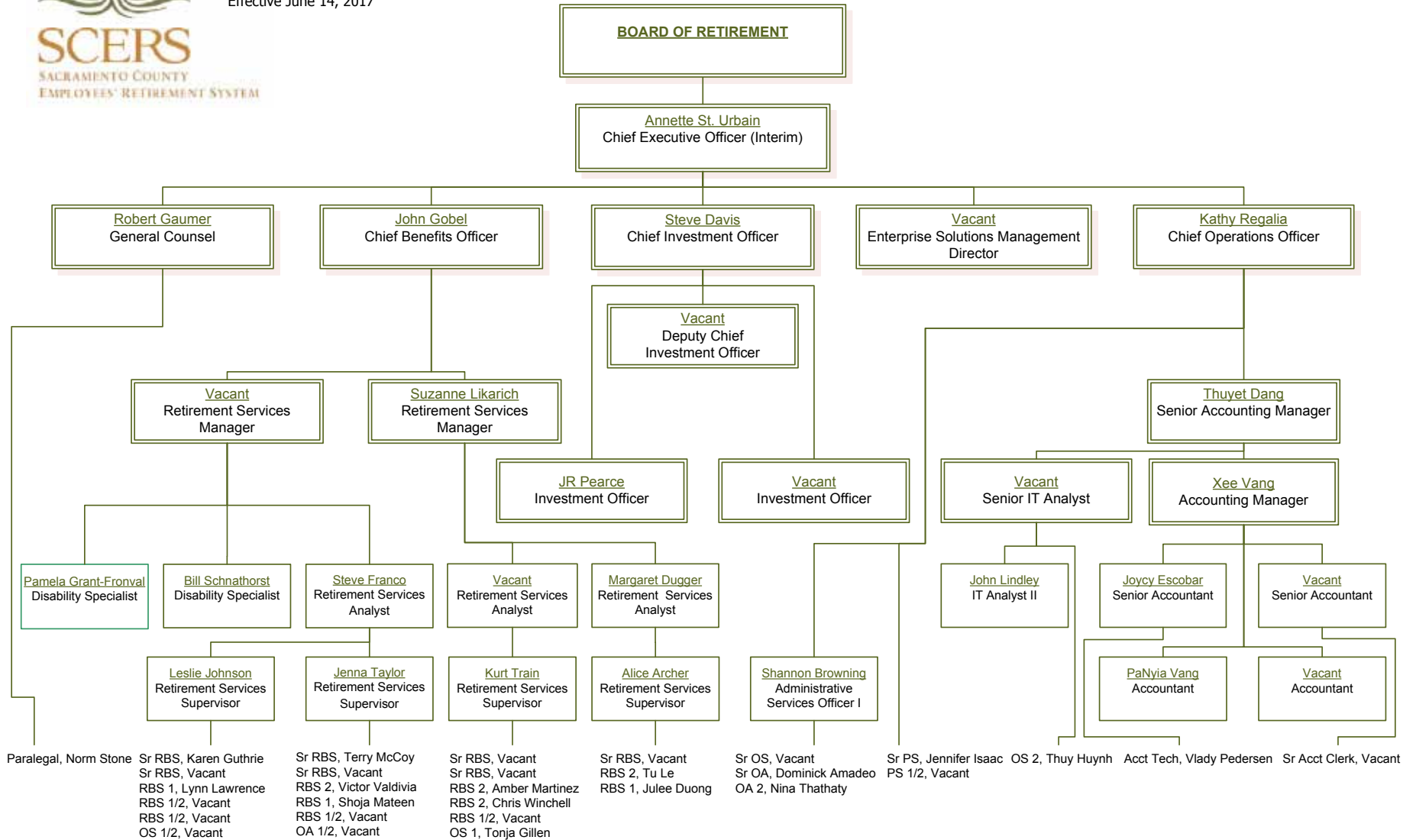
ANTICIPATED CHANGES FOR FISCAL YEAR 2017-2018 (CONTINUED)

- Identify, perform due diligence and make potential direct investments in SCERS' Absolute Return, Private Equity, Private Credit, Real Assets and Real Estate asset classes.
- Present the annual reports and annual investment plans for all of SCERS' major asset classes.
- Evaluate and make recommendations regarding SCERS' Real Estate investment program structure, investment vehicles, and asset types.
- Evaluate the future direction of SCERS' Overlay Program, including assessment of asset class proxies.
- Research and assess the need for additional risk management systems and tools.
- Continue to monitor and assess the investment manager lineup across SCERS' fund.
- Deepen expertise in alternative assets by increasing capabilities in operational due diligence, including the evaluation of third party services.



