



2025

**PROPOSED
ADMINISTRATIVE
BUDGET**



TABLE OF CONTENTS

Section I – Introduction	3
Section II – Budget Policies and Process	5
Section III – Executive Summary - 2025 Administrative Budget.....	6
Section IV –2025 Administrative Budget	9
Appendix.....	19
A - Five Year Budget – Department and Account as of December 31, 2025	
B - Current Organization Chart	
OCERS Personnel Costs by Department 2025 Budget	
2025 Personnel Costs by Department and Classification Before Salary Adjustments	
C - 21 Basis Points for Budget Year 2025	
D - 5 Year Budget Comparison	
4 Year Actuals Compared to Proposed Budget	
2025 Proposed Budget Compared to Actuals by Category	
E - 5 Year Historical Statistics	
F - OCERS' Direct Employees Salary Ranges	
G – Memo Re: Prior Year Trustee Information Requests	

SECTION I – INTRODUCTION

The Proposed Administrative Budget for Fiscal Year 2025 was developed based on the 2025-2027 Strategic and Business Plan and the Personnel Committee’s recommended 2025 Staffing Plan. OCERS’ Mission Statement, Vision Statement, and Values are the foundation for these documents:

Mission Statement:

“We provide secure retirement and disability benefits with the highest standards of excellence.”

Vision Statement:

“To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.”

Values:

*Open and Transparent
Commitment to Superior Service
Engaged and Dedicated Workforce
Reliable and Accurate
Secure and Sustainable*

The 2025 Administrative Budget reflects OCERS’ continued commitment to:

- **Fund Sustainability:** *Balance the costs of future pension payments with expected future investment risks and returns*
- **Excellent Service and Support:** *Deliver accurate benefits to our members and their beneficiaries ensuring payments are received on time every time*
- **Risk Management:** *Cultivate compliance and risk management functions throughout the enterprise*
- **Talent Management:** *Cultivate a collaborative, inclusive, and creative culture where employees are empowered and communicate freely while recruiting and retaining top talent*
- **Effective Governance:** *Improve the effectiveness and efficiency of the Board and staff by clarifying roles and responsibilities, improving oversight, enhancing accountability, and improving decision making*

The strategic goals for 2025-2027 were outlined in the Strategic and Business Plan presented to the Board during the Strategic Planning Meeting on September 10-11, 2024, and were formally adopted at the Regular Board Meeting on October 21, 2024. During the same meeting, the Board also approved the 2025 Staffing Plan, as recommended by the Personnel Committee. The approved Staffing Plan, along with the OCERS' Compensation Policy for direct employees and the most recent Memorandum of Understanding between the County of Orange and the Orange County Employees Association (which covers County employees working at OCERS), served as the foundation for developing the personnel costs portion of the proposed Administrative Budget. Additionally, personnel costs include funding for estimated bonuses to eligible Investment Team members, as outlined in the Incentive Compensation Policy.

The proposed 2025 Administrative Budget incorporates the funding of key business plan initiatives aimed at helping OCERS achieve its strategic goals. Many of these initiatives focus on providing excellent service and support by continuously improving business processes and procedures. Central to these efforts is the long-term strategic goal of achieving 100% benefit accuracy, supported by intelligent automation tools such as Robotic Process Automation (RPA), Machine Learning (ML), and Artificial Intelligence (AI). As part of this ongoing initiative, known as "Vision 2030," the budget includes funding for the continued implementation of RPA to automate routine tasks for identified use cases, the advancement of the master repository project to document and streamline business processes, and the development of a cloud-based platform to create and manage applications, workflows, and data.

Other initiatives with budget implications focus on enhancing risk management to ensure a safe and secure work environment and public service facility. This includes designing and constructing a new OCERS headquarters. The budget also allocates funds to support risk management objectives related to information systems that support OCERS' administrative and operational needs. Key initiatives in this area include planning and implementing a migration to a robust cloud-based platform and exploring the use of AI and ML to detect fraudulent transactions within the member self-service portal.

Additionally, the budget supports a talent management initiative aimed at recruiting and retaining a diverse, high-performing workforce to fulfill organizational priorities. This includes continuing the classification and compensation study for County positions at OCERS, in collaboration with the County of Orange. Other talent management initiatives include developing a long-term staffing plan for the Agency and creating a comprehensive talent management program to support succession planning.

2025 Administrative Budget Summary

Staff recommends a 2025 Administrative Budget of \$47,957,279 which is:

- ❖ -\$1.2 million or -2.4% less than the 2024 amended budget
- ❖ \$7.5 million or 18.6% greater than 2024 estimated actuals

SECTION II – BUDGET POLICIES AND PROCESS

Budget Policies

OCERS' budgeting framework adheres to specific legal and statutory guidelines, aligning with the requirements for 1937 Act Systems and OCERS' Board of Retirement policies. Budgeting operates on an accrual basis under Generally Accepted Accounting Principles (GAAP).

OCERS' budgeting authority falls under California Government Code Sections 31580.2 and 31596.1, which include the 21-basis point test. This test limits the budget of OCERS' administrative expenses (excluding investment costs and technology expenses) to 0.21% of OCERS' accrued actuarial liability. For FY25, the administrative budget represents 10.85 basis points of the estimated actuarial accrued liability, as detailed in ***Appendix C***.

OCERS' Budget Approval Policy outlines the roles, purpose, and procedures for approving OCERS' annual budget, which covers administrative expenses for managing the retirement system. This policy authorizes the Chief Executive Officer (CEO) or the Assistant CEO of Finance & Internal Operations to allocate funds within three primary budget categories: Personnel Costs, Services and Supplies, and Capital Expenditures. Any transfers between these categories or any amendments to the total budget require approval from the Board of Retirement.

Budget Process

OCERS' budget development process begins in August, when each department head prepares budget requests for the following fiscal year. The Director of Finance and Finance Manager-Budgeting then compile these requests to draft budgets for each department. Each department head subsequently meets with the CEO, Assistant CEO of Finance & Internal Operations, and the Director of Finance to review and assess the necessity of each budget line item. This draft budget may go through several iterations before finalization.

Once the CEO has agreed on the budget requests, any proposed goals or initiatives with budget implications are added to the Strategic and Business Plan for the upcoming fiscal year. This plan is presented to the Board of Retirement for discussion and feedback during the annual Strategic Planning Meeting in September. The final Strategic and Business Plan is then approved by the Board in October.

The Personnel Committee also meets to review potential changes to the OCERS' Staffing Plan and compensation-related policies. Their recommendations are brought to the Board, which then has the opportunity to discuss and act on these suggestions during a regularly scheduled meeting. Any decisions and feedback from the Board are incorporated into the proposed final version of the administrative budget, which is then submitted for adoption at the November Board Meeting. If further discussion is needed, adoption may be postponed to the December Board Meeting.

SECTION III – EXECUTIVE SUMMARY - 2025 ADMINISTRATIVE BUDGET

The overall administrative budget for 2025 in the amount of \$47,957,279 is summarized by the following categories of expenses:

- Personnel Costs - \$28,109,519
- Services and Supplies - \$16,097,760
- Capital Expenditures - \$3,750,000

The 2025 Administrative Budget is based on estimates of anticipated expenses for personnel costs, services and supplies, and capital expenditures. It includes the costs of carrying out the current level of services, activities, initiatives, and projects approved by OCERS' Board, as well as the Board approved 2025 Staffing Plan.

Notable components in the 2025 Administrative Budget include:

Personnel Costs:

- Salaries are budgeted at \$16,125,000 to support the Board approved 2025 Staffing Plan consisting of 135 positions (132.5 FTE). Staffing changes include adding 4 new positions and removing 2 vacant positions from the 2025 budgeted headcount:
 - Add one IT Intern position to the Information Technology Department– Extra Help
 - Add two Investment Analyst positions to the Investment Division– OCERS Direct
 - Add the position of a Chief Technology Officer to the Executive Division – OCERS Direct
 - Remove the Deputy General Counsel in the Legal Division – OCERS Direct
 - Remove one Retirement Benefits Technician in the Member Services Department – County

The total estimated annual cost for these staffing changes is \$293,000. The estimated 2025 budget impact is \$168,000 due to the mid-year hiring for one of the Investment Analyst positions.

