



**RETIREMENT BOARD MEETING CALENDAR SHEET
Tuesday February 14, 2024**

To: Retirement Board

From: Alison Romano
CEO & CIO

Date: February 14, 2024

Agenda Item: Approval of the Department Budget for FY2024-25 and FY2025-26

Recommendation

Approve the Department Budget for FY2024-25 and FY2025-26

Executive Summary

The proposed budget herein aligns directly with the SFERS strategic plan approved by the Retirement Board in its June 2023 Board meeting. Like last year, the proposed budget (1) reflects the complexities and requirements of the business today, (2) enables the organization to deliver successfully on its mission and (3) mitigates risk. With transitions of the CEO/CIO, COO, Deputy Director of Retirement Services and the Director of IT over the past two years, the Executive Management Team has now more fully assessed both the operational and investment needs of the SFERS business.

Last year, we identified risks and resource needs within Retirement Operations staffing, and, with the Board's support, obtained approval to add additional staff in FY 2023-FY24 as well as FY2024-25. This year's budget proposal includes these approved FTEs. This year, we conducted a thorough review of our technology capabilities and risks. Simply put, SFERS must evolve its technology program over the coming years and this will have budget implications. To be prudent with the budget, we are first focusing on improvements over the next two years that mitigate risk today, enable necessary resiliency and support our ability to serve member needs. During this period, we will work to build a technological foundation that will be necessary to modernize our systems and better leverage technology in the medium and longer term.

Funding Source

SFERS is required to balance its department budget against its revenue sources – the SFERS Trust assets and SFDCP recordkeeper reimbursement. All SFERS budget expenses are paid from the SFERS Trust and all SFDCP budget expenses are reimbursed to the department from the San Francisco Deferred Compensation Plan recordkeeper.

Retirement receives no General Fund support from the City.

Budget Proposal: Priorities

With the support of the Board over the last 10 years, the SFERS organization has been forward thinking in its approach to investing and invested in resources to evolve those capabilities. More recently, over the last two years, Management and the Board have discussed the importance of enhancing our approach to benefits administration and business operations. The Board's approval of incremental Retirement Services personnel was an important element in enhancing business administration. To enable successful business operations and reduce risk, sufficient resources are required for a resilient and robust enterprise technology platform. With these resources, SFERS will be in a much stronger position to execute on its strategic plan, meet the complex needs of our participants and evolve the business to meet future needs.

The FY2024-25 and FY2025-26 department budget priorities are as follows:

- Establish foundation to modernize Enterprise IT platform and mitigate near term technology risk
- Enact Year 2 of two year plan to align Retirement Services staffing with business needs to continue to effectively serve members, deliver on mission and mitigate risk
- Build on initial success of providing career path improvements for mission-critical Retirement Services and Business Services positions to enable the department to successfully recruit and retain qualified talent for these key positions
- Provide required administrative resources to support the assessment of opportunities for improving operational efficiencies and enhanced controls
- Provide analytics tools, consulting services and travel budget to effectively diligence and monitor investment strategies, thereby enhancing return and reducing risk
- Provide resources to sustain increasing member service expectations in both Retirement Services and San Francisco Deferred Compensation Plan

Also, as discussed with the Board, a significant business priority is the relocation of SFERS offices. Discussions are underway and terms are being negotiated. For purposes of this budget proposal, we project flat lease expenses. We anticipate a decrease in the price per square foot rent. Subject to negotiations, we will budget for notable one-time costs, such as move expenses and furniture.

Budget Proposal: By The Numbers

The proposed FY2024-25 department budget represents an estimated \$1.9mm increase (7.2%) over the FY2023-24 approved budget, excluding personnel and fringe benefit expenses and investment management fees. Budget amounts for salaries and benefits are determined by the Controller's Office and not yet available at this stage of the budget process. The proposed net increase is exclusively the result of IT needs, as described below. In fact, the proposed Retirement Services budget is flat and the proposed Investment budget is down 1.6%, excluding investment manager fees, payroll and benefits.

With the inclusion of SFERS estimates of salaries, the proposed FY2024-25 department budget represents an estimated \$2.97mm increase (5.5%) over the FY2023-24 approved budget, excluding fringe benefits and investment management fees.