Staff Organization Chart

Effective June 14, 2017

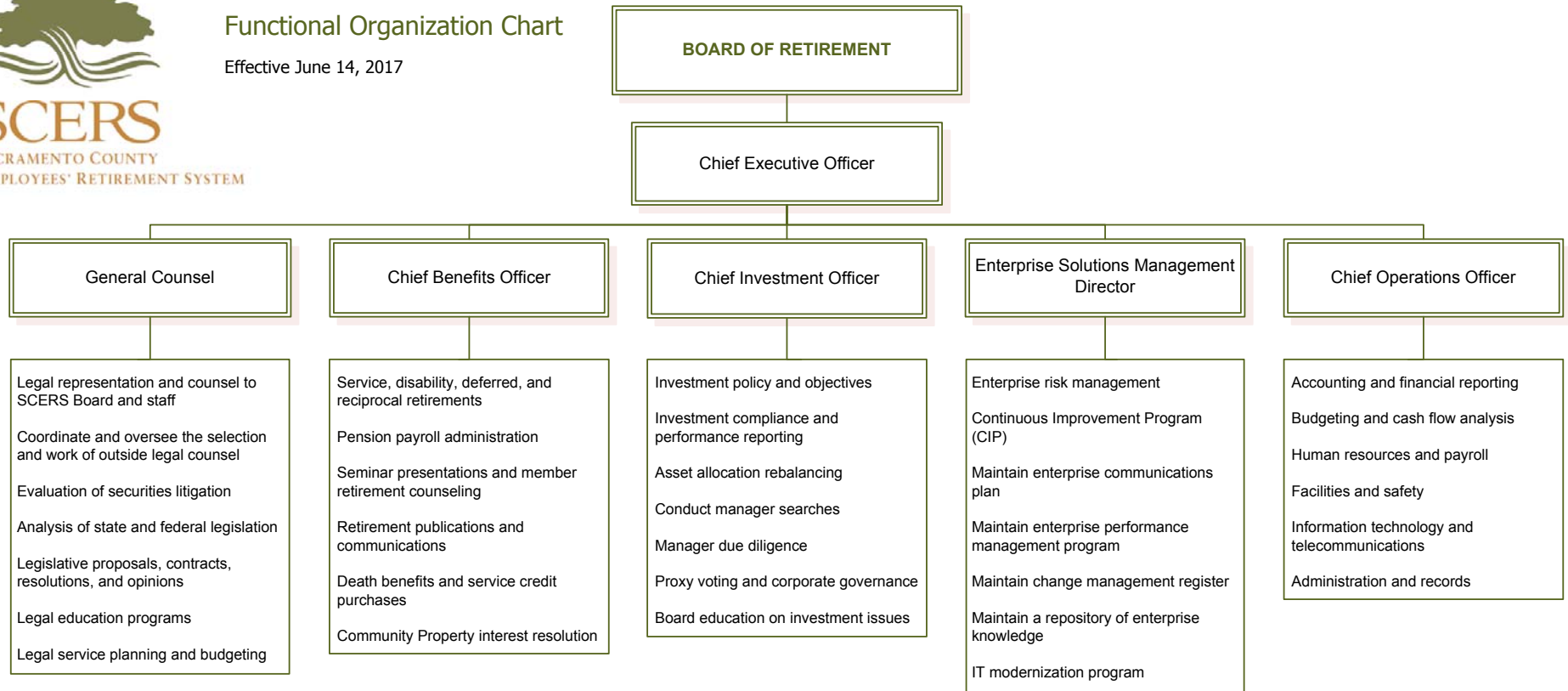




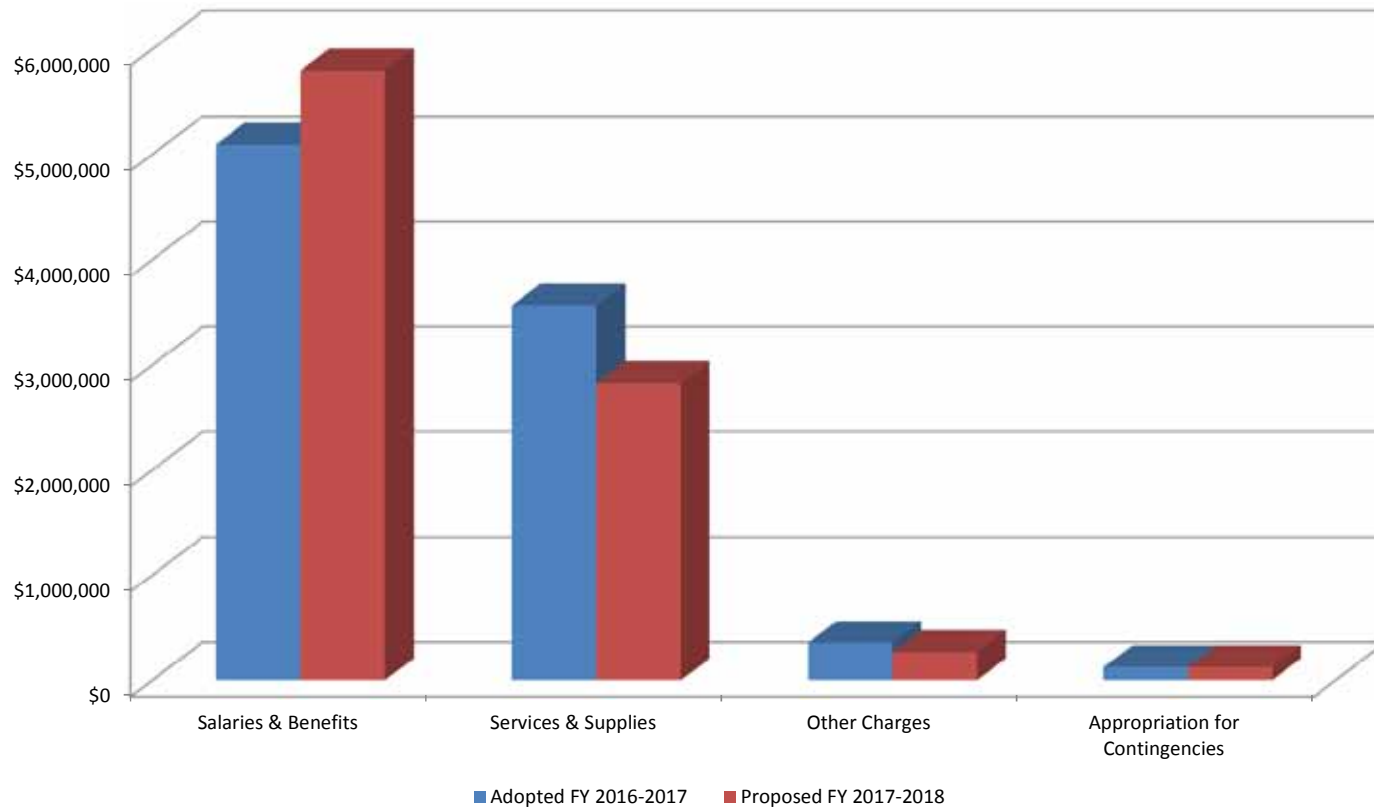
SCERS
SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Functional Organization Chart

Effective June 14, 2017



PROPOSED ADMINISTRATIVE FUNDING REQUEST (INCLUDING IT)



PROPOSED BUDGET REQUEST SUMMARY

BUDGET OBJECT	FY 2016-2017								FY 2017-2018			
	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	\$6,805,000	\$5,094,000	\$4,722,000	\$372,000	\$5,215,000	\$3,954,000	\$3,745,000	\$209,000	\$7,605,000	\$5,797,000	\$5,316,000	\$481,000
20 - Services & Supplies	5,826,000	3,567,000	2,399,000	1,168,000	4,111,000	2,587,000	2,131,000	456,000	5,047,000	2,829,000	2,422,000	407,000
30 - Other Charges	363,000	355,000	35,000	320,000	351,000	345,000	26,000	319,000	273,000	267,000	25,000	242,000
Subtotal	12,994,000	9,016,000	7,156,000	1,860,000	9,677,000	6,886,000	5,902,000	984,000	12,925,000	8,893,000	7,763,000	1,130,000
70 - Appropriation for Contingencies	125,000	125,000	125,000	-	-	-	-	-	125,000	125,000	125,000	-
Total Expenses	\$13,119,000	\$9,141,000	\$7,281,000	\$1,860,000	\$9,677,000	\$6,886,000	\$5,902,000	\$984,000	\$13,050,000	\$9,018,000	\$7,888,000	\$1,130,000

BUDGET LIMIT FOR ADMINISTRATIVE EXPENSES

(Pursuant to Government Code Section 31580.2)

Total Proposed Administrative Funding Request FY 2017-2018	\$9,018,000
Total Computer Software and Hardware and Computer Technology Consulting Services Cost (IT Costs)	(1,130,000)
Administrative Expenses Excluding IT Costs	\$7,888,000

Total Actuarial Accrued Liability of the Retirement System as of June 30, 2016 **\$9,436,090,000**

Budget Limit for Administrative Expenses is Twenty-one Hundredths of One Percent	0.21%	\$19,816,000
Less: Administrative Expenses Excluding IT Costs	0.08%	7,888,000
Budget Limit in Excess of Administrative Expenses Excluding IT Costs	0.13%	\$11,928,000

PROPOSED BUDGET REQUEST DETAIL

SUB-OBJECT		ACCOUNT TITLE		FY 2016-2017							FY 2017-2018			
				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)
OBJECT 10 - SALARIES & BENEFITS														
10111000	Salaries & Wages-Regular Employees	\$4,390,000	\$3,236,000	\$2,991,000	\$245,000	\$3,228,000	\$2,436,000	\$2,304,000	\$132,000	\$4,827,000	\$3,595,000	\$3,266,000	\$329,000	
10112400	Salaries & Wages-Committee Members	10,000	5,000	5,000	-	6,000	3,000	3,000	-	10,000	5,000	5,000	-	
10113100	Salaries & Wages-Straight Time O/T	8,000	8,000	7,000	1,000	12,000	12,000	12,000	-	10,000	10,000	10,000	-	
10113200	Salaries & Wages-Time & One Half O/T	60,000	57,000	51,000	6,000	84,000	81,000	74,000	7,000	100,000	100,000	100,000	-	
10114100	Salaries & Wages-Premium Pay	55,000	28,000	23,000	5,000	47,000	28,000	27,000	1,000	117,000	85,000	77,000	8,000	
10114300	Allowances	5,000	3,000	3,000	-	5,000	3,000	3,000	-	5,000	3,000	3,000	-	
10115200	Terminal Pay	77,000	61,000	58,000	3,000	147,000	99,000	95,000	4,000	135,000	98,000	92,000	6,000	
10121000	Retirement-Normal & UAAL	686,000	515,000	473,000	42,000	509,000	385,000	364,000	21,000	742,000	551,000	502,000	49,000	
10121100	Retirement-1995/2003 POB Debt Service	270,000	200,000	185,000	15,000	270,000	199,000	184,000	15,000	273,000	225,000	212,000	13,000	
10121200	Retirement-2004 POB Debt Service	133,000	98,000	91,000	7,000	133,000	98,000	91,000	7,000	135,000	111,000	104,000	7,000	
10121300	Health Savings-Employer Cost	36,000	29,000	27,000	2,000	26,000	22,000	21,000	1,000	59,000	54,000	52,000	2,000	
10121400	401A Plan-Employer Cost	15,000	8,000	7,000	1,000	11,000	6,000	6,000	-	19,000	11,000	8,000	3,000	
10122000	OASDI-Employer Cost	328,000	250,000	231,000	19,000	241,000	187,000	177,000	10,000	382,000	296,000	271,000	25,000	
10123000	Group Insurance-Employer Cost	715,000	583,000	558,000	25,000	479,000	382,000	372,000	10,000	772,000	637,000	599,000	38,000	
10124000	Workers Compensation Ins-Emplr Cost	16,000	12,000	11,000	1,000	16,000	12,000	11,000	1,000	18,000	15,000	14,000	1,000	
10125000	Unemployment Ins-Employer Cost	1,000	1,000	1,000	-	1,000	1,000	1,000	-	1,000	1,000	1,000	-	
OBJECT TOTAL		6,805,000	5,094,000	4,722,000	372,000	5,215,000	3,954,000	3,745,000	209,000	7,605,000	5,797,000	5,316,000	481,000	
OBJECT 20 - SERVICES & SUPPLIES														
20200500	Advertising/Legal Notices	3,000	3,000	3,000	-	-	-	-	-	3,000	3,000	3,000	-	
20202200	Books/Periodicals Supply	3,000	3,000	3,000	-	-	-	-	-	3,000	3,000	3,000	-	
20202400	Periodicals & Subscriptions	10,000	4,000	4,000	-	9,000	3,000	3,000	-	10,000	4,000	4,000	-	
20202900	Business Conferences	89,000	37,000	34,000	3,000	57,000	27,000	22,000	5,000	96,000	40,000	36,000	4,000	
20203100	Business Travel	62,000	2,000	2,000	-	19,000	1,000	-	1,000	70,000	10,000	10,000	-	
20203500	Education & Training Services	8,000	8,000	8,000	-	9,000	9,000	9,000	-	15,000	15,000	15,000	-	
20203700	Employee Tuition Reimbursement	8,000	8,000	8,000	-	-	-	-	-	8,000	8,000	8,000	-	
20203800	Employee Recognition	13,000	11,000	11,000	-	17,000	12,000	11,000	1,000	15,000	9,000	8,000	1,000	
20203900	Employee Transportation	1,000	1,000	1,000	-	-	-	-	-	1,000	1,000	1,000	-	
20205100	Insurance-Liability	23,000	19,000	18,000	1,000	24,000	20,000	19,000	1,000	24,000	20,000	19,000	1,000	
20205200	Insurance-Fiduciary Liability	108,000	89,000	84,000	5,000	108,000	89,000	84,000	5,000	110,000	91,000	86,000	5,000	
20206100	Memberships	36,000	10,000	10,000	-	27,000	6,000	6,000	-	37,000	10,000	10,000	-	