- An average fringe benefit rate of 55% of total salaries (before FY25 salary and benefit adjustments) - \$9,335,000
- Performance based salary and benefit adjustments for OCERS' direct employees eligible to participate in the annual Performance Management Program based on the Board approved Compensation Policy:
 - A base salary increase of 3.9% equal to the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period ending September 30,

2024, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for employees whose performance meet expectations; a base increase of 3.9% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base increase of 3.9% plus two merit increases totaling 5.50% (2.75% x2) for employees whose performance was exceptional. Merit increases are limited to the maximum approved salary range for each position. The total projected budget impact for these salary and benefit adjustments is \$993,000

- Salary and benefit adjustments related to step increases for approximately 27 County staff not at the top of the established salary range and across the board mid-year 4.0% salary increase for all County staff as dictated by County MOU is estimated at \$272,000
- Estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in the Board approved Incentive Compensation Policy - \$421,000
- Annual Leave Payout and Accrual - \$462,000
- Temporary Help - \$54,000
- Overtime - \$122,000
- Certification Pay of 5.5% of salary for employees obtaining the designations of Chartered Financial Analyst, Certified Professional Accountant, Certified Information Systems Security Professional, Certified Internal Auditor and SHRM-Senior Certified Professional (before FY25 salary and benefit adjustments)- \$211,000
- Board Allowance - \$18,000

Services and Supplies:

- New recurring expenses include the following 2025-2027 Strategic and Business Plan initiatives:
 - Talent management program for succession planning - \$97,000
 - Tailored training initiatives for career development - \$85,000
 - AI powered-tool - \$75,000
 - Licenses for implementation of cloud-based platform - \$42,000
 - Document manager and collaboration tool - \$36,000
 - RPA test automation solutions - \$10,000
 - Retirement and benefits education and resources - \$32,000
 - Enhance user experience through increased surveys and analytics – \$10,000

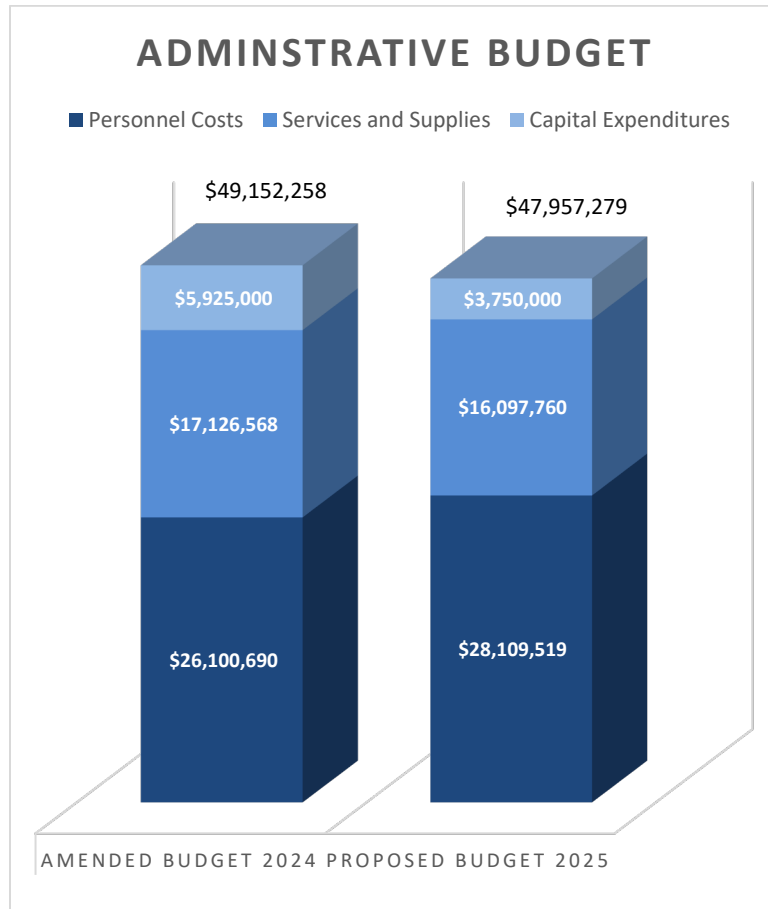
- Non-recurring expenses, including 2025-2027 Strategic and Business Plan Initiatives with an associated implementation cost:
 - Continue master repository project to fully develop and document business processes that will lay a foundation for designing a new PAS - \$360,000
 - Consulting for new PAS - \$250,000
 - Continue the development of RPA to streamline routine tasks for identified use cases - \$200,000
 - Plan and implement the migration of existing data center systems to a cloud - based platform - \$150,000
 - Consultant for migration to document manager and collaboration tool- \$150,000
 - Explore use of AI and ML to detect fraudulent transactions in member self-service portal - \$100,000
 - Data Scientist for PAS data validation and clean-up - \$75,000
 - OCERS Becomes One Project - \$10,000
 - Retirement and education resources for OCERS 80th anniversary event - \$7,000

Capital Expenditures:

- Business Plan initiatives that have costs that meet the criteria for being a capitalized expense:
 - Design and build a replacement OCERS headquarters facility (year 3 estimated cost) - \$3.8 million

SECTION IV –2025 ADMINISTRATIVE BUDGET

Comparison to 2024 Administrative Budget



The total administrative budget for FY25 is approximately \$48.0 million, representing a decrease of \$1.2 million, or 2.4%, compared to the FY24 budget of \$49.2 million. This decrease results from a \$1.0 million reduction in services and supplies and a \$2.2 million decrease in capital expenditures, partially offset by a \$2.0 million increase in personnel costs.

The reduction in services and supplies is mainly due to decreased spending on professional services, equipment, and software. Capital expenditures are set at \$3.8 million, reflecting adjustments based on the anticipated cash flow needed for designing and building the new OCERS headquarters facility in 2025. The increase in personnel costs is primarily driven by higher salaries, increased employer pension contributions, rising healthcare costs, and funding for FY25 salary adjustments.

Further details on the FY25 Proposed Administrative Budget, along with comparisons to the FY24 budget and estimated actuals, are provided in the following ***Administrative Budget Summary***.

Administrative Budget Summary

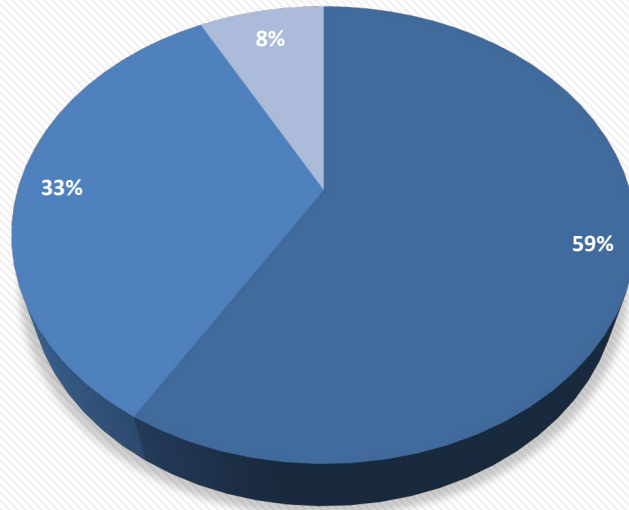
The FY25 Administrative Budget adheres to the budgetary limits set by Section 31580.2 of the County Employees Act of 1937, which caps the administrative budget at 0.21% (21 basis points) of OCERS' accrued actuarial liability, excluding certain expenditures, including \$10.2 million in investment-related costs, \$4.0 million for technology (computer software, hardware, and consulting services), \$3.8 million in capital expenditures and adding in depreciation for non-technology capital assets of \$238,000. For FY25, this cap translates to a maximum of \$58.6 million. However, OCERS' budget is well below this limit, with the administrative budget set at 10.85 basis points, or \$28.3 million under the cap. This compliance with the 21-basis point test is further detailed in **Appendix C: 21 Basis Points for Budget Year 2025**.

A summary of the FY24 Administrative Budget compared to FY24 estimated actuals and the FY25 Proposed Administrative Budget compared to FY24 estimated actuals is provided below:

	Amended Budget 2024	Estimated Actuals 2024	2024 (Over)/Under Budget	Proposed Budget 2025	2025 Proposed Budget vs. 2024 Estimated Actuals	
Personnel Costs	\$26,100,690	\$24,725,100	\$1,375,590	\$28,109,519	\$3,384,419	13.7%
Services and Supplies						
Building Prop Mgmt/Maint	1,150,000	1,081,627	68,373	1,270,000	188,373	17.4%
Equipment and Software	1,297,100	930,757	366,343	911,100	(19,657)	-2.1%
Infrastructure Maintenance	2,758,926	2,421,658	337,268	2,741,600	319,942	13.2%
Legal Services	1,135,000	1,037,767	97,233	1,405,000	367,233	35.4%
Meetings and Related Costs	174,300	164,095	10,205	195,500	31,405	19.1%
Miscellaneous Office Expense	1,040,625	913,604	127,021	1,151,760	238,156	26.1%
Professional Services	8,913,945	7,177,982	1,735,963	7,517,300	339,318	4.7%
Training	656,672	652,959	3,713	905,500	252,541	38.7%
Services and Supplies	17,126,568	14,380,449	2,746,119	16,097,760	1,717,311	11.9%
Capital Expenditures	5,925,000	1,878,353	4,046,647	3,750,000	1,871,647	99.6%
Administrative Expense Total	\$49,152,258	\$40,983,902	\$8,168,356	\$47,957,279	\$6,973,377	17.0%

*Capital expenditures represent purchases of assets to be amortized in future periods.

2025 Proposed Administrative Budget



■ Personnel Costs ■ Services and Supplies ■ Capital Expenditures

Personnel Costs

A summary of the FY24 budgeted personnel costs compared to FY24 estimated actuals and the FY25 proposed budgeted personnel costs compared to FY24 estimated actuals is provided below:

	Amended Budget 2024	Estimated Actuals 2024	2024 (Over)/Under Budget	Proposed Budget 2025	2025 Proposed Budget vs. 2024 Estimated Actuals	
Personnel Costs:						
Annual Salary	\$14,598,697	\$13,694,111	\$904,586	\$16,125,009	\$2,430,898	17.8%
Fringe Benefits	8,969,105	8,561,437	407,668	9,335,212	773,775	9.0%
Salary and Benefit Adjustments *	964,378	964,378	0	1,265,121	300,743	31.2%
Investment Incentive Pay	425,000	408,364	16,636	421,000	12,636	3.1%
Annual Leave Payout and Accrual	524,075	467,386	56,689	462,000	(5,386)	-1.2%
Temporary Help	237,960	229,304	8,656	54,000	(175,304)	-76.5%
Overtime	105,000	141,139	(36,139)	122,400	(18,739)	-13.3%
Certification Pay	160,475	169,986	(9,511)	210,777	40,791	24.0%
Tuition Reimbursement	100,000	75,695	24,305	96,000	20,305	26.8%
Board Allowance	16,000	13,300	2,700	18,000	4,700	35.3%
Total Personnel Costs	\$26,100,690	\$24,725,100	\$1,375,590	\$28,109,519	\$3,384,419	13.7%

*All salary adjustments (excluding Investment Team incentive bonuses) are budgeted in the Human Resources Department until awarded.