Primary drivers of anticipated total budget increases are as follows:

- Administrative (Technology)
 - Multi-year plan to perform critical software maintenance and upgrades in order to support resiliency (Increase in estimated expense of \$1.8mm in FY2024-25)
 - Multi-year plan to develop and document data processes and workflow to enable future upgrades and efficiencies (Increase in estimated expense of \$200K in FY2024-25)
 - Increase in permanent salaries and benefits attributable to new permanent positions to focus on project management, web development and testing (Estimated increase in salary expense of \$467K in FY2024-2025)
- Retirement Services
 - Increase in permanent salaries and benefits attributable to new permanent positions, as approved in last year's budget process (Estimated increase in salary expense of \$519K in FY2024-2025)
- Inflation
 - Budgeting process reflects contractual inflation increases in service contracts, as well as expected higher costs in travel

Attachments

- SFERS Budget Proposal: FY2024-25 and FY2025-26
- SFERS Strategic Plan

Fiscal Years 2024-2026

SFERS Draft Budget Proposal

Retirement Board Presentation
February 14, 2024

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INTRODUCTION AND BUDGET OVERVIEW

Introduction

The proposed FY24-25 and FY25-26 budget was designed to align with the Board approved SFERS Strategic Plan. The Strategic Plan focuses on three key objectives: Best in Class Operations, Financial Strength and Institutional Adeptness. To meet these objectives, SFERS has identified five key Strategic Goals:

- Enhance Governance and Codify Institutional Knowledge
- Leverage Technology
- Pursue Operational Excellence
- Pursue Investment Excellence
- Attract, Develop and Retain Talent

By efficiently and sufficiently allocating budget dollars to align with these objectives, SFERS is better positioned to deliver on its mission to secure, protect, and prudently invest the pension trust assets, to administer mandated benefit programs, and to provide promised benefits to the active and retired members of the City and County of San Francisco.

SFERS Core Services and Budget Overview

CORE SERVICES

SFERS provides three core services: Administration, Retirement Services, and Investments

Administration

- Administers fourteen separate retirement plans for SFERS members, as defined in the City Charter and Administrative Code
- Provides centralized administrative support for the Retirement Board
- Implements legislative changes in SFERS benefits
- Oversees the San Francisco Deferred Compensation Plan (SFDCP) with over \$4.5 billion dollars in participant assets

Retirement Services

- Provides retirement counseling to active and retired employees and beneficiaries
- Processes benefit applications for service and disability retirements, survivor benefits, vesting allowances, refunds, reciprocity and purchase of service credit
- Maintains historical employment and payroll data for over 78,000 active and retired SFERS members and as well as for former or non-member City employees
- Processes approximately \$150 million in monthly benefit payments to approximately 32,100 retirees and beneficiaries

INTRODUCTION AND BUDGET OVERVIEW

Investments

- Invests the SFERS Trust Fund assets in accordance with Retirement Board policy: \$34.6 billion in market value as of December 31, 2023
- Monitors the performance of external investment managers and maintains knowledge of capital markets and institutional investment opportunities

The SFERS department budget is allocated across the following programs:

- Administration, Accounting, Information Systems and Administrative Services
- Retirement Services and Operational Risk Management and Quality Assurance
- Investment Division
- Deferred Compensation Program
- Retiree Health Care Trust Fund – the Retiree Health Care Trust Fund budget is reviewed and approved separately by the Retiree Health Care Trust Fund Board and will not be presented in the budget materials for consideration and approval by the SFERS Board

SOURCES OF FUNDS

The department budget relies on no General Fund allocation. All expenses related to the administration of the Retirement System are funded from the assets of the SFERS Trust. All expenses related to the administration of the Retiree Health Care Trust Fund are funded from assets of the Retiree Health Care Trust. All expenses related to the administration of the Deferred Compensation Plan are separately funded through administrative fees paid by SFDCP participants through the Deferred Compensation Plan's third-party administrator Voya.

Budget Proposal Format

On the following pages, each of the SFERS department budgets are presented as follows:

1. Program description
2. Key department strategic initiatives that relate to the budget
3. Summary department budget
4. Budget detail
 - a. Budget Line Items (Blue Shaded Tables)
 - b. Components/Expenses detail for line (Indented Tables)

Note that budget amounts for certain line items, like salaries and benefits, are determined by the Controller's office and at this stage of the budget process are not yet available. Also, certain items that are determined by work order with other city departments may be subject to change.

Administration, Accounting, Information Systems and Administrative Services Budget

PROGRAM DESCRIPTION

Administration Division:

- Funds the activities of the Office of the Chief Executive Officer/Chief Investment Officer, the Chief Operating Officer, and the Retirement Board related to the administration and direction of all functions carried out by the Retirement System. The Administration Division develops and implements Retirement Board policies and directives and acts as the Retirement System's chief liaison in its interaction with other City and County policy making bodies, including the Mayor's Office, Board of Supervisors, Civil Service Commission and Controller's Office.
- Provides administrative support to the Retirement Board, including preparing and posting all Retirement Board meeting agendas and materials, coordinating Retirement Board training and travel, and the department's responses to public records requests.
- Provides oversight to all actuarial activities of the Retirement System. The Actuarial Services Coordinator, hired by and reporting to the Retirement Board, coordinates and oversees the annual valuation processes and reports prepared by Cheiron, the Retirement Board's consulting actuarial firm.
- Oversees and directs activities related to member education and communications, including the Retirement System's website.
- Receives reimbursement from the Retiree Health Care Trust Fund Board related to SFERS resources providing administrative, operational and investment support for the Retiree Health Care Trust Fund activities.