PROPOSED BUDGET REQUEST DETAIL (CONTINUED)

SUB-OBJECT	ACCOUNT TITLE	FY 2016-2017								FY 2017-2018			
		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
20207600	Office Supplies	37,000	31,000	29,000	2,000	16,000	13,000	12,000	1,000	40,000	33,000	31,000	2,000
20208100	Postage Services	10,000	10,000	10,000	-	6,000	6,000	6,000	-	12,000	10,000	10,000	-
20208500	Printing Services	37,000	30,000	28,000	2,000	14,000	14,000	14,000	-	40,000	40,000	40,000	-
20226100	Office Equipment Maintenance Services	6,000	5,000	5,000	-	-	-	-	-	6,000	5,000	5,000	-
20226200	Office Equipment Maintenance Supplies	2,000	2,000	2,000	-	-	-	-	-	2,000	2,000	2,000	-
20226400	Office Equipment Modular Furniture	15,000	12,000	11,000	1,000	-	-	-	-	15,000	12,000	11,000	1,000
20227500	Rents/Leases-Equipment	30,000	25,000	24,000	1,000	16,000	13,000	12,000	1,000	30,000	25,000	24,000	1,000
20244300	Medical Services	500,000	500,000	500,000	-	401,000	401,000	401,000	-	500,000	500,000	500,000	-
20250200	Actuarial Services	200,000	99,000	99,000	-	234,000	126,000	126,000	-	260,000	131,000	131,000	-
20252100	Temporary Clerical Services	40,000	40,000	40,000	-	10,000	10,000	10,000	-	40,000	40,000	40,000	-
20253100	Legal Services	1,600,000	-	-	-	1,139,000	-	-	-	1,600,000	-	-	-
20254100	Personnel Services	41,000	34,000	32,000	2,000	41,000	34,000	32,000	2,000	43,000	35,000	33,000	2,000
20254110	Labor Relations Services	7,000	6,000	6,000	-	7,000	6,000	6,000	-	7,000	6,000	6,000	-
20254400	Safety Program Services	1,000	1,000	1,000	-	1,000	1,000	1,000	-	1,000	1,000	1,000	-
20256100	Reporting Services	200,000	200,000	200,000	-	140,000	140,000	140,000	-	200,000	200,000	200,000	-
20256200	Transcribing Services	30,000	30,000	30,000	-	17,000	17,000	17,000	-	30,000	30,000	30,000	-
20259100	Other Professional Services	200,000	200,000	200,000	-	293,000	292,000	292,000	-	200,000	200,000	200,000	-
20259101	Information Technology Consultants	1,000,000	827,000	-	827,000	164,000	164,000	-	164,000	150,000	50,000	-	50,000
20281200	Data Processing Supplies	55,000	45,000	-	45,000	62,000	53,000	-	53,000	60,000	50,000	-	50,000
20281700	Election Services	60,000	60,000	60,000	-	29,000	29,000	29,000	-	-	-	-	-
20283200	Interpreter Services	1,000	1,000	1,000	-	2,000	2,000	2,000	-	1,000	1,000	1,000	-
20291000	Countywide IT Services	43,000	35,000	-	35,000	43,000	36,000	1,000	35,000	42,000	35,000	-	35,000
20291100	Systems Development Services	192,000	159,000	-	159,000	192,000	172,000	79,000	93,000	200,000	165,000	-	165,000
20291200	Systems Development Supplies	25,000	21,000	-	21,000	25,000	21,000	1,000	20,000	30,000	25,000	-	25,000
20291300	Department Of Finance Services	250,000	250,000	250,000	-	194,000	194,000	194,000	-	250,000	250,000	250,000	-
20291600	Wide Area Network	37,000	31,000	-	31,000	37,000	31,000	-	31,000	37,000	31,000	-	31,000
20291700	Alarm Services	1,000	1,000	-	1,000	1,000	1,000	-	1,000	1,000	1,000	-	1,000
20292100	GS-Printing Services	20,000	20,000	20,000	-	22,000	22,000	22,000	-	20,000	20,000	20,000	-
20292200	GS-Mail/Postage Charges	140,000	140,000	140,000	-	113,000	113,000	113,000	-	150,000	150,000	150,000	-
20292300	GS-Messenger Services	4,000	4,000	4,000	-	4,000	4,000	4,000	-	4,000	4,000	4,000	-
20292500	GS-Purchasing Services	1,000	1,000	1,000	-	1,000	1,000	1,000	-	2,000	2,000	2,000	-
20292700	GS-Warehousing Charges	2,000	1,000	1,000	-	1,000	1,000	1,000	-	2,000	2,000	2,000	-

PROPOSED BUDGET REQUEST DETAIL (CONTINUED)

SUB-OBJECT	ACCOUNT TITLE	FY 2016-2017								FY 2017-2018			
		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
20292800	GS-Co Equip. Rental-Light Vehicles	3,000	3,000	3,000	-	-	-	-	-	3,000	3,000	3,000	-
20294200	County Facility Use Charges	2,000	2,000	2,000	-	2,000	2,000	2,000	-	3,000	3,000	3,000	-
20294300	Leased Property Use Charges	630,000	521,000	492,000	29,000	573,000	474,000	448,000	26,000	631,000	521,000	490,000	31,000
20296200	Parking	15,000	8,000	7,000	1,000	16,000	9,000	8,000	1,000	18,000	11,000	10,000	1,000
20298300	GS-Surplus Property Management	2,000	2,000	2,000	-	2,000	2,000	2,000	-	2,000	2,000	2,000	-
20298700	GS-Telephone Usage	22,000	14,000	12,000	2,000	22,000	15,000	-	15,000	22,000	18,000	17,000	3,000
20298900	GS-Telephone Installation	1,000	1,000	1,000	-	1,000	1,000	1,000	-	1,000	1,000	1,000	-
OBJECT 20 TOTAL		5,826,000	3,567,000	2,399,000	1,168,000	4,111,000	2,587,000	2,131,000	456,000	5,047,000	2,829,000	2,422,000	407,000
OBJECT 30 - OTHER CHARGES													
30332000	Depreciation Expense	45,000	37,000	35,000	2,000	33,000	27,000	26,000	1,000	33,000	27,000	25,000	2,000
30348000	Countywide Cost Allocation	318,000	318,000	-	318,000	318,000	318,000	-	318,000	240,000	240,000	-	240,000
OBJECT 30 TOTAL		363,000	355,000	35,000	320,000	351,000	345,000	26,000	319,000	273,000	267,000	25,000	242,000
OBJECT 70 - CONTINGENCIES													
70790100	Appropriation For Contingencies	125,000	125,000	125,000	-	-	-	-	-	125,000	125,000	125,000	-
OBJECT 70 TOTAL		125,000	125,000	125,000	-	-	-	-	-	125,000	125,000	125,000	-
TOTAL EXPENSES		\$13,119,000	\$9,141,000	\$7,281,000	\$1,860,000	\$9,677,000	\$6,886,000	\$5,902,000	\$984,000	\$13,050,000	\$9,018,000	\$7,888,000	\$1,130,000

PROPOSED BUDGET REQUEST JUSTIFICATION

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)

OBJECT 10 - SALARIES & BENEFITS

10111000 Salaries & Wages-Regular Employees

\$4,390,000	\$3,236,000	\$3,228,000	\$2,436,000	\$4,827,000	\$3,595,000
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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 2016-2017, a number of positions were entirely or partially vacant during the year, including the Deputy Chief Investment Officer, Retirement Investment Officer, Senior IT Analyst, Accountant, Administrative Services Officer, Office Specialist, Senior Personnel Specialist, Senior Account Clerk, Retirement Benefits Specialists, and Senior Retirement Benefits Specialists. This resulted in actual amounts less than budget.

10112400 Salaries & Wages-Committee Members

\$10,000	\$5,000	\$6,000	\$3,000	\$10,000	\$5,000
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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 \$100 for each meeting. The budget request provides for twelve regular meetings and four special meetings.

10113100 Salaries & Wages-Straight Time O/T

\$8,000	\$8,000	\$12,000	\$12,000	\$10,000	\$10,000
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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

\$60,000	\$57,000	\$84,000	\$81,000	\$100,000	\$100,000
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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)

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)

10114100 Salaries & Wages-Premium Pay

\$55,000	\$28,000	\$47,000	\$28,000	\$117,000	\$85,000
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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.

10114300 Allowances

\$5,000	\$3,000	\$5,000	\$3,000	\$5,000	\$3,000
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Budget request is for car allowance provided to the Chief Executive Officer.

10115200 Terminal Pay

\$77,000	\$61,000	\$147,000	\$99,000	\$135,000	\$98,000
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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 of the employee and for one-half of sick leave balances for management employees who will be eligible to retire in FY 2017-2018. Thirteen employees will be eligible to retire during FY 2017-2018. There were fifteen employees eligible to retire but only five actually retired in FY 2016-2017.

10121000 Retirement-Normal & UAAL

\$686,000	\$515,000	\$509,000	\$385,000	\$742,000	\$551,000
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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 14.11% to 15.62% depending on the employee's membership tier and representation unit.

10121100 Retirement-1995/2003 POB Debt Service

\$270,000	\$200,000	\$270,000	\$199,000	\$273,000	\$225,000
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Requested amount is for the employer cost of 1995/2003 Pension Obligation Bond (POB) Debt Service related to SCERS employees' retirement and is allocated to SCERS by the County of Sacramento (County).