The proposed FY25 budget for personnel costs was developed in alignment with OCERS' Compensation Policy for direct employees, the latest Memorandum of Understanding (MOU) between the County of Orange and the Orange County Employees Association (which applies to County employees working at OCERS), and OCERS' Incentive Compensation Policy. The Incentive Compensation Policy outlines the incentive program available to eligible members of the investment team. These policies collectively guide the development of the personnel budget, ensuring consistency with established compensation practices and agreements.

Personnel Costs for 2025 are \$28.1 million and represent 58.6% of the total Administrative Budget. Personnel costs are detailed by department in **Appendix B - OCERS Personnel Costs by Department 2025 Budget** and **2025 Personnel Costs by Department and Classification Before Salary Adjustments** and include salaries, fringe benefits (e.g., health insurances, pension contributions, retiree medical plans, and deferred compensation), salary and benefit adjustments, annual leave payout and accrual, temporary help costs, overtime, certification pay for Board-approved certifications, tuition reimbursement and Board allowance for meeting attendance.

The total personnel costs budget for FY25 is \$3.4 million or 13.7% higher than the FY24 estimated actuals. This increase is primarily driven by the inclusion of \$964,000 in performance and salary adjustments from FY24, which are now part of the annual salary base for FY25. Additionally, the budget reflects the addition of four new positions, offset by the removal of two vacant roles, as approved in the 2025 Staffing Plan, resulting in a \$168,000 increase. The rise in personnel costs is also attributed to delays in filling vacant positions during FY24, such as a Finance Manager and various positions in Member Services and IT. Furthermore, the increase includes a \$774,000 rise in fringe benefits (before FY25 salary and benefit adjustments), largely due to higher employer pension contributions, rising healthcare costs, and the overall impact of higher salaries.

The FY25 Administrative Budget for personnel costs includes the following components:

- Salaries are budgeted at \$16,125,000 to support the Board approved 2025 Staffing Plan consisting of 135 positions (132.5 FTE). Staffing changes include adding 4 new positions and removing 2 vacant positions from the 2025 budgeted headcount:
 - Add one IT Intern position to the Information Technology Department– Extra Help
 - Add two Investment Analyst positions to the Investment Division– OCERS Direct
 - Add the position of a Chief Technology Officer to the Executive Division – OCERS Direct
 - Remove the Deputy General Counsel in the Legal Division – OCERS Direct
 - Remove one Retirement Benefits Technician in the Member Services Department – County

The total estimated annual cost for these staffing changes is \$293,000. The estimated 2025 budget impact is \$168,000 due to the mid-year hiring for one of the Investment Analyst positions.

- An average fringe benefit rate of 55% of total salaries (before FY25 salary and benefit adjustments) - \$9,335,000
- Performance based salary and benefit adjustments for OCERS' direct employees eligible to participate in the annual Performance Management Program based on the Board approved Compensation Policy:
 - A base salary increase of 3.9% equal to the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period ending September 30, 2024, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for employees whose performance meet expectations; a base increase of 3.9% plus a merit increase of 2.75% for employees whose performance exceeds expectations; and a base increase of 3.9% plus two merit increases totaling 5.50% (2.75% x2) for employees whose performance was exceptional. Merit increases are limited to the maximum approved salary range for each position. The total projected budget impact for these salary and benefit adjustments is \$993,000
- Salary and benefit adjustments related to step increases for approximately 27 County staff not at the top of the established salary range and across the board mid-year 4.0% salary increase for all County staff as dictated by County MOU is estimated at \$272,000
- Estimated bonuses to be paid to eligible Investment Team Members under an incentive compensation program outlined in the Board approved Incentive Compensation Policy - \$421,000
- Annual Leave Payout and Accrual - \$462,000
- Temporary Help - \$54,000
- Overtime - \$122,000
- Certification Pay of 5.5% of salary for employees obtaining the designations of Chartered Financial Analyst, Certified Professional Accountant, Certified Information Systems Security Professional, Certified Internal Auditor and SHRM-Senior Certified Professional (before FY25 salary and benefit adjustments)- \$211,000
- Board Allowance - \$18,000

The full list of budgeted positions and the related budgeted costs can be found in **Appendix B - OCERS Personnel Costs by Department 2025 Budget** and **2025 Personnel Costs by Department and Classification Before Salary Adjustments**.

Salary Ranges

In accordance with OCERS' Compensation Policy, adopted October 21, 2013 and revised on June 21 2021, the CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges. In each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics. Salary adjustments are made through the Performance Management Program as previously discussed. For details of all OCERS' direct salary ranges please refer to **Appendix F – OCERS' Direct Employees Salary Ranges**

Services and Supplies

Services and Supplies costs for 2025 are \$16.1 million, which is 33.6% of the total Administrative Budget. Included in Services and Supplies are administrative and investment professional services, legal services, equipment expenses (other than those that are capitalized on OCERS' books as assets that will be depreciated over time and budgeted as a capital expenditure), infrastructure maintenance costs, office expenses, training, and meetings and related costs. These expenses are broken down by department in ***Appendix A – Five Year Budget – Department and Account as of December 31, 2025*** and summarized below:

- **Building Management and Maintenance** budgeted at \$1,270,000 represents 2.6% of the overall Administrative Budget and is related to funds to manage and maintain the building. Expenses include security, utilities, property taxes, insurance, and maintenance contracts. The FY25 budget is \$188,000 higher than FY24 estimated actuals due to increases in non-capitalizable building improvements, higher costs for utilities and building maintenance related to persistent high inflation, as well as a reduction in rental income due to the vacancy of a long-term tenant.
- **Equipment and Software** is budgeted at \$911,000, representing 1.9% of the total Administrative Budget. This category includes:
 - \$560,000 for investment-related software
 - \$211,000 for information security software and tools
 - \$139,000 for procuring additional equipment, including new laptops and accessories for employees, as well as audio-visual upgrades for the boardroom

The FY25 budget is significantly lower than the FY24 budget of \$1,297,000. The reduction is mainly due to the exclusion of:

- \$250,000 for an electronic content/document management system, which has been deferred and will be included as part of the new PAS project
 - \$150,000 for a test automation solution, which was replaced by an alternative cloud-based solution at a much lower cost of \$10,000.
- **Infrastructure Maintenance** is budgeted at \$2,742,000, which represents 5.7% of the total Administrative Budget. This category has increased by approximately \$320,000 or 13.2% compared to FY24 estimated actuals. The increase is primarily due to the following factors:
 - Cloud subscription costs: A rise in the number of licenses for both current and new cloud-based software subscriptions, including office software, disability case management, project management, accounting, financial management, and vendor risk management software. These subscriptions total \$914,000

- PAS maintenance: The budget includes \$544,000 for PAS licensing and support, as well as additional costs for PAS-related support hours of \$120,000 needed for imaging migration, new End User License Agreements (EULA), and enhancements for member communications via the MSS portal
- Oracle consulting, licensing, and support: \$266,000
- Other infrastructure maintenance: This includes maintenance for co-location data center facilities, hardware and mobile device licensing, software maintenance, support, and security, which totals \$880,000

These increases reflect necessary adjustments to support OCERS' expanding infrastructure and software systems, ensuring continued maintenance and enhancement of key operational tools and services.

- **Legal Services** budgeted at \$1,405,000 are 2.9% of the total Administrative Budget and consist of fees paid to OCERS' external fiduciary counsel, labor attorney, litigation counsel, tax attorney, and investment related legal services. These fees are budgeted for use on an as-needed basis. The FY25 budget is \$367,000 or 35.4% higher than FY24 estimated actuals due to an expected increase in potential litigation costs.
- **Meetings and Related Costs** is budgeted at \$196,000, representing 0.4% of the total Administrative Budget. The majority of this expense, \$120,000, is allocated for due diligence meetings, covering travel costs for investment-related meetings. The remainder of the budget includes costs for committee and board meetings, as well as employee-related meetings. This budget has increased by \$31,000 or 19.1% compared to FY24 estimated actuals, primarily due to:
 - Increase in investment staff, leading to more participation in due diligence and related meetings
 - Higher travel costs associated with these meetings

This increase reflects OCERS' growing needs in investment-related meetings.

- **Miscellaneous Office Expense** is budgeted at \$1.2 million, accounting for 2.4% of the total Administrative Budget. This represents an increase of \$111,000 over the FY24 budget and an estimated \$238,000 or 26.1% increase from FY24 estimated actuals. The primary drivers of this increase include a \$73,000 rise in new subscriptions related to Investments and Compliance, along with the following reclassifications:
 - \$38,000 from investment-related equipment and software to subscriptions and periodicals
 - \$27,000 reclassified from professional services and training to subscriptions and periodicals for Human Resources
 - \$27,000 reclassification from professional services to subscriptions and periodicals for Member Services

Additional cost increases in miscellaneous office expense are attributed to office supplies, postage, printing, and leased equipment.

- **Professional Services** is budgeted at \$7.5 million, making up the largest portion of Services and Supplies and representing 15.7% of the total Administrative Budget. This amount is \$1.4 million lower than the FY24 budget, but \$339,000 or 4.7% higher than the FY24 estimated actuals.