Information Systems Division

- Provides department-wide training and support to users of the department's LAN and applications; coordinates City-provided technical services and support with the Department of Technology; manages the functional and technical teams assigned to develop and maintain the department's Pension Administration system and Enterprise Content Management (ECM) project; and oversees the department's cybersecurity protocols.
- Leads the department's disaster recovery and business resumption planning and policy efforts.

Administrative Services Division

- Provides department – wide services in the following functional areas: business services, records management and facilities management

Finance Division

- Responsible for the full disclosure and fair presentation of financial and operating results in accordance with generally accepted accounting principles applicable to a trust fund and all applicable legal provisions. The Division provides accurate and timely financial information to management for planning, control and decision-making purposes. The Division also works with the City Controller's Office, authorized auditors and actuaries to ensure financial statements and reports filed with the federal, state and local agencies are accurate.
- The Investment Operations unit functions within the Finance Division to oversee and manage the financial and administrative operations of the Investment Division. SFERS Accounting uses the Trust Custodian's (The Bank of New York- Mellon) mainframe-based system located in

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

New York and Boston to keep track of the transactions occurring in the Trust Fund's portfolio. Acquisition and disposal of securities, capital changes, realized and unrealized gains or losses are analyzed to ensure they are properly recorded so that the resulting financial statements and reports filed with the federal, state and local agencies are accurate.

ALIGNING BUDGET WITH KEY STRATEGIC INITIATIVES

Leverage Technology & Operational Excellence

To support SFERS mission and business objectives, the IT organization is tasked with providing secure and robust technology solutions. SFERS priorities are:

- Be resilient
- Establish pathway to modernize systems
- Upgrade Applications
- Broaden Web capabilities
- Succession planning and cross-training

Notable Budget Impact

Critical Software Maintenance & Upgrades and
IT Resiliency: \$2mm (Incremental)

Incremental IT FTEs: 4

Key Initiatives (with Budget Impact)

- Be resilient
 - Continue to enhance cybersecurity
 - Shift key Retirement Service systems to the cloud
- Establish pathway to modernize systems
 - Initiate “step zero” in a multi-year plan:
 - Document workflows
 - Document processes, rules, and procedures
- Upgrade Application upgrades
 - Upgrade key systems to latest versions
 - Mitigate risk of using unsupported systems
- Broaden Web capabilities
 - Enhance SFERS website
 - Improve web capabilities to foster communications, member self-service capabilities, and efficiencies
- Succession planning and cross-training