10121200 Retirement-2004 POB Debt Service

\$133,000	\$98,000	\$133,000	\$98,000	\$135,000	\$111,000
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Requested amount is for the employer cost of 2004 POB Debt Service related to SCERS employees' retirement and is allocated to SCERS by the County.

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)

10121300 Health Savings-Employer Cost

\$36,000	\$29,000	\$26,000	\$22,000	\$59,000	\$54,000
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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 employee.

10121400 401A Plan-Employer Cost

\$15,000	\$8,000	\$11,000	\$6,000	\$19,000	\$11,000
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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

\$328,000	\$250,000	\$241,000	\$187,000	\$382,000	\$296,000
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The employer contribution to federally-mandated Social Security and Medicare.

10123000 Group Insurance-Employer Cost

\$715,000	\$583,000	\$479,000	\$382,000	\$772,000	\$637,000
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The employer cost of SCERS employees' health insurance and dental insurance based on the County Personnel Budget Report for FY 2017-2018.

10124000 Workers Compensation Ins-Emplr Cost

\$16,000	\$12,000	\$16,000	\$12,000	\$18,000	\$15,000
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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 calculated by County analysts based on 70% 5-year claims history and 30% estimated risk calculated by weighted payroll.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

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)

10125000 Unemployment Ins-Employer Cost

\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
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Sacramento County is self-insured for unemployment insurance claims. Request is for SCERS' share of the costs as calculated by County analysts based on 90% 5-year claims history and 10% total full-time equivalent (FTE) positions.

OBJECT 10 TOTAL

\$6,805,000	\$5,094,000	\$5,215,000	\$3,954,000	\$7,605,000	\$5,797,000
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OBJECT 20 - SERVICES & SUPPLIES

20200500 Advertising/Legal Notices

\$3,000	\$3,000	\$0	\$0	\$3,000	\$3,000
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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

\$3,000	\$3,000	\$0	\$0	\$3,000	\$3,000
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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, and GASB accounting pronouncements and other professional literature.

20202400 Periodicals & Subscriptions

\$10,000	\$4,000	\$9,000	\$3,000	\$10,000	\$4,000
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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

\$89,000	\$37,000	\$57,000	\$27,000	\$96,000	\$40,000
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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)

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)

20203100 Business Travel

\$62,000	\$2,000	\$19,000	\$1,000	\$70,000	\$10,000
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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 \$60,000 for the costs of due diligence visitations which will be charged against investment earnings.

20203500 Education & Training Services

\$8,000	\$8,000	\$9,000	\$9,000	\$15,000	\$15,000
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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

\$8,000	\$8,000	\$0	\$0	\$8,000	\$8,000
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Estimated request for employee tuition reimbursement to be funded by SCERS. Education/tuition reimbursement maximum benefit ranges from \$1,200 to \$1,500 per employee depending on the employee's bargaining unit.

20203800 Employee Recognition

\$13,000	\$11,000	\$17,000	\$12,000	\$15,000	\$9,000
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Request is for purchases of Retirement Board meeting refreshments and meals, breakroom water and coffee supplies, refreshments for monthly staff meetings and other employee recognition items.

20203900 Employee Transportation

\$1,000	\$1,000	\$0	\$0	\$1,000	\$1,000
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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

\$23,000	\$19,000	\$24,000	\$20,000	\$24,000	\$20,000
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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)

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)

20205200 Insurance-Fiduciary Liability

\$108,000	\$89,000	\$108,000	\$89,000	\$110,000	\$91,000
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Request is for SCERS' annual fiduciary insurance policy.

20206100 Memberships

\$36,000	\$10,000	\$27,000	\$6,000	\$37,000	\$10,000
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Request is for annual membership dues and licenses including State Association of County Retirement Systems, California Association of Public Employees Retirement Systems, Council of Institutional Investors, National Institute on Retirement Security, and other professional memberships.

20207600 Office Supplies

\$37,000	\$31,000	\$16,000	\$13,000	\$40,000	\$33,000
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Request is for purchases of consumable supplies and miscellaneous office items.

20208100 Postage Services

\$10,000	\$10,000	\$6,000	\$6,000	\$12,000	\$10,000
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Request is for mail preparation services performed by contract vendor 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 accounted for in account 20292200.

20208500 Printing Services

\$37,000	\$30,000	\$14,000	\$14,000	\$40,000	\$40,000
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Request is for specialty printing, rush orders, and quantity printing including the Comprehensive Annual Financial Report, the Annual Financial Report Summary, 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 Department of General Services or contract vendors. Costs for printing services performed by contract vendors are included here. Printing services performed by the Department of General Services are included in account 20292100.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

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)

20226100 Office Equipment Maintenance Services

\$6,000	\$5,000	\$0	\$0	\$6,000	\$5,000
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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 DTech (see account 20291200).

20226200 Office Equipment Maintenance Supplies

\$2,000	\$2,000	\$0	\$0	\$2,000	\$2,000
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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

\$15,000	\$12,000	\$0	\$0	\$15,000	\$12,000
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Request is for purchases of chairs, tables, filing cabinets, and other office furniture.

20227500 Rents/Leases-Equipment

\$30,000	\$25,000	\$16,000	\$13,000	\$30,000	\$25,000
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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

\$500,000	\$500,000	\$401,000	\$401,000	\$500,000	\$500,000
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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

\$200,000	\$99,000	\$234,000	\$126,000	\$260,000	\$131,000
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Request is for routine actuarial services to be provided by Segal Consulting and any special studies requested by the Retirement Board. Costs related to the annual actuarial valuation and the experience study are charged to the investment earnings.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

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)

20252100 Temporary Clerical Services

\$40,000	\$40,000	\$10,000	\$10,000	\$40,000	\$40,000
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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

\$1,600,000	\$0	\$1,139,000	\$0	\$1,600,000	\$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

\$41,000	\$34,000	\$41,000	\$34,000	\$43,000	\$35,000
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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

\$7,000	\$6,000	\$7,000	\$6,000	\$7,000	\$6,000
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Requested amount is for labor relations services provided by the County Department of Personnel Services. The costs are allocated to SCERS based on the total FTE positions.

20254400 Safety Program Services

\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
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The Safety program is responsible for managing the Countywide Safety/Accident Prevention and Industrial Hygiene programs. The costs of the Safety program are calculated by the County of Sacramento based on a 70% 5-year claims history and 30% estimated risk calculated by weighted payroll and assigned to SCERS.

20256100 Reporting Services

\$200,000	\$200,000	\$140,000	\$140,000	\$200,000	\$200,000
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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.

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)

20256200 Transcribing Services

\$30,000	\$30,000	\$17,000	\$17,000	\$30,000	\$30,000
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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

\$200,000	\$200,000	\$293,000	\$292,000	\$200,000	\$200,000
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Request is for professional services, including specialty consultation regarding 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.

20259101 Information Technology Consultants

\$1,000,000	\$827,000	\$164,000	\$164,000	\$150,000	\$50,000
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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		Estimated Cost		
	Low	High	Low	High	
Software	\$500,000	\$1,100,000	Year 1	\$500,000	\$1,000,000
Implementation	5,200,000	8,400,000	Year 2	1,600,000	2,750,000
Hosting Fees	150,000	800,000	Year 3	2,400,000	4,250,000
Project Oversight	1,500,000	2,000,000	Year 4	2,650,000	4,600,000
Other Consulting Services	1,700,000	2,500,000	Year 5	3,500,000	5,200,000
Data Conversion Services	700,000	1,500,000	Total	\$10,650,000	\$17,800,000
Temporary Staffing	900,000	1,500,000			
Total	\$10,650,000	\$17,800,000			

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 2017-2018 request is for activities in the preliminary project stage for the investment accounting system and the financial accounting system.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

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)

20281200 Data Processing Supplies

\$55,000	\$45,000	\$62,000	\$53,000	\$60,000	\$50,000
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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

\$60,000	\$60,000	\$29,000	\$29,000	\$0	\$0
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It is anticipated that no election is needed for FY 2017-2018.

20283200 Interpreter Services

\$1,000	\$1,000	\$2,000	\$2,000	\$1,000	\$1,000
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Charges for foreign language interpreter services for members.

20291000 Countywide IT Services

\$43,000	\$35,000	\$43,000	\$36,000	\$42,000	\$35,000
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Costs for Countywide shared services provided by Department of Technology (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

\$192,000	\$159,000	\$192,000	\$172,000	\$200,000	\$165,000
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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

\$25,000	\$21,000	\$25,000	\$21,000	\$30,000	\$25,000
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DTech costs for providing maintenance and supplies for existing automation equipment. The cost of these services is established by DTech.

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)

20291300 Department Of Finance Services

\$250,000	\$250,000	\$194,000	\$194,000	\$250,000	\$250,000
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Request is for employee payroll services, payment services, and pension payroll services performed by the 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

\$37,000	\$31,000	\$37,000	\$31,000	\$37,000	\$31,000
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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

\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
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Request is for Intrusion Alarm Monitoring services provided by DTech which is based upon the occupancy and the number of services utilized.

20292100 GS-Printing Services

\$20,000	\$20,000	\$22,000	\$22,000	\$20,000	\$20,000
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Quantity printing, including forms, form letters, and other materials provided by Department of General Services. See account 20208500 for costs of printing services performed by contract vendors.