The budget decrease from FY24 to FY25 is largely due to the following reductions:

- Alameda-related consultants: Reduced by \$521,000 as the project concluded in FY24
- Roboyo consulting: Budgeted at \$200,000 for FY25, a decrease of \$450,000 from FY24 budget of \$650,000 as the maintenance of existing RPA and future RPA development will be done in-house
- Master Repository Project: Brought in-house, reducing the budget by \$290,000 from \$650,000 in FY24 to \$360,000 in FY25

Additionally, the FY25 Professional Services budget includes:

- Investment-related consulting fees: \$3.0 million
- Other IT and Information Security consulting and professional services: \$1.4 million
- Actuarial and audit fees: \$558,000
- Medical panel reviews: \$600,000
- Insurance brokerage services: \$333,000
- PAS consultants: \$250,000
- Data scientist for PAS data validation and cleanup: \$75,000

These allocations reflect ongoing and new needs across various operational and strategic areas for OCERS.

- **Training** is budgeted at \$906,000, representing 1.9% of the total Administrative Budget. This amount reflects an increase of approximately \$253,000 or 38.7% over the FY24 estimated actuals. The increase is mainly due to:

- Growth in staff and a higher number of employees attending training
- Higher travel costs associated with out-of-town conferences

In addition to general training expenses, the FY25 budget includes \$269,000 for supporting talent management business initiatives. This funding will continue the implementation of a comprehensive training program tailored to individual needs and career goals, fostering a talent management mindset and helping create succession plans across OCERS. These initiatives reflect a strategic focus on developing staff and preparing for future leadership needs within the agency.

Capital Expenditures

Capital Expenditures is budgeted at \$3.8 million, representing 7.8% of the total Administrative Budget. This allocation is \$2.2 million lower than the FY24 budget and approximately \$1.9 million below the FY24 estimated actuals. The FY25 Capital Expenditures budget reflects adjustments based on the anticipated cash flow needed for designing and building the new OCERS headquarters facility in 2025.

APPENDIX

OCERS
 Five Year Budget - Department and Account
 As of Date:

12/31/2025

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Year Ending
	December	December	December	December	12/31/2025
	Budget 2021	Amended Budget 2022	Budget 2023	Amended Budget 2024	Proposed Budget 2025
Administrative Expenses					
D0001 Board					
Board Personnel Costs	\$ 18,900	\$ 18,000	\$ 16,000	\$ 16,000	\$ 18,000
Board Services and Supplies					
61000 - Professional Services	92,000	100,120	10,000	77,000	108,000
66100 - Training and Related Costs	78,400	126,000	120,000	127,500	173,500
66150 - Meetings and Related Costs	17,500	20,000	20,000	25,000	26,000
66200 - Memberships	20,050	20,050	20,500	43,000	22,300
Total Board Services and Supplies	207,950	266,170	170,500	272,500	329,800
Total Board	\$ 226,850	\$ 284,170	\$ 186,500	\$ 288,500	\$ 347,800
D0002 Internal Audit					
Internal Audit Personnel Costs					
Salaries and Wages	312,789	340,816	548,563	609,186	719,293
Fringe Benefits	165,202	186,464	337,418	352,006	384,668
Total Internal Audit Personnel Costs	477,991	527,280	885,981	961,192	1,103,961
Internal Audit Services and Supplies					
61000 - Professional Services	134,250	161,840	143,000	83,945	66,000
66100 - Training and Related Costs	10,440	13,900	21,280	19,510	30,000
66150 - Meetings and Related Costs	100	100	100	100	100
66200 - Memberships	1,295	1,345	2,495	2,304	3,000
66400 - Subscriptions and Periodicals	200	100	100	100	400
Total Internal Audit Services and Supplies	146,285	177,285	166,975	105,959	99,500
Total Internal Audit	\$ 624,276	\$ 704,565	\$ 1,052,956	\$ 1,067,151	\$ 1,203,461
D0010 Executive					
Executive Personnel Costs					
Salaries and Wages	971,053	1,060,302	1,261,866	1,411,174	1,823,003
Fringe Benefits	528,598	582,184	739,177	810,280	1,061,477
Total Executive Personnel Costs	1,499,651	1,642,486	2,001,043	2,221,454	2,884,480
Executive Services and Supplies					
61000 - Professional Services	265,000	440,000	600,000	875,000	460,000
61301 - Actuarial Fees	400,000	375,000	450,000	400,000	360,000
66100 - Training and Related Costs	45,450	51,100	53,000	71,000	103,000
66150 - Meetings and Related Costs	10,500	14,750	12,000	25,000	24,000
66200 - Memberships	6,350	6,540	28,150	30,000	28,360
66400 - Subscriptions and Periodicals	1,750	800	1,200	1,450	1,500
Total Executive Services and Supplies	729,050	888,190	1,144,350	1,402,450	976,860
Total Executive	\$ 2,228,701	\$ 2,530,676	\$ 3,145,393	\$ 3,623,904	\$ 3,861,340
D0020 Legal					
Legal Personnel Costs					
Salaries and Wages	1,012,540	1,079,223	1,299,473	1,336,155	1,261,699
Fringe Benefits	517,764	580,518	767,489	744,478	713,383
Total Legal Personnel Costs	1,530,304	1,659,741	2,066,962	2,080,633	1,975,082
Legal Services and Supplies					
61000 - Professional Services	202,000	202,000	250,000	150,000	125,000
62030 - Legal Services - Investment Related	600,000	600,000	500,000	500,000	650,000
62100 - Legal Services - Tax Advice and General Matters	35,000	35,000	150,000	185,000	130,000
62200 - Legal Services - Board and Fiduciary	125,000	125,000	0	0	100,000
62300 - Legal Services - Other Litigation	200,000	200,000	450,000	450,000	525,000
66100 - Training and Related Costs	20,000	20,000	20,000	20,000	30,000
66150 - Meetings and Related Costs	2,000	2,000	2,000	2,000	1,500
66200 - Memberships	5,000	5,000	4,000	5,000	5,000
66400 - Subscriptions and Periodicals	12,500	12,500	13,000	15,000	20,000
66500 - Postage and Delivery Costs - Regular Postage	0	0	0	100	100
Total Legal Services and Supplies	1,201,500	1,201,500	1,389,000	1,327,100	1,586,600
Total Legal	\$ 2,731,804	\$ 2,861,241	\$ 3,455,962	\$ 3,407,733	\$ 3,561,682
D0021 Compliance					
Compliance Services and Supplies					
61000 - Professional Services	0	0	0	0	20,000
66100 - Training and Related Costs	0	0	0	0	18,200
66150 - Meetings and Related Costs	0	0	0	0	200
66200 - Memberships	0	0	0	0	1,200
66400 - Subscriptions and Periodicals	0	0	0	0	22,500
Total Compliance Services and Supplies	0	0	0	0	62,100
Total Compliance	0	0	0	0	62,100
D0030 Investments					

OCERS
Five Year Budget - Department and Account
As of Date:

12/31/2025

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Year Ending
	December Budget 2021	December Amended Budget 2022	December Budget 2023	December Amended Budget 2024	12/31/2025 Proposed Budget 2025
Investments Personnel Costs					
Salaries and Wages	1,663,161	1,810,917	2,093,296	2,918,505	3,494,114
Fringe Benefits	852,200	960,155	1,160,135	1,363,491	1,718,775
Total Investments Personnel Costs	2,515,361	2,771,072	3,253,431	4,281,996	5,212,889
Investments Services and Supplies					
61300 - Professional Services - Admin. Non 21 Basis Points	99,999	0	0	0	0
61500 - Prof Services - Investment Related - Investment Consultant	2,618,502	3,275,000	965,650	981,000	1,000,000
61501 - Prof Services - Investment Related - Other Consultants	0	0	1,408,330	1,430,000	1,443,000
61502 - Prof Services - Investment Related - Custodian Services	0	0	585,000	580,000	580,000
61503 - Prof Services - Investment Related - Other Services	0	0	55,260	55,000	31,000
64000 - Equipment and Software	10,000	0	0	0	0
64030 - Equipment and Software - Investment Related	0	25,000	40,000	40,000	0
66100 - Training and Related Costs	8,000	8,000	10,000	0	20,000
66130 - Due Diligence Expenses	0	100,000	130,000	100,000	120,000
66150 - Meetings and Related Costs	16,000	16,000	10,000	10,000	15,000
66200 - Memberships	16,500	27,000	20,000	25,000	30,000
66400 - Subscriptions and Periodicals	35,000	35,000	40,500	35,000	130,000
Total Investments Services and Supplies	2,804,001	3,486,000	3,264,740	3,256,000	3,369,000
Total Investments	\$ 5,319,362	\$ 6,257,072	\$ 6,518,171	\$ 7,537,996	\$ 8,581,889
D0041 Communications					
Communications Personnel Costs					
Salaries and Wages	197,741	207,790	278,844	221,454	265,641
Fringe Benefits	110,477	123,767	170,258	129,556	134,644
Total Communications Personnel Costs	308,218	331,557	449,102	351,010	400,285
Communications Services and Supplies					
61000 - Professional Services	50,000	25,000	45,000	10,000	20,000
64000 - Equipment and Software	2,500	1,000	0	1,000	1,000
66100 - Training and Related Costs	5,000	5,000	2,500	5,625	18,500
66150 - Meetings and Related Costs	150	150	150	0	2,000
66200 - Memberships	0	0	0	550	800
66300 - Office Supplies	10,000	10,000	10,000	21,500	20,000
66501 - Postage and Delivery Costs - Quarterly Newsletters	65,000	35,000	76,000	99,000	100,000
66502 - Postage and Delivery Costs - Mass Mailings	40,000	40,000	20,000	20,000	14,000
66550 - Printing Costs - Other	0	0	0	5,000	5,000
66551 - Printing Costs - Quarterly Newsletters	40,000	25,000	50,000	70,000	100,000
66552 - Printing Costs - Brochures	10,000	17,000	5,000	20,000	10,000
66553 - Printing Costs - Annual Report	12,000	12,000	12,000	10,000	5,000
Total Communications Services and Supplies	234,650	170,150	220,650	262,675	296,300
Total Communications	\$ 542,868	\$ 501,707	\$ 669,752	\$ 613,685	\$ 696,585
D0042 Disability					
Disability Personnel Costs					
Salaries and Wages	368,445	386,192	426,878	627,575	653,530
Fringe Benefits	246,803	277,120	239,444	386,421	337,983
Total Disability Personnel Costs	615,248	663,312	666,322	1,013,996	991,513
Disability Services and Supplies					
61000 - Professional Services	295,000	510,000	560,000	660,000	600,000
66100 - Training and Related Costs	3,600	7,870	36,320	12,000	12,000
66150 - Meetings and Related Costs	250	250	250	250	250
66200 - Memberships	0	0	0	0	1,000
Total Disability Services and Supplies	298,850	518,120	596,570	672,250	613,250
Total Disability	\$ 914,098	\$ 1,181,432	\$ 1,262,892	\$ 1,686,246	\$ 1,604,763
D0043 Member Services					
Member Services Personnel Costs					
Salaries and Wages	2,901,456	3,790,259	3,969,264	4,177,164	4,652,794
Fringe Benefits	1,554,932	2,164,338	2,495,374	2,518,477	2,517,046
Total Member Services Personnel Costs	4,456,388	5,954,597	6,464,638	6,695,641	7,169,840
Member Services Services and Supplies					
61000 - Professional Services	20,000	24,000	525,000	496,000	100,000
66100 - Training and Related Costs	18,800	17,000	10,000	10,750	37,200
66150 - Meetings and Related Costs	250	250	250	2,500	1,500
66200 - Memberships	0	0	0	1,000	1,000
66400 - Subscriptions and Periodicals	0	0	0	0	27,000
Total Member Services Services and Supplies	39,050	41,250	535,250	510,250	166,700
Total Member Services	\$ 4,495,438	\$ 5,995,847	\$ 6,999,888	\$ 7,205,891	\$ 7,336,540
D0051 Finance					