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

SFERS BUDGET - FISCAL YEAR 2023-24, 2024-25, & 2025-2026

Admin

Administration, Accounting, Information Systems and Administrative Services

Object	Description	Appr. Base Budget 2023-2024	Proposed Budget 2024-2025	Increase / (Decrease) 2023-24 to 2024-25	% Increase / (Decrease) 2023-24 to 2024-25	Proposed Budget 2025-2026	Increase / (Decrease) 2024-25 to 2025-26	% Increase / (Decrease) 2024-25 to 2025-26
5010	Permanent Salaries*	7,749,597	8,216,854	467,257	6.03%	8,372,606	155,752	1.90%
5010	Temporary Pay	-	-	-	0.00%	-	-	0.00%
5090	Premium & Longevity Pay	-	-	-	0.00%	-	-	0.00%
5100	Incentive Pay-Retroactive Salaries	-	-	-	0.00%	-	-	0.00%
5110	Overtime	-	-	-	0.00%	-	-	0.00%
	Total Personal Services	7,749,597	8,216,854	467,257	6.03%	8,372,606	155,752	1.90%
5130	Mandatory Fringe Benefits*	2,688,734	-	(2,688,734)	-100.00%	-	-	#DIV/0!
5150	Health Service - Adm Cost*	-	-	-	0.00%	-	-	0.00%
	Total Fringe Benefits	2,688,734	-	(2,688,734)	-100.00%	-	-	0.00%
5200	Overhead	-	-	-	0.00%	-	-	0.00%
	Total Overhead	-	-	-	0.00%	-	-	0.00%
5210	Travel	60,000	70,000	10,000	16.67%	70,000	-	0.00%
5220	Training	89,250	126,150	36,900	41.34%	126,150	-	0.00%
5230	Mileage / Local Field Exp	1,100	1,100	-	0.00%	1,100	-	0.00%
523050	Employee recognition	-	20,000	20,000	0.00%	20,000	-	0.00%
5240	Membership Fees	12,025	18,710	6,685	55.59%	18,710	-	0.00%
5270	Professional Services	1,392,600	1,333,600	(59,000)	-4.24%	1,333,600	-	0.00%
5290	Equipment Maintenance	15,000	15,000	-	0.00%	15,000	-	0.00%
5300	Property Rent	45,000	40,000	(5,000)	-11.11%	40,000	-	0.00%
5310	Office Machines Rent	27,000	27,000	-	0.00%	27,000	-	0.00%
5350	Other Current Services	1,008,200	3,031,180	2,022,980	200.65%	2,246,180	(785,000)	-25.90%
	Total Non-Personal Services	2,650,175	4,682,740	2,032,565	76.70%	3,897,740	(785,000)	-16.76%
5490	Total Materials and Supplies	160,000	160,000	-	0.00%	160,000	-	0.00%
5600	Total Equipment Purchases	37,049	20,000	(17,049)	-46.02%	20,000	-	0.00%
581170	C A O - Insurance	10,302	12,059	1,757	17.05%	12,059	-	0.00%
581270	City Attorney	-	-	-	0.00%	-	-	0.00%
581210	TIS - ISD Services	468,376	496,414	28,038	5.99%	496,414	-	0.00%
581245	Controller - Financial Systems	212,843	217,340	4,497	2.11%	217,340	-	0.00%
581120	GF - Financial Systems	88,357	90,713	2,356	2.67%	90,713	-	0.00%
581130	GF - Audits	102,560	107,811	5,251	5.12%	107,811	-	0.00%
581140	DTIS Services	18,306	88,306	70,000	382.39%	18,306	(70,000)	-79.27%
581430	HR - EEO	51,198	51,627	429	0.84%	51,627	-	0.00%
581360	DTIS - Telecommunications	54,634	53,165	(1,469)	-2.69%	53,165	-	0.00%
581015	HR Modernization	13,996	11,721	(2,275)	-16.25%	11,721	-	0.00%
581016	Diversity Equity Inclusion	3,106	3,185	79	2.54%	3,185	-	0.00%
581421	Govt. Ops Recovery	25,465	25,465	-	0.00%	25,465	-	0.00%
581450	DHR - Management Training	22,000	22,000	-	0.00%	22,000	-	0.00%
581460	DHR - Workers' Comp	143,000	147,000	4,000	2.80%	147,000	-	0.00%
581470	DHR - LOF/ERP	6,919	6,919	-	0.00%	6,919	-	0.00%
581480	DHR - Employee Relations	9,874	10,170	296	3.00%	10,170	-	0.00%
581660	Mayor's Youth Works	9,072	9,072	-	0.00%	9,072	-	0.00%
581820	Purchasing - Reproduction & Mail	-	-	-	0.00%	-	-	0.00%
581650	Lease Paid to Real Estate	217,413	225,551	8,138	3.74%	225,551	-	0.00%
581910	Department of Elections	70,000	70,000	-	0.00%	70,000	-	0.00%
581750	Purchasing General Office	71,087	73,575	2,488	3.50%	73,575	-	0.00%
581280	SFGOV TV Service	61,414	61,414	-	0.00%	61,414	-	0.00%
581325	Enterprise Agreement	62,312	62,312	-	0.00%	62,312	-	0.00%
581xxx	Record Copying Svc. - Workers' Comp	-	-	-	0.00%	-	-	0.00%
	Total Services of Other Depts.	1,722,234	1,845,819	123,585	7.18%	1,775,819	(70,000)	-3.79%
486620	Exp Rec Fr Retre Hlth Trst Brd	-	-	-	0.00%	-	-	0.00%
	Total Revenue Recoveries	-	-	-	0.00%	-	-	0.00%
	Total	15,007,789	14,925,413	(82,376)	-0.55%	14,226,165	(699,248)	-4.68%
	<i>Total FTE's</i>	47	51	4		51	0	

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

BUDGET DETAIL

Permanent Salaries

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5010 Permanent Salaries	\$7,749,597	\$8,216,854*	\$467,257	\$8,372,606*

* Final budget amount will be determined by Controller’s Office. Salaries shown are based on estimates.

Summary of FTE Positions in the Administration Division:

ADMINISTRATION					
Position/Title	FY2023-2024	Variance	FY2024-2025	Variance	FY2025-2026
0922 Manager I -Actuarial Services Coordinator	1.00		1.00		1.00
0922 Manager I - Administrative Services Manager	1.00		1.00		1.00
0923 Manager II - Communications Manager	1.00		1.00		1.00
0923 Manager II - Chief of Staff – COO	1.00		1.00		1.00
0952 Deputy Director II - Chief of Staff to CEO/CIO	1.00		1.00		1.00
1063 Sr. Programmer Analyst - Production Services Supervisor	1.00		1.00		1.00
1110 Exe. Assistant to CEO/CIO & Board Secretary	1.00		1.00		1.00
1117 Chief Operating Officer	1.00		1.00		1.00
1119 Chief Executive Officer/Chief Investment Officer	1.00		1.00		1.00
1241 Personnel Analyst	2.00		2.00		2.00
1244 Senior Personnel Analyst	1.00		1.00		1.00
1246 Principal HR Analyst*	1.00		1.00		1.00
1404 Clerk	4.00		4.00		4.00
1632 Senior Account Clerk	1.00		1.00		1.00
1823 Senior Administrative Analyst	1.00		1.00		1.00
1842 Management Assistant	2.00		2.00		2.00
1844 Senior Management Assistant	2.00		2.00		2.00
FTE Totals:	23.00		23.00		23.00