20292200 GS-Mail/Postage Charges

\$140,000	\$140,000	\$113,000	\$113,000	\$150,000	\$150,000
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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

\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
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Request is for delivery of County inter-departmental mail based on one daily delivery stop.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

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)

20292500 GS-Purchasing Services

\$1,000	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000
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Allocated cost for assistance from County General Services and Purchasing Division Buying Teams for contract and purchasing services.

20292700 GS-Warehousing Charges

\$2,000	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000
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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

\$3,000	\$3,000	\$0	\$0	\$3,000	\$3,000
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SCERS staff and Retirement Board members' use of County vehicles for SCERS business. SCERS is charged an estimated per diem.

20294200 County Facility Use Charges

\$2,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,000
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Allocated cost for the County's shared meeting room space costs which are based on the number of permanent positions at SCERS.

20294300 Leased Property Use Charges

\$630,000	\$521,000	\$573,000	\$474,000	\$631,000	\$521,000
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Request is for the lease for suite of offices at 980 9th Street at the monthly rate of \$48,000 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

\$15,000	\$8,000	\$16,000	\$9,000	\$18,000	\$11,000
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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.

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)

20298300 GS-Surplus Property Management

\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
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Request is for assistance in the acquisition and disposition of surplus property and allocated based on the number of employees at SCERS.

20298700 GS-Telephone Usage

\$22,000	\$14,000	\$22,000	\$15,000	\$22,000	\$18,000
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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.

20298900 GS-Telephone Installation

\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
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Connection to the County telephone system, telephone equipment installation, and modifications to service.

OBJECT 20 TOTAL

\$5,826,000	\$3,567,000	\$4,111,000	\$2,587,000	\$5,047,000	\$2,829,000
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OBJECT 30 - OTHER CHARGES

30332000 Depreciation Expense

\$45,000	\$37,000	\$33,000	\$27,000	\$33,000	\$27,000
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Depreciation expense for fixed assets such as furniture and office equipment, including workstations, tables, and chairs.

PROPOSED BUDGET REQUEST JUSTIFICATION (CONTINUED)

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)

30348000 Countywide Cost Allocation

\$318,000	\$318,000	\$318,000	\$318,000	\$240,000	\$240,000
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SCERS' portion of general overhead expenses distributed throughout the County as calculated by the Department of Finance and referenced in the Allocated Cost Package for FY 2017-2018. The cost allocation is based on centralized administrative costs that are allocated county wide based on two-year-old actual cost information.

OBJECT 30 TOTAL

\$363,000	\$355,000	\$351,000	\$345,000	\$273,000	\$267,000
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OBJECT 70 - CONTINGENCIES

70790100 Appropriation For Contingencies

\$125,000	\$125,000	\$0	\$0	\$125,000	\$125,000
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A contingency amount of \$125,000 is requested consistent with prior years.

OBJECT 70 TOTAL

\$125,000	\$125,000	\$0	\$0	\$125,000	\$125,000
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SCERS ESTIMATED PERSONNEL COSTS - TOTAL FUNDING REQUIREMENT

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	\$66,000	\$0	\$4,000	\$1,000	\$9,000	\$1,000	\$0
Accountant	27548	75,000	-	5,000	1,000	12,000	1,000	-
Accounting Manager	27560	102,000	3,000	7,000	2,000	16,000	1,000	1,000
Accounting Technician	27610	58,000	3,000	4,000	1,000	9,000	1,000	-
Administrative Services Officer Level 1	27603	61,000	-	4,000	1,000	9,000	1,000	-
Asst Retirement Administrator - Benefits	29089	150,000	5,000	8,000	2,000	24,000	1,000	2,000
Asst Retirement Administrator - Investments	29448	150,000	5,000	8,000	2,000	23,000	1,000	2,000
Asst Retirement Administrator - Operations	29090	150,000	5,000	8,000	2,000	24,000	1,000	2,000
Asst Retirement Administrator - Enterprise Solutions Management	*****	150,000	5,000	8,000	2,000	17,000	1,000	2,000
Chief Investment Officer - Retirement	27736	168,000	6,000	8,000	3,000	27,000	1,000	2,000
Information Technology Analyst Level 2	27517	96,000	-	6,000	1,000	15,000	1,000	-
Office Assistant Level 2	28206	40,000	2,000	3,000	1,000	6,000	1,000	-
Office Assistant Level 2	28206	35,000	-	2,000	1,000	5,000	1,000	-
Office Specialist Level 2	28215	48,000	2,000	3,000	1,000	7,000	1,000	-
Office Specialist Level 2	28215	45,000	1,000	3,000	1,000	7,000	1,000	-
Office Specialist Level 2	28215	48,000	1,000	3,000	1,000	8,000	1,000	-
Paralegal	28232	56,000	-	3,000	1,000	9,000	1,000	-
Personnel Specialist Level 2	28944	57,000	3,000	4,000	1,000	9,000	1,000	-
Retirement Administrator	28318	203,000	7,000	8,000	3,000	33,000	1,000	2,000
Retirement Benefits Specialist Level I/II	29488/9	43,000	-	3,000	1,000	6,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	47,000	-	3,000	1,000	7,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	49,000	1,000	3,000	1,000	7,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	-	4,000	1,000	9,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	-	4,000	1,000	9,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	-	4,000	1,000	9,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	-	4,000	1,000	9,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	-	4,000	1,000	9,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	3,000	4,000	1,000	8,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	3,000	4,000	1,000	8,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	3,000	4,000	1,000	8,000	1,000	-
Retirement Benefits Specialist Level I/II	29488/9	57,000	3,000	4,000	1,000	8,000	1,000	-
Retirement Disability Specialist	28927	93,000	-	6,000	1,000	15,000	1,000	-
Retirement Disability Specialist	28927	93,000	-	6,000	1,000	15,000	1,000	-
Retirement General Counsel	29215	163,000	5,000	8,000	2,000	25,000	1,000	2,000

SCERS ESTIMATED PERSONNEL COSTS - TOTAL FUNDING REQUIREMENT (CONTINUED)

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
Retirement Investment Officer	29404	128,000	3,000	8,000	2,000	17,000	1,000	-
Retirement Investment Officer	29404	128,000	-	8,000	2,000	17,000	1,000	-
Retirement Services Analyst	29274	93,000	-	6,000	1,000	15,000	1,000	-
Retirement Services Analyst	29274	77,000	-	5,000	1,000	12,000	1,000	-
Retirement Services Analyst	29274	93,000	-	6,000	1,000	15,000	1,000	-
Retirement Services Manager	29031	122,000	4,000	8,000	2,000	20,000	1,000	1,000
Retirement Services Manager	29031	122,000	4,000	8,000	2,000	20,000	1,000	1,000
Retirement Services Supervisor	29032	72,000	-	4,000	1,000	11,000	1,000	-
Retirement Services Supervisor	29032	69,000	-	4,000	1,000	11,000	1,000	-
Retirement Services Supervisor	29032	72,000	-	4,000	1,000	11,000	1,000	-
Retirement Services Supervisor	29032	72,000	-	4,000	1,000	11,000	1,000	-
Senior Account Clerk	27541	50,000	3,000	3,000	1,000	8,000	1,000	-
Senior Accountant	27545	89,000	2,000	6,000	1,000	14,000	1,000	-
Senior Accountant	27545	82,000	-	5,000	1,000	12,000	1,000	-
Senior Accounting Manager	27564	122,000	4,000	8,000	2,000	20,000	1,000	1,000
Senior Information Technology Analyst	27516	109,000	4,000	7,000	2,000	18,000	1,000	1,000
Senior Office Assistant	28203	38,000	2,000	2,000	1,000	6,000	1,000	-
Senior Office Specialist	28212	52,000	1,000	3,000	1,000	8,000	1,000	-
Senior Personnel Specialist	28943	60,000	-	4,000	1,000	8,000	1,000	-
Senior Retirement Benefits Specialist	29490	63,000	3,000	4,000	1,000	10,000	1,000	-
Senior Retirement Benefits Specialist	29490	63,000	3,000	4,000	1,000	10,000	1,000	-
Senior Retirement Benefits Specialist	29490	63,000	3,000	4,000	1,000	10,000	1,000	-
Senior Retirement Benefits Specialist	29490	63,000	3,000	4,000	1,000	10,000	1,000	-
Senior Retirement Benefits Specialist	29490	63,000	3,000	4,000	1,000	10,000	1,000	-
Senior Retirement Benefits Specialist	29490	54,000	3,000	4,000	1,000	8,000	1,000	-
Senior Retirement Benefits Specialist	29490	63,000	3,000	4,000	1,000	10,000	1,000	-
Sub Total		4,784,000	114,000	291,000	75,000	734,000	59,000	19,000
Estimate of Expired CTO to be Paid to Employees		9,000	-	1,000	-	1,000	-	-
Estimate of Management Buybacks of Vacation Accruals		34,000	1,000	-	1,000	6,000	-	-
Sub Total		43,000	1,000	1,000	1,000	7,000	-	-
Estimate of Overtime Pay		100,000	-	6,000	1,000	-	-	-
Estimate of Terminal Pay		135,000	2,000	5,000	2,000	-	-	-
Auto Allowance		5,000	-	-	-	1,000	-	-
Sub Total		240,000	2,000	11,000	3,000	1,000	-	-
Grand Total		\$5,067,000	\$117,000	\$303,000	\$79,000	\$742,000	\$59,000	\$19,000