OCERS
Five Year Budget - Department and Account
As of Date:

12/31/2025

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Year Ending
	December	December	December	December	12/31/2025
	Budget 2021	Amended Budget 2022	Budget 2023	Amended Budget 2024	Proposed Budget 2025
Finance Personnel Costs					
Salaries and Wages	958,248	1,009,068	992,345	1,124,957	1,328,411
Fringe Benefits	506,514	571,638	636,004	664,146	745,377
Total Finance Personnel Costs	1,464,762	1,580,706	1,628,349	1,789,103	2,073,788
Finance Services and Supplies					
61000 - Professional Services	188,410	21,400	22,000	22,000	23,600
61010 - Professional Services - Bank Fees	0	30,000	36,000	38,000	33,000
61020 - Professional Services - External Audit Fees	0	129,000	117,300	118,500	119,500
61300 - Professional Services - Admin. Non 21 Basis Points	0	47,000	38,000	30,000	22,000
66100 - Training and Related Costs	9,000	10,500	10,500	21,000	17,000
66150 - Meetings and Related Costs	250	250	250	250	250
66200 - Memberships	4,300	4,800	4,800	5,200	6,800
66400 - Subscriptions and Periodicals	1,000	1,000	1,000	1,000	1,000
Total Finance Services and Supplies	202,960	243,950	229,850	235,950	223,150
Total Finance	\$ 1,667,722	\$ 1,824,656	\$ 1,858,199	\$ 2,025,053	\$ 2,296,938
D0052 Human Resources					
Human Resources Personnel Costs					
Salaries and Wages	643,552	607,155	1,784,754	1,775,588	968,878
Fringe Benefits	362,992	412,203	476,753	531,794	571,742
Total Human Resources Personnel Costs	1,006,544	1,019,358	2,261,507	2,307,382	1,540,620
Human Resources Services and Supplies					
61000 - Professional Services	98,500	145,500	64,000	109,750	120,000
61052 - Professional Services - Recruitment Costs	0	0	71,300	60,000	38,300
66100 - Training and Related Costs	191,450	230,850	221,000	224,687	295,500
66150 - Meetings and Related Costs	10,000	10,000	5,600	5,500	500
66200 - Memberships	11,400	12,000	6,000	6,421	9,700
66302 - Office Supplies - Ergonomics	0	0	0	10,000	10,000
66400 - Subscriptions and Periodicals	0	0	0	0	26,900
Total Human Resources Services and Supplies	311,350	398,350	367,900	416,358	500,900
Total Human Resources	\$ 1,317,894	\$ 1,417,708	\$ 2,629,407	\$ 2,723,740	\$ 2,041,520
D0053 Information Security					
Information Security Personnel Costs					
Salaries and Wages	335,917	363,011	461,058	512,255	575,214
Fringe Benefits	166,057	188,558	268,355	289,556	297,185
Total Information Security Personnel Costs	501,974	551,569	729,413	801,811	872,399
Information Security Services and Supplies					
61000 - Professional Services	115,000	40,000	103,000	118,000	126,000
61300 - Professional Services - Admin. Non 21 Basis Points	180,000	205,000	128,000	113,000	173,000
64000 - Equipment and Software	196,000	321,000	401,100	186,000	211,000
66100 - Training and Related Costs	49,000	46,000	54,000	54,000	60,000
66150 - Meetings and Related Costs	500	500	500	500	500
66200 - Memberships	1,850	3,000	3,000	3,000	3,000
66400 - Subscriptions and Periodicals	500	500	500	500	500
Total Information Security Services and Supplies	542,850	616,000	690,100	475,000	574,000
Total Information Security	\$ 1,044,824	\$ 1,167,569	\$ 1,419,513	\$ 1,276,811	\$ 1,446,399
D0054 Information Technology					
Information Technology Personnel Costs					
Salaries and Wages	1,065,748	1,359,189	1,732,159	1,856,421	2,000,937
Fringe Benefits	552,702	748,505	966,737	1,014,223	1,087,030
Total Information Technology Personnel Costs	1,618,450	2,107,694	2,698,896	2,870,644	3,087,967
Information Technology Services and Supplies					
61000 - Professional Services	446,000	292,000	172,500	471,750	260,500
61300 - Professional Services - Admin. Non 21 Basis Points	1,167,400	1,410,000	1,265,000	1,575,000	1,275,000
63000 - Infrastructure Maintenance	854,700	1,196,300	309,750	436,250	574,200
63010 - InfraMte - Cloud Subscriptions	0	0	445,250	971,473	914,200
63020 - InfraMte - Equipment Maintenance	0	0	19,500	11,500	6,500
63030 - InfraMte - Software Maintenance	0	0	297,985	303,432	301,400
63040 - InfraMte - PAS Maintenance	0	0	884,655	1,036,271	945,300
64000 - Equipment and Software	878,000	845,000	358,000	640,100	139,100
64030 - Equipment and Software - Investment Related	0	0	282,000	430,000	560,000
65100 - Equipment - Rent and Leases	35,000	40,000	0	0	0
65201 - Telephone Expense - Telecom Services	25,000	32,000	63,600	63,600	10,000
65202 - Telephone Expense - Cellular/Mobile Services	55,000	45,000	60,600	71,400	71,400
65203 - Telephone Expense - Phone/VOIP	125,000	105,000	97,500	151,800	135,000
65300 - Internet Services	0	125,000	169,500	133,500	127,800

OCERS
Five Year Budget - Department and Account
As of Date:

12/31/2025

Account No. & Name	Year Ended	Year Ended	Year Ended	Year Ended	Year Ending
	December	December	December	December	12/31/2025
	Budget 2021	Amended Budget 2022	Budget 2023	Amended Budget 2024	Proposed Budget 2025
66100 - Training and Related Costs	43,000	38,000	25,500	86,600	86,600
66150 - Meetings and Related Costs	0	2,500	3,000	3,000	3,500
66200 - Memberships	1,500	1,500	1,800	2,500	5,000
Total Information Technology Services and Supplies	3,630,600	4,132,300	4,456,140	6,388,176	5,415,500
Information Technology Capital Expenditures					
69040 - Capital Expenditures - All	600,000	982,000	715,000	50,000	0
Total Information Technology Capital Expenditures	600,000	982,000	715,000	50,000	0
Total Information Technology	\$ 5,849,050	\$ 7,221,994	\$ 7,870,036	\$ 9,308,820	\$ 8,503,467
D0055 Operations Support Services					
Operations Support Services Personnel Costs					
Salaries and Wages	227,429	304,738	373,680	445,150	508,135
Fringe Benefits	112,828	155,459	201,847	264,678	270,560
Total Operations Support Services Personnel Costs	340,257	460,197	575,527	709,828	778,695
Operations Support Services Services and Supplies					
61000 - Professional Services	303,050	148,950	255,000	110,000	80,400
61001 - Professional Services - Insurance Services	0	280,000	280,000	350,000	333,000
65000 - Building Property Management and Maintenance	680,000	750,000	975,000	1,150,000	1,270,000
65100 - Equipment - Rent and Leases	14,500	14,500	50,000	50,000	56,100
66100 - Training and Related Costs	4,000	4,000	4,000	4,000	4,000
66150 - Meetings and Related Costs	0	200	200	200	200
66200 - Memberships	199	500	500	500	1,000
66300 - Office Supplies	55,000	60,000	50,000	55,000	55,000
66301 - Office Supplies - Furniture Costs	30,000	40,000	40,000	40,000	40,000
66400 - Subscriptions and Periodicals	0	0	0	0	2,000
66500 - Postage and Delivery Costs - Regular Postage	75,000	55,000	55,000	25,000	31,900
66503 - Postage and Delivery Costs - Pony Mail	4,000	4,000	4,000	4,200	2,000
66504 - Postage and Delivery Costs - Delivery Services	0	0	6,000	3,000	3,500
66550 - Printing Costs - Other	15,000	7,000	0	10,000	5,000
Total Operations Support Services Services and Supplies	1,180,749	1,364,150	1,719,700	1,801,900	1,884,100
Operations Support Services Capital Expenditures					
69040 - Capital Expenditures - All	70,000	110,000	511,000	5,875,000	3,750,000
Total Operations Support Services Capital Expenditures	70,000	110,000	511,000	5,875,000	3,750,000
Total Operations Support Services	\$ 1,591,006	\$ 1,934,347	\$ 2,806,227	\$ 8,386,728	\$ 6,412,795
Total Administrative Expenses	\$ 28,553,893	\$ 33,882,984	\$ 39,874,896	\$ 49,152,258	\$ 47,957,279