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

- SFERS has been in negotiations to reclassify the 1404, 1063 and 1632 positions to address consistent staff turnover, leaving for other City departments that pay more for similar work. In FY 2022-23, the Mayor’s Office approved additional funding to implement the reclassification. SFERS is currently working with DHR to obtain approval for the reclassification to proceed.
- Permanent substitution from 1043 IS Senior Engineer

INFORMATION SYSTEMS & TECHNOLOGY					
Position/Title	FY2023-2024	Variance	FY2024-2025	Variance	FY2025-2026
0941 Manager VI - IS Director	1.00		1.00		1.00
1043 IS Engineer – Senior	2.00		2.00		2.00
1053 IS Business Analyst – Senior	1.00	1.0	2.00		2.00
1054 IS Business Analyst – Principal	5.00	1.0	6.00		6.00
1064 Programmer Analyst – Principal	2.00	1.0	3.00		3.00
1070 Project Director	1.00	1.0	2.00		2.00
1093 IT Operations Support Administrator III	1.00		1.00		1.00
1094 IT Operations Support Administrator IV	1.00		1.00		1.00
FTE Totals:	14.00	4.0	18.00	0.00	18.00

FINANCE AND INVESTMENT OPERATIONS DIVISION					
Position/Title	FY2023-2024	Variance	FY2024-2025	Variance	FY2025-2026
0931 Manager III - Finance Manager	1.00		1.00		1.00
0932 Manager IV -Investment Operations Manager	1.00		1.00		1.00
1652 Accountant II	2.00		2.00		2.00
1654 Accountant III	3.00		3.00		3.00
1825 Principal Financial Administrative Analyst II	2.00		2.00		2.00
4331 Investment Analyst	1.00		1.00		1.00
FTE Totals:	10.00		10.00		10.00

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Mandatory Fringe Benefits

Fringe benefits associated with permanent salaries for the division.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5130 Fringe Benefits	\$2,688,734	\$*	\$	\$*

* Final budget amount will be determined by Controller's Office

Travel Expenses

Funds for travel outside of the City by Administration Division staff members related to seminars, conferences, and other training/educational meetings, including conferences for Executive staff.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5210 Travel Expenses	\$60,000	\$70,000	\$10,000	\$70,000

Training/Education Expenses

Funds for staff development, education and training expenses.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5220 Training & Education	\$89,250	\$126,150	\$36,900	\$126,150

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Training/Education Event	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
CALAPRS Administrators Roundtable	\$2,000	\$2,000
CALAPRS Administrative Assistant Roundtable	700	700
CALAPRS Trustee Training	6,000	6,000
CALAPRS Administrators Institute	2,500	2,500
CALAPRS General Assembly	750	750
CALAPRS IT Roundtable	700	700
Actuarial Services Coordinator Conferences	5,000	5,000
National Association of Public Pension Attorneys (NAPPA)	5,000	5,000
PRISM Conference	22,100	2,100
ECM Conference (Inspire) and webinars	15,000	15,000
OracleWorld Users Conference	4,000	4,000
Oracle/PeopleSoft Development Staff Training	26,750	26,750
IT Staff LAN Training	10,000	10,000
Ignite Conference	15,000	15,000
AIIM Conference	10,000	10,000
RCM Webinars	3,600	3,600
Ascend	1,300	1,300
Cybersecurity conference	5,000	5,000
Human Resource Staff Training	10,000	10,000
GFOA	750	750
Totals:	\$ 126,150	\$ 126,150

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Auto Mileage and Field Expenses

Reimbursement for the use of private cars, tolls, and parking fees and other fees for attendance at meetings and/or training.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5230 Mileage/Field Expense	\$1,100	\$1,100	\$0	\$1,100

Employee Recognition

Funding for the department to host a service recognition ceremony and luncheon to acknowledge the dedication of staff who have committed their City service with SFERS

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
523050 Employee Recognition	\$0	\$20,000	\$20,000	\$20,000

Membership Fees

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5240 Membership Fees	\$12,025	\$18,710	\$6,685	\$18,710

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Professional Membership Fees:

Professional Organization	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
International Personnel Management Association (IPMA)	\$ 150	\$ 150
California Association of Public Retirement Systems (CALAPRS)	3,500	3,500
National Conference of Public Employee Retirement Systems (NCPERS)	2,445	2,445
International Foundation of Employee Benefit Plans	2,400	2,400
Society of Actuaries	800	800
Conference of Consulting Actuaries	500	500
American Academy of Actuaries	305	305
California State Bar Association	1,020	1,020
National Association of Public Pension Attorneys	1,400	1,400
Public Retirement Information Systems Management (PRISM)	600	600
AIIM	1960	1960
Employee Benefit Research Institute (EBRI)	1,750	1,750
GFOA	1,250	1,250
Public Pension Financial Forum	300	300
American Institute of Certified Public Accountants	<u>330</u>	<u>330</u>
Totals:	\$18,710	\$18,710