SCERS ESTIMATED PERSONNEL COSTS - ALLOCATED TO INVESTMENT EXPENSES

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	50%	\$33,000	\$0	\$2,000	\$0	\$5,000	\$0	\$0
Accountant	27548	25%	19,000	-	1,000	-	3,000	-	-
Accounting Manager	27560	50%	51,000	2,000	3,000	1,000	8,000	-	1,000
Accounting Technician	27610	25%	14,000	1,000	1,000	-	2,000	-	-
Asst Retirement Administrator - Investments	29448	100%	150,000	5,000	8,000	2,000	23,000	1,000	2,000
Asst Retirement Administrator - Operations	29090	20%	30,000	1,000	2,000	-	5,000	-	-
Asst Retirement Administrator - Enterprise Solutions Management	*****	15%	23,000	1,000	1,000	-	3,000	-	-
Chief Investment Officer - Retirement	27736	100%	168,000	6,000	8,000	3,000	27,000	1,000	2,000
Information Technology Analyst Level 2	27517	15%	14,000	-	1,000	-	2,000	-	-
Office Specialist Level 2	28215	15%	7,000	-	-	-	1,000	-	-
Office Specialist Level 2	28215	15%	7,000	-	-	-	1,000	-	-
Paralegal	28232	50%	28,000	-	2,000	-	4,000	-	-
Retirement Administrator	28318	40%	81,000	3,000	3,000	1,000	13,000	-	1,000
Retirement General Counsel	29215	100%	163,000	5,000	8,000	2,000	25,000	1,000	2,000
Retirement Investment Officer	29404	100%	128,000	3,000	8,000	2,000	17,000	1,000	-
Retirement Investment Officer	29404	100%	128,000	-	8,000	2,000	17,000	1,000	-
Senior Account Clerk	27541	50%	25,000	1,000	2,000	-	4,000	-	-
Senior Accountant	27545	50%	45,000	1,000	3,000	1,000	7,000	-	-
Senior Accountant	27545	50%	41,000	-	3,000	1,000	6,000	-	-
Senior Accounting Manager	27564	30%	37,000	1,000	2,000	1,000	6,000	-	-
Senior Information Technology Analyst	27516	15%	16,000	1,000	1,000	-	3,000	-	-
Senior Personnel Specialist	28943	15%	9,000	-	1,000	-	1,000	-	-
Sub Total			1,217,000	31,000	68,000	16,000	183,000	5,000	8,000
Estimate of Expired CTO to be Paid to Employees			3,000	-	-	-	-	-	-
Estimate of Management Buybacks of Vacation Accruals			12,000	-	-	-	2,000	-	-
Sub Total			15,000	-	-	-	2,000	-	-
Estimate of Terminal Pay			36,993	1,000	1,000	1,000	6,000	-	-
Auto Allowance			2,000	-	-	-	-	-	-
Sub Total			38,993	1,000	1,000	1,000	6,000	-	-
Grand Total			\$1,270,993	\$32,000	\$69,000	\$17,000	\$191,000	\$5,000	\$8,000

SCERS SUMMARY OF POSITIONS

Class Code	Class Title	Requested	Actual	Requested
		2016-2017	2016-2017	2017-2018
27548	Accountant	2.0	1.0	2.0
27560	Accounting Manager	1.0	1.0	1.0
27610	Accounting Technician	1.0	1.0	1.0
27603	Administrative Services Officer, Level 1	1.0	1.0	1.0
29089	Assistant Retirement Administrator - Benefits	1.0	1.0	1.0
29448	Assistant Retirement Administrator - Investments	1.0	1.0	1.0
29090	Assistant Retirement Administrator - Operations	1.0	1.0	1.0
*****	Assistant Retirement Administrator - Enterprise Solutions Management	0.0	0.0	1.0
27736	Chief Investment Officer - Retirement	1.0	1.0	1.0
27517	Information Technology Analyst 2	1.0	1.0	1.0
28206	Office Assistant, Level 2	2.0	2.0	2.0
28215	Office Specialist, Level 2	3.0	3.0	3.0
28232	Paralegal	1.0	1.0	1.0
28944	Personnel Specialist, Level 2	1.0	1.0	1.0
28318	Retirement Administrator	1.0	1.0	1.0
29489	Retirement Benefits Specialist Level 1/2	11.0	11.0	11.0
28927	Retirement Disability Specialist	2.0	2.0	2.0
29215	Retirement General Counsel	1.0	1.0	1.0
29404	Retirement Investment Officer	2.0	2.0	2.0
29274	Retirement Services Analyst	2.0	2.0	3.0
29031	Retirement Services Manager	1.0	1.0	2.0
29032	Retirement Services Supervisor	4.0	4.0	4.0
27541	Senior Account Clerk	0.0	1.0	1.0
27545	Senior Accountant	2.0	2.0	2.0
27564	Senior Accounting Manager	1.0	1.0	1.0
27516	Senior Information Technology Analyst	1.0	0.0	1.0
28203	Senior Office Assistant	1.0	1.0	1.0
28212	Senior Office Specialist	1.0	1.0	1.0
28943	Senior Personnel Specialist	1.0	1.0	1.0
29490	Senior Retirement Benefits Specialist	7.0	7.0	7.0
Budget Unit Total		55.0	54.0	59.0

ESTIMATED TRAVEL EXPENSES

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Event Date	Event	Attendee(s)	Total Funding Requirement FY 2017-2018	Expenses Charged Against Investment Earnings
Jul-17	SACRS Public Pension Investment Management Program	Board Member and/or Management Staff	\$6,000	\$6,000
Jul-17	The Pension Bridge	Chief Investment Officer	1,000	1,000
Aug-17	CALAPRS Principles for Pension Management for Trustees	Board Members	7,000	4,000
Sep-17	Annual Public Funds Forum	Chief Executive Officer	2,000	1,000
Sep-17	Council of Institutional Investors	Board Members and/or Management Staff	2,000	2,000
Sep-17	CALAPRS Accountants' Round Table	Management Staff and Staff Members	1,000	1,000
Sep-17	CALAPRS Information Technology Round Table	Senior Accounting Manager and Information Technology Analyst	1,000	-
Sep-17	CALAPRS Administrators' Institute	Chief Executive Officer	1,000	-
Oct-17	Public Pension Financial Forum	Chief Operations Officer and Senior Accounting Manager	3,000	1,000
Oct-17	CALAPRS Benefits Round Table	Management Staff and Staff Member	1,000	-
Oct-17	CALAPRS Attorneys' Round Table	General Counsel	1,000	1,000
Oct-17	CALAPRS Trustees' Round Table	Board Members	1,000	-
Nov-17	SACRS Fall Conference	Management Staff and Board Members	11,000	7,000
Jan-18	CALAPRS Administrators' Round Table	Chief Executive Officer	1,000	-
Jan-18	CALAPRS Advanced Principles of Pension Management	Board Members	4,000	2,000
Feb-18	CALAPRS Trustees' Round Table	Board Members	1,000	-
Feb-18	NAPPA 2018 Winter Seminar	General Counsel	1,000	1,000
Mar-18	CALAPRS General Assembly	Management Staff and Board Members	10,000	6,000
Apr-18	U.S. Pensions Summit	Management Staff and Staff Members	3,000	2,000
Apr-18	CALAPRS Accountants' Round Table	Management Staff and Staff Members	2,000	1,000
Apr-18	CALAPRS Information Technology Round Table	Senior Accounting Manager and Information Technology Analyst	1,000	-
Apr-18	Council of Institutional Investors	Board Members and/or Management Staff	2,000	2,000
Apr-18	Public Retirement Information Systems Management Conference	Senior Accounting Manager and Information Technology Analyst	3,000	-
May-18	SACRS Spring Conference	Management Staff and Board Members	12,000	7,000
May-18	GFOA Conference	Chief Operations Officer, Senior Accounting Manager, and Accounting Manager	5,000	3,000
Jun-18	Institutional Limited Partnership Association Conference	General Counsel and Chief Investment Officer	4,000	4,000
Jun-18	CALAPRS Benefits Round Table	Management Staff and Staff Member	2,000	-
Jun-18	CALAPRS Administrators' Round Table	Chief Executive Officer	1,000	-
Jun-18	SHRM Annual Conference	Chief Operations Officer	3,000	1,000
Jun-18	NAPPA Legal Education Conference	Chief Executive Officer and General Counsel	3,000	3,000
Total			\$96,000	\$56,000