2025 Organization Chart (135 team members, 132.5 FTE)

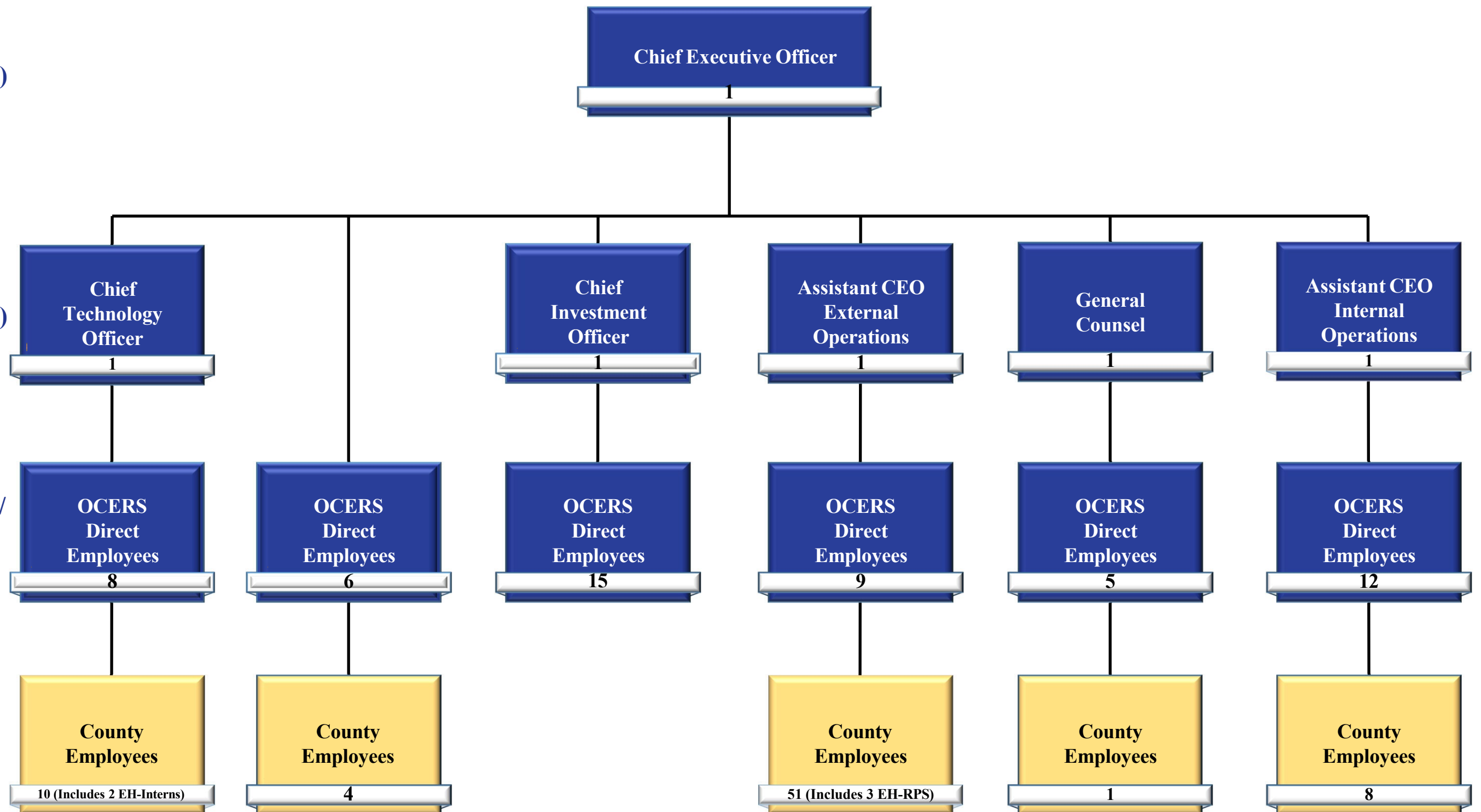
As approved by Board on October 21, 2024

Chief Executive
• OCERS Direct (1)

Senior Executives
• OCERS Direct (5)

**Directors/Managers/
Analysts**
• OCERS Direct (55)

County Staff
• Indirect (74)



Appendix B
 OCERS Personnel Costs by Department
 2025 Budget

Departments	Employee Count	Salaries and Benefits	Budgeted Salary and Benefit Adjustments	Annual Leave Payout and Accrual	Overtime	Tuition	Temporary Help - Employment Services	Board Stipends	2025 Personnel Budget by Department
D0001-Board		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 18,000
D0002-Internal Audit	4	1,019,715		39,000					1,058,715
D0010-Executive	8	2,693,363		108,000	1,200				2,802,563
D0020-Legal	7	1,835,351		27,000	1,200				1,863,551
D0030-Investments	16	4,857,274		72,000					4,929,274
D0041-Communications	2	356,293		24,000	1,200				381,493
D0042-Disability	6	908,191		24,000	1,200		24,000		957,391
D0043-Member Services	54	6,784,835		48,000	90,000		30,000		6,952,835
D0051-Finance	9	1,959,897		24,000	1,200				1,985,097
D0052-Human Resources	7	1,240,522	1,265,121	24,000	1,200	96,000			2,626,842
D0053-Information Security	3	802,015		24,000					826,015
D0054-Information Technology	15	2,920,696		24,000	24,000				2,968,696
D0055-Operations Support Services	4	713,847		24,000	1,200				739,047
Grand Total	135	\$ 26,091,998	\$ 1,265,121	\$ 462,000	\$ 122,400	\$ 96,000	\$ 54,000	\$ 18,000	\$ 28,109,519

Appendix B

Orange County Employees Retirement System
2025 Personnel Cost by Department and Classification Before Salary Adjustments

Departments-Classifications	Employee Count	Salaries	Certification Pay	Investment Incentive Pay	Total Salaries	Total Fringe Benefits	Total Salaries and Benefits
D0002-Internal Audit	4	\$ 640,585	\$ 10,250		\$ 650,835	\$ 368,880	\$ 1,019,715
Director of Internal Audit	1	230,000			230,000	128,034	358,034
Internal Auditor	2	224,217			224,217	136,134	360,350
Senior Internal Auditor	1	186,368	10,250		196,618	104,713	301,331
D0010-Executive	8	1,631,722	31,163		1,662,885	1,030,478	2,693,363
Assistant CEO of External Operations	1	265,000	14,575		279,575	166,292	445,867
Assistant CEO of Finance and Internal Operations	1	301,594	16,588		318,182	205,724	523,906
Chief Executive Officer	1	375,000			375,000	258,062	633,062
Director of Enterprise Project Management Office	1	203,965			203,965	114,118	318,083
Executive Secretary I	1	77,355			77,355	42,350	119,705
Executive Secretary II	1	98,779			98,779	53,636	152,415
Staff Assistant	1	61,942			61,942	34,230	96,173
Chief Technology Officer	1	248,086			248,086	156,067	404,153
D0020-Legal	7	1,161,724			1,161,724	673,627	1,835,351
Attorney	3	542,864			542,864	305,458	848,322
Chief Compliance Officer	1	167,000			167,000	94,361	261,361
Executive Secretary I	1	73,258			73,258	40,191	113,449
General Counsel	1	286,520			286,520	179,300	465,820
Staff Analyst	1	92,082			92,082	54,317	146,399
D0030-Investments	16	2,720,159	96,650	421,000	3,237,810	1,619,465	4,857,274
Chief Investment Officer	1	500,360	27,520		527,880	308,567	836,446
Director of Investments	2	510,582	-		510,582	335,734	846,315
Investment Analyst	6	537,913	14,096		552,010	313,409	865,419
Investment Officer	5	833,619	36,461		870,080	471,064	1,341,144
Senior Investment Analyst	1	133,993	7,370		141,362	76,718	218,081
Senior Investment Officer	1	203,693	11,203		214,896	113,973	328,869
D0041-Communications	2	228,187			228,187	128,106	356,293
Director of Communications	1	155,658			155,658	88,298	243,956
Staff Specialist	1	72,530			72,530	39,808	112,337
D0042-Disability	6	582,117			582,117	326,074	908,191
Director of Disability	1	220,343			220,343	122,872	343,215
Disability Retirement Investigator	3	239,075			239,075	130,742	369,817
Office Specialist	1	60,757			60,757	38,229	98,986
Staff Assistant	1	61,942			61,942	34,230	96,173
D0043-Member Services	54	4,344,914			4,344,914	2,439,920	6,784,835
Accounting Technician	5	304,158			304,158	173,498	477,657
Director of Member Services	2	379,784			379,784	223,434	603,219
Executive Secretary I	1	91,021			91,021	49,549	140,570
Member Services Manager	4	500,853			500,853	302,419	803,272
Office Specialist	1	60,757			60,757	33,606	94,362
Office Technician	3	144,789			144,789	85,002	229,791
Retirement Benefits Program Supervisor	4	380,557			380,557	221,354	601,910
Retirement Benefits Technician	3	176,717			176,717	97,891	274,608
Retirement Program Specialist	17	1,211,496			1,211,496	676,796	1,888,292
Retirement Program Specialist Extra Help	3	97,776			97,776	3,911	101,687
Sr. Retirement Program Specialist	7	593,923			593,923	336,868	930,791
Sr. Staff Development Specialist	2	199,118			199,118	116,375	315,494
Staff Analyst	2	203,965			203,965	119,217	323,182
D0051-Finance	9	1,217,427	28,510		1,245,937	713,960	1,959,897
Accounting Technician	1	60,757			60,757	33,606	94,362
Director of Finance	1	225,835	12,421		238,256	138,771	377,027
Finance Manager	3	497,092	9,424		506,517	291,080	797,597