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Professional Services

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5270 Professional Services	\$1,392,600	\$1,333,600	(\$62,000)	\$1,333,600

Professional Services Provider	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
Consulting Actuarial Services – Cheiron	\$ 325,000	\$ 325,000
Financial Audit Services - Macias, Gini & O’Connell	108,600	108,600
Governance Consulting Services – Nossaman LLP	100,000	100,000
Systems Development (PeopleSoft) Consulting Services – CherryRoad	129,000	129,000
On-line Retirement Application	12,000	12,000
Disability Management Software	6,000	6,000
Website Development – 10 Up (mysfers)	350,000	350,000
Hyland/Perceptive ImageNow ECM consulting	60,000	60,000
Emergency Recovery Check Processing – FIS / SunGuard	12,000	12,000
Organizational Consulting – TBD	125,000	125,000
Reporting System Platform – Carahsoft	88,000	88,000
Communications – graphic design – TBD	<u>15,000</u>	<u>15,000</u>
Totals:	\$1,330,600	\$1,330,600

Equipment Maintenance

Maintenance of office machines, computers, air conditioning, electrical, network equipment, fax machines, microfilm readers/printers, scanners and other office equipment purchased by the department.

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5290 Equipment Maintenance	\$15,000	\$15,000	\$0	\$15,000

Property Rent

GRM

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5300 Property Rent	\$45,000	\$40,000	\$(5,000)	\$40,000

*Office rent transferred to Department of Real Estate Interdepartmental Services.

Office Equipment Leases

Copiers, postage meter and system printers

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5310 Office Equip Lease	\$27,000	\$27,000	\$0	\$27,000

Other Current Services

Software licensing fees, postage, subscriptions, check transport services, backup tape storage, document shredding

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5350 Other Services	\$1,008,200	\$3,031,180	\$2,022,980	\$2,246,180

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Licensor/Service Provider	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
Software Licensing Fees:		
Oracle/PeopleSoft application software support/maintenance:	\$650,000	\$650,000
Hyland/Perceptive Electronic Content Management (ECM) software support/maintenance:	55,000	55,000
LAN software support/maintenance	32,000	32,000
SQL Server Enterprise Core	12,000	12,000
Granicus – Peak Agenda Management	7,500	7,500
Hardware software/maintenance	65,000	65,000
Other Software licenses	26,000	26,000
Other Services:		
Data Process Documentation Services	200,000	75,000
PeopleSoft Upgrade and Cloud Migration	825,000	330,000
Peoplesoft System Enhancements	0	825,000
ECM Cloud migration	825,000	0
Testing Environment Configuration Services	165,000	0
Postage fees	40,000	40,000
Subscriptions to business and trade publications	1,500	1,500
Caltronics printer maintenance	9,500	9,500

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Assurepay - check printing services	1,200	1,200
Iron Mountain offsite backup tape storage	40,000	40,000
LiquidWeb website hosting	18,480	18,480
Shred Works - document shredding	5,000	5,000
Board Retreat facilitator	25,000	25,000
Other service/maintenance	<u>28,000</u>	<u>28,000</u>
Totals:	\$ 3,031,180	\$ 2,246,180

Materials and Supplies

Funds for office supplies, computer/printer supplies such as toner cartridges and repair parts, calculators, pre-printed forms, envelopes, etc. Computers and related supplies that have a unit cost of under \$5,000 and having a useful life of less than 3 years are budgeted in this category.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5490 Materials & Supplies	\$160,000	\$160,000	\$0	\$160,000

Equipment Purchases

IT equipment with a unit cost of \$5,000 or more and having a useful life of 3 years or more

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5600 Equipment Purchases	\$37,049	\$20,000	(\$17,049)	\$20,000

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

DHR – Human Resources Modernization

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581015 Human Resources Modernization	\$13,996	\$11,721*	(\$2,275)	\$11,721*

* Budget amount to be determined by work order with Department of Human Resources

DHR – Diversity Equity Inclusion

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581016 Diversity Equity Inclusion	\$3,106	\$3,185*	\$79	\$3,185*

* Budget amount to be determined by work order with Department of Human Resources

Controller’s Financial Systems

Pro-rata share of Citywide Financial Systems expenditures as determined by the Controller’s Office.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581120 Citywide Financial Syst	\$88,357	\$90,713*	\$2,356	\$90,713*

* Budget amount to be determined by the Controller’s Office

Controller’s Internal Audit Fees

Pro-rata share of the Controller’s Office internal audit expenditures for FY2024-2025.