APPENDIX

ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES

SUB-OBJECT	ACCOUNT TITLE	Actual Administrative Expenses (Including IT) FY 2015-2016	Estimated Administrative Expenses (Including IT) FY 2016-2017	%	Adopted Administrative Funding Request (Including IT) FY2016-2017	Proposed Administrative Funding Request (Including IT) FY 2017-2018	%
				Change			Change
OBJECT 10 - SALARIES & BENEFITS							
10111000	Salaries & Wages-Regular Employees	\$2,179,000	\$2,436,000	12%	\$3,236,000	\$3,595,000	11%
10112400	Salaries & Wages-Committee Members	3,000	3,000	0%	5,000	5,000	0%
10113100	Salaries & Wages-Straight Time O/T	7,000	12,000	71%	8,000	10,000	25%
10113200	Salaries & Wages-Time & One Half O/T	59,000	81,000	37%	57,000	100,000	75%
10114100	Salaries & Wages-Premium Pay	25,000	28,000	12%	28,000	85,000	204%
10114300	Allowances	3,000	3,000	0%	3,000	3,000	0%
10115200	Terminal Pay	49,000	99,000	102%	61,000	98,000	61%
10121000	Retirement-Normal & UAAL	386,000	385,000	0%	515,000	551,000	7%
10121100	Retirement-1995/2003 POB Debt Service	167,000	199,000	19%	200,000	225,000	13%
10121200	Retirement-2004 POB Debt Service	81,000	98,000	21%	98,000	111,000	13%
10121300	Health Savings-Employer Cost	20,000	22,000	10%	29,000	54,000	86%
10121400	401A Plan-Employer Cost	5,000	6,000	20%	8,000	11,000	38%
10122000	OASDI-Employer Cost	165,000	187,000	13%	250,000	296,000	18%
10123000	Group Insurance-Employer Cost	344,000	382,000	11%	583,000	637,000	9%
10124000	Workers Compensation Ins-Emplr Cost	11,000	12,000	9%	12,000	15,000	25%
10125000	Unemployment Ins-Employer Cost	-	1,000	***	1,000	1,000	0%
OBJECT TOTAL		3,504,000	3,954,000	13%	5,094,000	5,797,000	14%
OBJECT 20 - SERVICES & SUPPLIES							
20200500	Advertising/Legal Notices	-	-	***	3,000	3,000	0%
20202200	Books/Periodicals Supply	-	-	***	3,000	3,000	0%
20202400	Periodicals & Subscriptions	3,000	3,000	0%	4,000	4,000	0%
20202900	Business Conferences	22,000	27,000	23%	37,000	40,000	8%
20203100	Business Travel	1,000	1,000	0%	2,000	10,000	400%
20203500	Education & Training Services	1,000	9,000	800%	8,000	15,000	88%
20203700	Employee Tuition Reimbursement	-	-	***	8,000	8,000	0%
20203800	Employee Recognition	9,000	12,000	33%	11,000	9,000	-18%
20203900	Employee Transportation	-	-	***	1,000	1,000	0%
20205100	Insurance-Liability	17,000	20,000	18%	19,000	20,000	5%
20205200	Insurance-Fiduciary Liability	86,000	89,000	3%	89,000	91,000	2%
20206100	Memberships	10,000	6,000	-40%	10,000	10,000	0%
20207600	Office Supplies	11,000	13,000	18%	31,000	33,000	6%
20208100	Postage Services	6,000	6,000	0%	10,000	10,000	0%
20208500	Printing Services	21,000	14,000	-33%	30,000	40,000	33%
20226100	Office Equipment Maintenance Services	1,000	-	-100%	5,000	5,000	0%
20226200	Office Equipment Maintenance Supplies	1,000	-	-100%	2,000	2,000	0%
20226400	Office Equipment Modular Furniture	-	-	***	12,000	12,000	0%
20227500	Rents/Leases-Equipment	15,000	13,000	-13%	25,000	25,000	0%

ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES (CONTINUED)

SUB-OBJECT	ACCOUNT TITLE	Actual	Estimated	% Change	Adopted	Proposed	% Change
		Administrative Expenses (Including IT) FY 2015-2016	Administrative Expenses (Including IT) FY 2016-2017		Administrative Funding Request (Including IT) FY2016-2017	Administrative Funding Request (Including IT) FY 2017-2018	
20244300	Medical Services	500,000	401,000	-20%	500,000	500,000	0%
20250200	Actuarial Services	112,000	126,000	13%	99,000	131,000	32%
20252100	Temporary Clerical Services	77,000	10,000	-87%	40,000	40,000	0%
20254100	Personnel Services	26,000	34,000	31%	34,000	35,000	3%
20254110	Labor Relations Services	3,000	6,000	100%	6,000	6,000	0%
20254400	Safety Program Services	1,000	1,000	0%	1,000	1,000	0%
20256100	Reporting Services	183,000	140,000	-23%	200,000	200,000	0%
20256200	Transcribing Services	23,000	17,000	-26%	30,000	30,000	0%
20259100	Other Professional Services	139,000	292,000	110%	200,000	200,000	0%
20259101	Information Technology Consultants	125,000	164,000	31%	827,000	50,000	-94%
20281200	Data Processing Supplies	12,000	53,000	342%	45,000	50,000	11%
20281700	Election Services	35,000	29,000	-17%	60,000	-	-100%
20283200	Interpreter Services	-	2,000	***	1,000	1,000	0%
20291000	Countywide IT Services	31,000	36,000	16%	35,000	35,000	0%
20291100	Systems Development Services	145,000	172,000	19%	159,000	165,000	4%
20291200	Systems Development Supplies	19,000	21,000	11%	21,000	25,000	19%
20291300	Department Of Finance Services	180,000	194,000	8%	250,000	250,000	0%
20291600	Wide Area Network	29,000	31,000	7%	31,000	31,000	0%
20291700	Alarm Services	1,000	1,000	0%	1,000	1,000	0%
20292100	GS-Printing Services	19,000	22,000	16%	20,000	20,000	0%
20292200	GS-Mail/Postage Charges	132,000	113,000	-14%	140,000	150,000	7%
20292300	GS-Messenger Services	4,000	4,000	0%	4,000	4,000	0%
20292500	GS-Purchasing Services	1,000	1,000	0%	1,000	2,000	100%
20292700	GS-Warehousing Charges	1,000	1,000	0%	1,000	2,000	100%
20292800	GS-Co Equip. Rental-Light Vehicles	-	-	***	3,000	3,000	0%
20294200	County Facility Use Charges	2,000	2,000	0%	2,000	3,000	50%
20294300	Leased Property Use Charges	486,000	474,000	-2%	521,000	521,000	0%
20296200	Parking	8,000	9,000	13%	8,000	11,000	38%
20298300	GS-Surplus Property Management	1,000	2,000	100%	2,000	2,000	0%
20298700	GS-Telephone Usage	15,000	15,000	0%	14,000	18,000	29%
20298900	GS-Telephone Installation	-	1,000	***	1,000	1,000	0%
OBJECT 20 TOTAL		2,514,000	2,587,000	3%	3,567,000	2,829,000	-21%
OBJECT 30 - OTHER CHARGES							
30332000	Depreciation Expense	34,000	27,000	-21%	37,000	27,000	-27%
30348000	Countywide Cost Allocation	310,000	318,000	3%	318,000	240,000	-25%
OBJECT 30 TOTAL		344,000	345,000	0%	355,000	267,000	-25%
OBJECT 70 - CONTINGENCIES							
70790100	Appropriation For Contingencies	-	-	***	125,000	125,000	0%
OBJECT 70 TOTAL		-	-	***	125,000	125,000	0%
TOTAL EXPENSES		\$6,362,000	\$6,886,000	8%	\$9,141,000	\$9,018,000	-1%

ESTIMATED INVESTMENT EXPENSES

TO BE PAID FROM INVESTMENT EARNINGS

FISCAL YEAR 2017-2018

Contractor	Service Provided	Fee
Custodian		
State Street Bank and Trust Co. California	Custody Administration	\$291,000
State Street Bank and Trust Co. California	Compliance Monitoring	50,000
Portfolio Analytics		
State Street Analytics	Performance and Transaction Cost	146,000
Investment Managers		
Domestic Equity		
AllianceBernstein L.P.	Passive Large Cap Index	220,000
Brown Advisory	Active Large Cap Growth	226,000
CenterSquare Investment Management	Active U.S. REITs	294,000
Dalton, Greiner, Hartman, Maher & Co. LLC	Active Small Cap Value	539,000
Eagle Capital Management	Active Large Cap Value	1,702,000
Huber Capital Management	Active Large Cap Growth	818,000
JP Morgan Asset Management	130/30	902,000
UBS Asset Management	Active Small Cap Growth	203,000
Weatherbie Capital, LLC	Active Small Cap Growth	241,000
Wedge Capital Management	Active Small Cap Value	887,000
International Equity		
Baillie Gifford & Co.	Active Emerging Mkts All Cap	687,000
CBRE Clarion Securities	Active International REITs	186,000
Lazard Asset Management	Active International Large Cap (ACWI)	1,100,000
LSV Asset Management	Active Dev Mkts Large Cap	1,900,000
Mondrian Emerging Markets Equity Fund, L.P.	Active Emerging Mkts All Cap	900,000
Mondrian Emerging Markets Small Cap Equity Fund, L.P.	Active Emerging Mkts Small Cap Value	320,000
Mondrian International Small Cap Equity Fund, L.P.	Active Dev Mkts Small Cap	600,000
Walter Scott International EAFE Income Growth	Active Dev Mkts Large Cap Growth	260,000
William Blair Emerging Markets Small Cap Growth	Active Emerging Mkts Small Cap Growth	280,000
William Blair International Small Cap Growth Portfolio	Active Dev Mkts Small Cap	960,000
Fixed Income		
Brandywine Global Investment Management, LLC	Active Global	820,000
Metwest Asset Management	Active Core Plus	752,000
Neuberger Berman Fixed Income LLC	Enhanced Index	211,000
Prudential Investment Management	Active Core Plus	755,000
SC Credit Opportunities Mandate, LLC	Active Credit	1,436,000