Appendix B

Orange County Employees Retirement System
2025 Personnel Cost by Department and Classification Before Salary Adjustments

Departments-Classifications	Employee Count	Salaries	Certification Pay	Investment Incentive Pay	Total Salaries	Total Fringe Benefits	Total Salaries and Benefits
Sr. Accountant / Auditor I	1	109,075			109,075	59,060	168,135
Staff Analyst	2	239,117	6,664		245,782	144,776	390,558
Accountant / Auditor II	1	85,550			85,550	46,667	132,217
D0052-Human Resources	7	776,934	12,103		789,036	451,485	1,240,522
Director of Human Resources	1	220,047	12,103		232,149	135,345	367,494
Manager of Learning & Organizational Development	1	129,028			129,028	74,065	203,093
Staff Analyst	2	218,819			218,819	127,157	345,975
Staff Assistant	2	123,885			123,885	68,461	192,345
Staff Specialist	1	85,155			85,155	46,459	131,614
D0053-Information Security	3	497,992	22,550		520,541	281,474	802,015
Director of Information Security	1	214,576	11,802		226,377	119,790	346,167
Staff Analyst	1	88,000			88,000	52,135	140,135
Senior Manager of Information Security	1	195,416	10,748		206,164	109,549	315,713
D0054-Information Technology	15	1,866,162	9,552		1,875,714	1,044,982	2,920,696
Director of Information Technology	1	215,164			215,164	132,454	347,618
Information Technologist II	1	100,838			100,838	54,721	155,559
IT Automation Developer	1	149,535			149,535	85,026	234,561
IT Intern	2	30,720			30,720	1,229	31,949
IT Manager	3	491,604	9,552		501,155	278,059	779,215
IT Network Engineer II	1	118,394			118,394	72,979	191,372
IT Systems Engineer II	1	118,394			118,394	63,969	182,362
IT Systems Technician I	1	72,800			72,800	39,950	112,750
Sr. Information Technologist	1	139,318			139,318	85,594	224,912
Sr. IT Applications Developer	2	280,966			280,966	151,211	432,177
Sr. Retirement Programmer/Business Analyst	1	148,429			148,429	79,791	228,220
D0055-Operations Support Services	4	457,085			457,085	256,761	713,847
Contracts	1	166,691			166,691	94,195	260,887
Senior Manager Operations Support Services	1	167,466			167,466	94,610	262,076
Staff Specialist	1	72,530			72,530	39,808	112,337
Store Clerk	1	50,398			50,398	28,149	78,547
Grand Total	135	\$ 16,125,009	\$ 210,777	\$ 421,000	\$ 16,756,786	\$ 9,335,212	\$ 26,091,998

Appendix C

Orange County Employees Retirement System

21 Basis Points for Budget Year 2025

Projected actuarial accrued liability as of December 31, 2024	\$27,920,705,000
21 basis points of projected actuarial accrued liability	58,633,481
FY25 proposed budget amount subject to 21 basis points limitation ¹	30,306,290
Amount under 21 basis points	\$28,327,191
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY25	10.85
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY24	11.22

¹ Reconciliation of amount subject to 21 basis points limitation:

Total FY25 Proposed Budget	\$ 47,957,279
Less: Investment Expenses	(10,151,889)
Total FY25 Proposed Administrative Budget	37,805,390
Plus: Depreciation Expense	238,400
Less: Information Technology and Information Security Expenses	(3,987,500)
Less: All Capital Expenditures	(3,750,000)
FY25 proposed budget amount subject to 21 basis points limitation	\$ 30,306,290

<u>21 Basis Point History</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
21 Basis Points	8.86	9.75	10.73	11.22	10.85

Exhibit D

5 Year Budget Comparison

	Budget 2021	Amended Budget 2022	Budget 2023	Amended Budget 2024	Proposed Budget 2025	\$ Variance FY24-25	% Variance FY24-25
Personnel Costs	\$ 16,354,050	\$ 19,287,569	\$ 23,697,171	\$ 26,100,690	\$ 28,109,519	\$ 2,008,829	7.7%
Services and Supplies	11,529,843	13,503,415	14,951,725	17,126,568	16,097,760	(1,028,808)	-6.0%
Capital Expenditures	670,000	1,092,000	1,226,000	5,925,000	3,750,000	(2,175,000)	-36.7%
Total	\$ 28,553,893	\$ 33,882,984	\$ 39,874,896	\$ 49,152,258	\$ 47,957,279	\$ (1,194,979)	-2.4%



Exhibit D

4 Year Actuals Compared to Proposed Budget

	Actuals 2021	Actuals 2022	Actuals 2023	Estimated Actuals 2024	Proposed Budget 2025	\$ Variance FY24-25	% Variance FY24-25
Personnel Costs:	\$ 15,679,491	\$ 17,040,789	\$ 21,571,507	\$ 24,725,100	\$ 28,109,519	\$ 3,384,419	13.7%
Total Services and Supplies:	9,218,273	10,214,439	12,329,367	14,380,449	16,097,760	1,717,311	11.9%
Total Capital Expenditures:	-	647,257	534,866	1,878,353	3,750,000	1,871,647	99.6%
Total	\$ 24,897,764	\$ 27,902,485	\$ 34,435,740	\$ 40,983,902	\$ 47,957,279	\$ 6,973,377	17.0%



Exhibit D

2025 Proposed Budget Compared to Actuals by Category

	Actuals 2021	Actuals 2022	Actuals 2023	Estimated Actuals 2024	Proposed Budget 2025	\$ Variance FY24-25	% Variance FY24-25
Personnel Costs:	\$ 15,679,491	\$ 17,040,789	\$ 21,571,507	\$ 24,725,100	\$ 28,109,519	\$ 3,384,419	13.7%
Services and Supplies:							
Building Property Mgmt. / Maintenance	651,173	690,763	773,694	1,081,627	1,270,000	188,373	17.4%
Equipment/ Software Expenses	707,308	907,910	962,368	977,125	911,100	(66,025)	-6.8%
Infrastructure Maintenance	884,534	880,033	1,579,557	2,421,658	2,741,600	319,942	13.2%
Legal Services	848,173	878,228	1,401,795	1,037,767	1,405,000	367,233	35.4%
Meeting & Mileage	11,152	42,198	77,930	164,095	195,500	31,405	19.1%
Miscellaneous Office Expenses	421,813	713,639	809,455	867,236	1,151,760	284,524	32.8%
Professional Services	5,500,007	5,843,066	6,325,656	7,177,982	7,517,300	339,318	4.7%
Training	194,113	258,602	398,912	652,959	905,500	252,541	38.7%
Total Services and Supplies:	9,218,273	10,214,439	12,329,367	14,380,449	16,097,760	1,717,311	11.9%
Total Capital Expenditures:	-	647,257	534,866	1,878,353	3,750,000	1,871,647	99.6%
Total	\$ 24,897,764	\$ 27,902,485	\$ 34,435,740	\$ 40,983,902	\$ 47,957,279	\$ 6,973,377	17.0%



Appendix E

5 Year Historical Statistics

	2020	2021	2022	2023	2024
Number of Full-Time Positions Budgeted	93	94.5	106.5	124.5	132
Number of Retirees - Beginning of Year	18,420	19,419	19,826	20,678	21,283
Number of Additional Retirements ¹	1,409	943	1,316	1,195	919
Number Removed from Payroll ¹	(410)	(551)	(541)	(656)	(530)
Payroll \$ (in thousands) * ²	\$ 973,325	\$ 1,067,211	\$ 1,139,715	\$ 1,212,149	\$ 1,283,222
Number of Members ** ¹	47,796	49,075	50,633	52,644	54,379
Number of New Members ** ¹	767	1,228	1,451	1,849	1,735

¹ 2024 amounts are as of November 2024

² 2024 amounts are annualized estimates based on actuals through September 2024.