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581130 Internal Audit Fees	\$102,560	\$107,811*	\$5,251	\$107,811*

* Budget amount to be determined by the Controller's Office

Department of Technology Support Services

Work orders for the ongoing support of the Retirement System's database maintenance and benefits payment system: Pension Administration System (697PEN), Telecommunication Services (697MAC), Citywide Services (697CWS) and proposed Active Directory Migration project

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581140 IT Support Services	\$18,306	\$88,306*	\$70,000	\$18,306*

* Budget amount to be determined by work order with DT pending DT Rate Model

Insurance – Risk Management

Annual insurance premium to the City to cover loss or damage to computers and other office equipment.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581170 Equipment Insurance	\$10,302	\$12,059*	\$1,757	\$12,059*

* Budget amount to be determined by work order with City Risk Management.

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Department of Technology Infrastructure Fee for Citywide Services

Pro-rata allocation for DT Infrastructure Fee for Citywide Services.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581210 Citywide Infrastructure	\$468,376	\$496,414*	\$28,038	\$496,414*

* Budget amount to be determined by work order with DTIS

Controller's Information System

Pro-rata share of the Controller's Office information system expenditures for FY2024-2025.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581245 CON Information System	\$212,843	\$217,340*	\$4,497	\$217,340*

* Budget amount to be determined by the Controller's Office

Department of Technology Communications Services

Work order for SFGOV.TV Audio visual and recording of SFERS Board Meetings.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581280 TIS-SFGTV SERVICES	\$61,414	\$61,414*	\$0	\$61,414*

* Budget amount to be determined by work order with DT pending DT Rate Model

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Enterprise Agreement

Work Order with Department of Technology

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581325 Enterprise Agreement	\$62,312	\$62,312*	\$0	\$62,312*

* Budget amount to be determined by work order with DT pending DT Rate Model

Department of Technology Communications Services

Work order for Project 697TEL – monthly telephone billing, telephone and switch equipment.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581360 Communications Services	\$54,634	\$53,165*	(\$1,469)	\$53,165*

* Budget amount to be determined by work order with DT pending DT Rate Model

CON – Government Operations Recovery initiative

This initiative will focus on policy, process, and system changes related to staffing shortages, contracting backlogs, and financial operations pain points that affect both service delivery and implementation of new services.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581421 Govt. Ops Recovery (GORI)	\$25,465	\$25,465*	\$0	\$25,465*

* Budget amount to be determined by work order with the Controller's Office

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

DHR – Equal Employment Opportunities

Human Resources pro-rata allocation to department for administration of equal employment opportunity program.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581430 EEO Admin.	\$51,198	\$51,627*	\$429	\$51,627*

* Budget amount to be determined by work order with Department of Human Resources

DHR - Training Expenses

The department’s pro-rata allocation to support the Department of Human Resources’ central management training fund.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581450 DHR Training	\$22,000	\$22,000*	\$0	\$22,000*

* Budget amount to be determined by work order with Department of Human Resources

DHR - Worker’s Compensation

Funds for Workers' Compensation benefits for Retirement System employees who are injured on the job.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581460 Workers’ Comp	\$143,000	\$147,000*	\$4,000	\$147,000*

* Budget amount to be determined by work order with DHR Worker’s Comp Division

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

DHR – LOF/ERP

The department’s pro-rata allocation for DHR resources related to workforce changes and early retirement.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581470 DHR LOF/ERP	\$6,919	\$6,919*	\$0	\$*

* Budget amount to be determined by work order with Department of Human Resources

DHR - Employee Relations:

The department’s pro-rata allocation for Citywide DHR services related to MOU negotiations with various labor organizations.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581480 Employee Relations	\$9,874	\$10,170*	\$296	\$10,170*

* Budget amount to be determined by work order with Department of Human Resources

Office Lease paid through Real Estate Department

Office rental prorated on an FTE basis

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581650 Lease Paid to Real Estate	\$217,413	\$225,551*	\$8,138	\$225,551*

* Budget amount to be determined with negotiation of new lease. Number shown reflects current lease.

ADMIN, ACCOUNTING, IT & ADMIN SERVICES BUDGET

Mayor's Youth Work Program:

Funding for the Mayor's Summer Youth program.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581660 Youth Works Program	\$9,072	\$9,072*	\$0	\$9,072*

* Budget amount to be determined by work order with Children's Services Program

Office of Contract Administration:

Funding for the services provided by OCA.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581750 GF Purchasing General Office	\$71,087	\$73,575*	\$2,488	\$73,575*

* Budget amount to be determined by work order with GF OCA

Department of Elections

Work Order with Department of Elections to conduct Retirement Board Elections scheduled for Fiscal Years 2024-2025 and 2025-2026.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581910 Department of Elections	\$70,000	\$70,000*	\$0	\$70,000*

*Budget amount to be determined by work order

Retirement Services and Operational Risk Management and Quality Assurance Budget

PROGRAM DESCRIPTION

The Retirement Services and Operational Risk Management and Quality Assurance Divisions are responsible for the benefit administration operations of the Retirement System.