ESTIMATED INVESTMENT EXPENSES (CONTINUED)

Contractor	Service Provided	Fee
Investment Managers		
Real Assets		
ACM Fund II, L.P.	Real Assets Private Fund	437,000
ArcLight Energy Partners Fund VI, L.P.	Real Assets Private Fund	600,000
Atalaya SCERS SMA, LLC	Real Assets Private Fund	150,000
Barings Real Estate Advisers	Separate Properties	429,000
BlackRock Realty Advisors I	Core Real Estate Separate Account Properties	870,000
BlackRock Realty Advisors II	Core Real Estate Separate Account Properties	241,000
Blackstone Resources Select Offshore Fund	Commodity Fund	635,000
Brookfield Infrastructure Fund III, L.P.	Real Assets Private Fund	600,000
Carlyle Power Partners II, L.P.	Real Assets Private Fund	600,000
EnCap Energy Capital Fund IX, L.P.	Real Assets Private Fund	495,000
EnCap Energy Capital Fund X, L.P.	Real Assets Private Fund	600,000
EnCap Flatrock Midstrem Fund III, L.P.	Real Assets Private Fund	300,000
First Reserve Energy Infrastructure Fund II, L.P.	Real Assets Private Fund	560,000
IFM Global Infrastructure Fund	Real Assets Private Fund	970,000
Jamestown Premier Property Fund, L.P.	Core Real Estate Fund	120,000
MetLife Core Property Fund, L.P.	Core Real Estate Fund	240,000
Pantheon SCERS SIRF MM, LLC	Real Assets Private Fund	480,000
Prime Property Fund, LLC	Core Real Estate Fund	560,000
Principal US Property Account	Core Real Estate Fund	380,000
Prologis Targeted Europe Logistics Fund, L.P.	Core Real Estate Fund	320,000
Prologis Targeted US Logistics Fund, L.P.	Core Real Estate Fund	208,000
Quantum Energy Partners VI, L.P.	Real Assets Private Fund	613,000
SSgA Real Asset Strategy	Passive Real Assets Fund	900,000
Strategic Commodities Fund Ltd.	Commodities Fund	275,000
Townsend Real Estate Fund, L.P.	Core Real Estate Fund	205,000
Wastewater Opportunity Fund, LLC	Real Assets Private Fund	500,000
Overlay		
State Street Global Advisors	Asset Allocation Overlay	600,000
Opportunities		
Allegis Value Trust	Value Added Real Estate Fund	80,000
Atalaya Special Opportunities Fund V, L.P.	Opportunistic Credit Fund	375,000
Carlyle China Realty, L.P.	Opportunistic Real Estate Fund	350,000
Carlyle China Rome Logistics, L.P.	Opportunistic Real Estate Fund	200,000
CIM Fund VIII, L.P.	Opportunistic Real Estate Fund	525,000
ECE European Prime Shopping Centre Fund II, SCS-SIF	Value Added Real Estate Fund	525,000
European Real Estate Debt Fund II, L.P.	Real Estate Debt Fund	525,000
Hammes Partners II, L.P.	Core Real Estate Fund	375,000
Hines US Office Value Fund II, L.P.	Value Added Real Estate Fund	27,000
KKR Real Estate Partners Americas, L.P.	Opportunistic Real Estate Fund	525,000
NREP Nordic Strategies Fund, FCP-FIS	Value Added Real Estate Fund	375,000
NREP Nordic Strategies Fund II, SCSp	Value Added Real Estate Fund	525,000
Och-Ziff Real Estate Fund III, L.P.	Opportunistic Real Estate Fund	525,000

ESTIMATED INVESTMENT EXPENSES (CONTINUED)

Contractor	Service Provided	Fee
Investment Managers		
Absolute Return		
AQR Delta Fund II, L.P.	Absolute Return Fund	1,467,000
Brevan Howard, L.P.	Absolute Return Fund	695,000
Elliott International Limited	Absolute Return Fund	754,000
Graham Global Investment Fund II SPC LTD	Absolute Return Fund	438,000
Jana Partners Qualified, L.P.	Absolute Return Fund	698,000
Lakewood Capital Partners, L.P.	Absolute Return Fund	651,000
Laurion Capital Ltd.	Absolute Return Fund	819,000
OZ Domestic Partners II, L.P.	Absolute Return Fund	877,000
SC Absolute Return Fund, LLC	Absolute Return Fund	2,035,000
SC Absolute Return Fund, LLC- Series B	Absolute Return Fund	453,000
Third Point Partners Qualified, L.P.	Absolute Return Fund	900,000
Winton Diversified Futures Fund, L.P.	Absolute Return Fund	350,000
Private Equity		
Abbott Capital Private Equity Fund VI, L.P.	Private Equity Fund	293,000
Accel-KKR Capital Partners IV, L.P.	Private Equity Fund	338,000
Accel-KKR Capital Partners V, L.P.	Private Equity Fund	563,000
Accel-KKR Growth Capital Partners II, L.P.	Private Equity Fund	263,000
Atalaya Special Opportunities Fund VI, L.P.	Private Equity Fund	375,000
Athyrium Opportunities Fund II, L.P.	Private Equity Fund	480,000
Athyrium Opportunities Fund III, L.P.	Private Equity Fund	375,000
Dyal II US Investors, L.P.	Private Equity Fund	700,000
Dyal Capital Partners III, L.P.	Private Equity Fund	700,000
Garrison Opportunity Fund III A LLC	Private Equity Fund	400,000
H.I.G. Bayside Loan Opportunity Fund III (Europe-US\$), L.P.	Private Equity Fund	600,000
H.I.G. Capital Partners V, L.P.	Private Equity Fund	280,000
H.I.G. Europe Capital Partners II, L.P.	Private Equity Fund	378,000
HarbourVest International PEP VI-Partnership Fund L.P.	Private Equity Fund	435,000
HarbourVest Partners VIII, L.P.	Private Equity Fund	500,000
Khosla Ventures IV, L.P.	Private Equity Fund	200,000
Khosla Ventures V, L.P.	Private Equity Fund	400,000
Linden Capital Partners III, L.P.	Private Equity Fund	700,000
Marlin Equity IV, L.P.	Private Equity Fund	400,000
Marlin Equity Partners V, L.P.	Private Equity Fund	500,000
Marlin Heritage, L.P.	Private Equity Fund	300,000
Marlin Heritage II, L.P.	Private Equity Fund	200,000
Marlin Heritage Europe, L.P.	Private Equity Fund	292,000
New Enterprise Associates 14, L.P.	Private Equity Fund	313,000
New Enterprise Associates 15, L.P.	Private Equity Fund	438,000
New Enterprise Associates 16, L.P.	Private Equity Fund	438,000
Private Equity Partners X, L.P.	Private Equity Fund	750,000
RRJ Capital Master Fund II, L.P.	Private Equity Fund	700,000

ESTIMATED INVESTMENT EXPENSES (CONTINUED)

Contractor	Service Provided	Fee
Investment Managers		
Private Equity (Continued)		
RRJ Capital Master Fund III, L.P.	Private Equity Fund	800,000
Spectrum Equity VII, L.P.	Private Equity Fund	450,000
Summit Partners Credit Fund, L.P.	Private Equity Fund	300,000
Summit Partners Credit Fund II, L.P.	Private Equity Fund	131,000
Summit Partners Venture Capital Fund III-A, L.P.	Private Equity Fund	164,000
Summit Partners Venture Capital Fund IV, L.P.	Private Equity Fund	350,000
Thoma Bravo Fund XI, L.P.	Private Equity Fund	450,000
Thoma Bravo Fund XII, L.P.	Private Equity Fund	450,000
TPG Opportunities Partners III, L.P.	Private Equity Fund	525,000
Trinity Ventures XI, L.P.	Private Equity Fund	625,000
Trinity Ventures XII, L.P.	Private Equity Fund	625,000
TSG7 A, L.P.	Private Equity Fund	320,000
TSG7 B, L.P.	Private Equity Fund	100,000
Waterland Private Equity Fund V C.V.	Private Equity Fund	612,000
Waterland Private Equity Fund VI Overflow Fund, C.V.	Private Equity Fund	120,000
Waterland Private Equity Fund VI, C.V.	Private Equity Fund	480,000
Wayzata Opportunities Fund III, L.P.	Private Equity Fund	450,000
Consultant - General		
BSR & Co.	Tax Consultant - India	22,000
CliffWater LLC	Alternative Assets Investment Consultant	450,000
Financial Recovery Technologies, LLC	Class Action Research	25,000
Glass Lewis Proxy Analysis	Corporate Actions	38,000
Informa Investment Solutions	Investment Manager Research Software	14,000
Institutional Shareholder Services	Corporate Actions	57,000
MSCI Inc.	Market Data	1,000
The Townsend Group	Real Estate Investment Consultant	225,000
Verus Advisory, Inc.	General Investment Consultant	300,000
	Subtotal	65,838,000
Salaries & Benefits Allocated to Investment Expenses		1,808,000
Services & Supplies Allocated to Investment Expenses*		2,218,000
Other Charges		6,000
	Total	\$69,870,000

*Includes costs related to due diligence visitations

Board policy requires regular on-site reviews of investment manager operations. Such review includes a requirement to visit manager offices once every 3 years after the initial hiring visit. For the next year, five such visits are scheduled.	\$20,000
Prospective Manager Due Diligence Visits	40,000
	\$60,000

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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