* Payroll represents retirement payroll, withdrawals and death benefits

** Number of members includes active, deferred and retired (including beneficiaries).



Appendix F
OCERS Direct Employees
Salary Ranges Approved by Board, revised by ECI as of September 30, 2024

OCERS Employee Position	Current Annual Minimum	Revised Annual Minimum	Current Annual Midpoint	Revised Annual Midpoint	Current Annual Maximum	Revised Annual Maximum
Chief Investment Officer	\$322,813	\$335,403	\$411,587	\$427,639	\$500,360	\$519,874
General Counsel	\$224,858	\$233,627	\$286,694	\$297,875	\$348,530	\$362,123
Managing Director of Investments	\$224,858	\$233,627	\$286,694	\$297,875	\$348,530	\$362,123
Assistant Chief Executive Officer	\$194,578	\$202,167	\$248,086	\$257,761	\$301,594	\$313,356
Chief Technology Officer	\$194,578	\$202,167	\$248,086	\$257,761	\$301,594	\$313,356
Director of Investments	\$181,002	\$188,061	\$230,777	\$239,778	\$280,553	\$291,494
Deputy Legal Counsel	\$156,627	\$162,735	\$199,699	\$207,487	\$242,771	\$252,239
Chief Compliance Officer	\$156,627	\$162,735	\$199,699	\$207,487	\$242,771	\$252,239
Senior Investment Officer	\$156,627	\$162,735	\$199,699	\$207,487	\$242,771	\$252,239
Director *	\$145,699	\$151,382	\$185,767	\$193,012	\$225,835	\$234,642
Investment Officer	\$135,534	\$140,820	\$172,807	\$179,546	\$210,079	\$218,272
Staff Attorney	\$135,534	\$140,820	\$172,807	\$179,546	\$210,079	\$218,272
Senior Manager of Information Security	\$126,078	\$130,996	\$160,750	\$167,019	\$195,422	\$203,043
Automation Developer	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Finance Manager	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Information Security Manager	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Information Technology Manager	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Retirement Analyst	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Senior Internal Auditor	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Senior Manager Operations Support Services	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Testing Coordinator	\$117,283	\$121,857	\$149,535	\$155,367	\$181,787	\$188,877
Contracts, Risk & Performance Administrator	\$109,100	\$113,355	\$139,102	\$144,527	\$169,105	\$175,700
Learning and Organization Development Manager	\$109,100	\$113,355	\$139,102	\$144,527	\$169,105	\$175,700
Member Services Manager	\$109,100	\$113,355	\$139,102	\$144,527	\$169,105	\$175,700
Senior Investment Analyst	\$109,100	\$113,355	\$139,102	\$144,527	\$169,105	\$175,700
Internal Auditor	\$91,110	\$94,663	\$118,721	\$123,351	\$146,332	\$152,039
Staff Analyst**	\$87,821	\$91,246	\$107,581	\$111,776	\$127,340	\$132,306

* Director position includes all director level positions, except the Investment Department.

**Staff Analyst position is included in the Finance, Human Resources, Investment, Information Security, Legal and Member Services Departments.

Memorandum

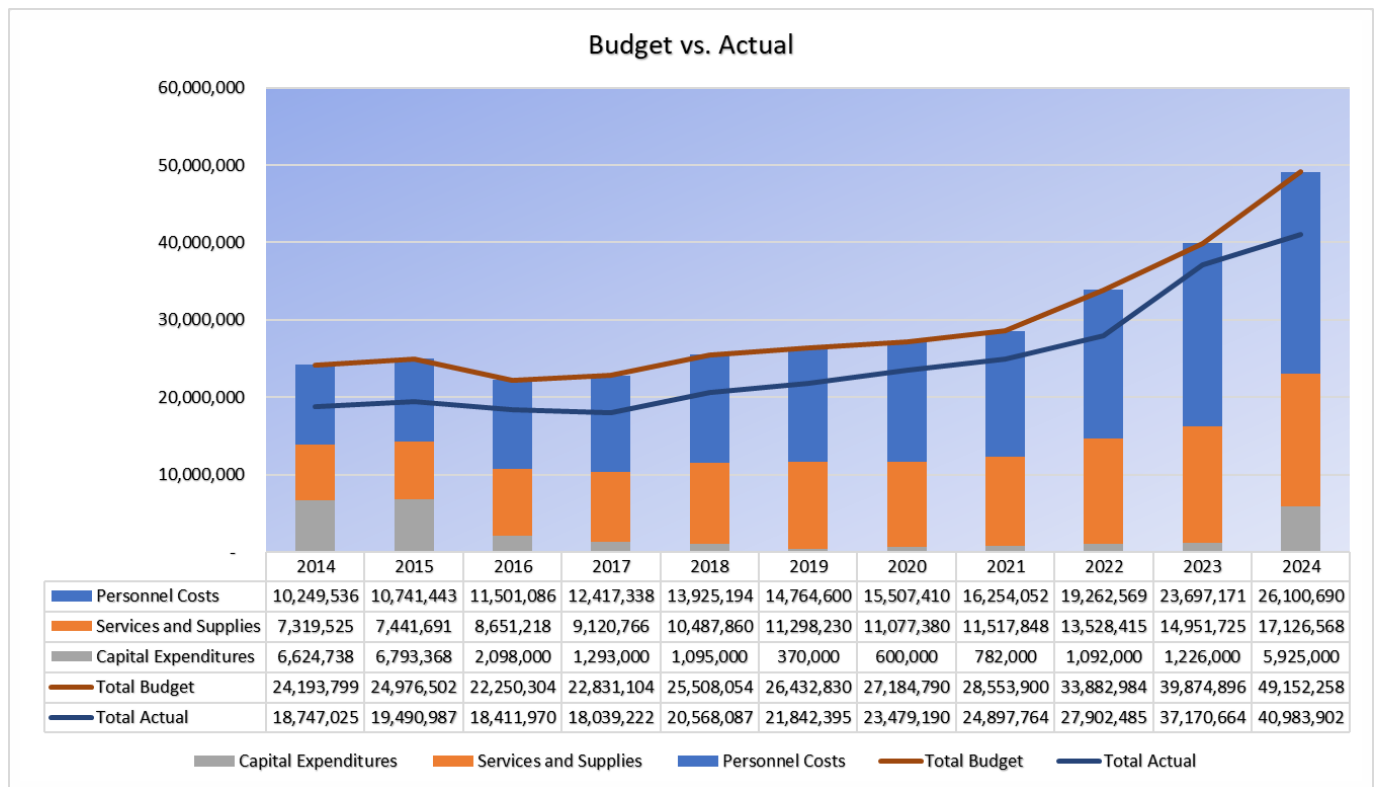
DATE: November 18, 2024
TO: Steve Delaney, CEO and Brenda Shott, Assistant CEO, Finance & Internal Operations
FROM: Tracy Bowman, Director of Finance
SUBJECT: Prior Year Trustee Requests for Additional Information

During a presentation of item A-2, OCERS Proposed Administrative Budget for Fiscal Year 2024, at the November 13, 2023 Regular Board Meeting, staff received two requests for additional information from the Trustees:

1. Ten-year budget to actual trend
2. Calculation of the 18 basis-points test.

1. Ten-year budget to actual trend:

In the 2024 Proposed Administrative Budget presentation, a five-year trend of budget-to-actual figures was included in both the main presentation and the appendix. A Trustee asked if a ten-year budget-to-actual report was available to provide a broader view of historical trends. Although budget information is retained for only five years, staff reviewed Board materials, which have a permanent retention period, to compile the following ten-year budget-to-actual trend report:



Significant trends to note over this ten-year period:

In 2017, the inclusion of Investment Management fees in the budget was discontinued. These fees have been removed from years 2014 to 2017 for comparative purposes.

The fluctuations in personnel costs can be closely linked to the changing budgeted headcount over the years. Starting in 2014 with a budgeted headcount of 72, over the next ten years, OCERS experienced significant increases: in 2018, headcount rose to 92, then to 106.5 in 2022, 124.5 in 2023, and most recently to 132 in 2024.

Services and Supplies started trending significantly higher in 2022 due to technology-related consulting and professional services in support of OCERS Vision 2030 goals.

The current pension administration system went live in December 2015, resulting in a decrease in funding of capital expenditures in 2016. In 2024, the increase was due to the anticipated costs of moving forward with the design and construction of OCERS new headquarters building.

2. Calculation of the 18 basis-points test

The 18 basis-point test under the County Employee Retirement Law (CERL) was a budget limitation statute that capped OCERS budget at 18 basis points of the projected actuarial value of total assets (AVA). This limit excluded expenses related to investments, actuarial fees, all capital expenditures, and included non-budgeted depreciation expense.

In 2010, CERL was amended to change OCERS budgeting limit to be 21 basis points, based on the projected actuarial accrued liabilities instead of the total assets. Although this change removed OCERS' obligation to follow the 18 basis-point cap, the Board chose to continue calculating and including the 18 basis-point test as a benchmark in the annual and quarterly budget-to-actual reports.

At the April 20, 2020 Regular Board meeting, the Board adopted the Governance Committee's recommendation to discontinue the practice of calculating the 18 basis-points test and eliminate the need for staff to produce the 18 basis-points test as part of its annual and quarterly budget.

During the presentation of the 2024 proposed administrative budget at the November 13, 2023 Regular Board meeting, a Trustee requested the calculation of the 18-basis points test. Based on the AVA of \$22.5 billion as of the December 31, 2023 actuarial valuation, and OCERS 2024 administrative budgeted expenses subject to the 18 basis-points limitation of \$36.8 million (), the calculation equates to 16.37 basis points.

In addition, during the preparation of the FY 2025 proposed budget, staff requested an estimated AVA as of December 31, 2024 from Segal Consulting. Segal estimated the AVA at \$23.9 billion. The 2025 proposed administrative budget includes \$43.1 million of expenses subject to the 18 basis-point limitation. The resulting 18 basis-points calculation is 15.28 basis points.