The Retirement Services Division is comprised of the following seven units:

- Member Counseling Unit: responsible for counseling active and retired members; planning and conducting retirement education seminars targeted at members within 5 years of retirement, mid-career members and new members; processing personnel transactions (e.g. promotions, transfers, and terminations); processing member information related to beneficiary, address, birth date, tax, withholding or personal status changes; processing and monitoring buyback and redeposit contracts; verifying Retirement System information requests; and retirement counseling and intake and processing retirement applications. The Member Services Unit staff also provides home and hospital counseling and retirement applications when illnesses prohibit the member from visiting the Retirement System offices.
- Legal/Death Unit: responsible for intake and processing of legal documents including marriage dissolutions, powers of attorney, conservatorships and garnishments. The Legal/Death Unit staff also process benefits to survivors and beneficiaries.
- Disability Applications Unit: responsible for processing applications for SFERS and CalPERS disability benefits, pension adjustments, workers' compensation offset recoveries, as well as death in line of duty survivor benefits. The Disability Applications Unit staff also oversees and coordinates the hearing process associated with disability applications. Under the City Charter, hearing officers under contract with SFERS hear and determine all applications for disability retirement and duty-related death benefits. This unit prepares and distributes all case materials, assists hearing officers in conducting the hearings and prepares a variety of correspondence and reports involving decisions and actions of the hearing officers.
- Retired Member Services Unit (Benefits): responsible for calculating and processing all benefits payable as a result of a member's retirement including COLA and Supplemental Cola calculations for retired members. Retirement analysts in this unit calculate retirement benefits based on various eligibility criteria and benefit formulas applicable to the different retirement plans administered by the Retirement System (e.g. Police, Fire, Sheriff, Miscellaneous, and Miscellaneous Safety).
- Active Member Services Unit: responsible for initiating and maintaining retirement accounts for active members, posting payroll data for all active members, verifying plan service credit, and preparing written benefit estimates and annual Member Benefit Statements.
- Business Process Improvement Unit: responsible for planning and developing processes for Retirement System programs and projects, recommending changes to existing processes where appropriate, providing oversight to ensure that new business rules and procedures comply with applicable laws and Retirement Board policies and procedures and providing project implementation oversight.

Retirement Services is also responsible for Outreach/Special Projects as needed, which may include handling highly complex or confidential member issues and City Attorney's Office requests and overseeing miscellaneous Retirement Services projects.

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

The Operational Risk Management and Quality Assurance Division is responsible for designing, developing, implementing and overseeing a quality assurance program exclusively for the Member Services, Retirement Operations and Business Process Improvement Divisions and preparing risk management and quality assurance reports for department management and the Retirement Board. The Division will conduct studies to identify and analyze risks and division controls, recommends improvements where applicable and monitors compliance with controls. The Division works strategically with staff to improve quality assurance, including counseling and training where appropriate.

ALIGNING BUDGET WITH KEY STRATEGIC INITIATIVES

Operational Excellence, Retain Talent, and Leverage Technology

- Provide quality benefits administration services today and successfully deliver on mission
- Mitigate risk
- Develop talent which is critical to succession planning and future delivery of services
- Enhance service over time

Notable Budget Impact

Incremental FTE: 7 (approved last year)

Key Initiatives (with Budget Impact)

- Enact year two of plan to align resources with business needs in order to:
 - Efficiently complete core business functions in Retirement Services
 - Timely respond to specific member inquiries, including prior earnings and years of service
 - Timely process benefit payments, reciprocity requests and other requests
- Mitigate risk
 - Improve efficiency and accuracy
 - Identify and correct data and system errors (e.g. payroll) in a more timely manner
 - Enhance controls and checks to reduce potential for errors
- Adequately develop talent and implement succession planning
- Document institutional knowledge to support
 - Training and Succession planning
 - Process improvement
 - Ability to leverage technology

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

SFERS BUDGET - FISCAL YEAR 2023-24, 2024-25, & 2025-2026		RetSvc						
Retirement Services and Operational Risk Management and Quality Assurance								
Object	Description	Appr. Base Budget	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)
		2023-2024	2024-2025	2023-24 to 2024-25	2023-24 to 2024-25	2025-2026	2024-25 to 2025-26	2024-25 to 2025-26
5010	Permanent Salaries*	7,695,753	8,214,726	518,973	6.74%	8,387,717	172,991	2.11%
5010	Temporary Pay	644,972	654,966	9,994	1.55%	654,966	-	0.00%
5090	Premium & Longevity Pay	45,000	45,000	-	0.00%	45,000	-	0.00%
5100	Incentive Pay-Retroactive Salaries	-	-	-	0.00%	-	-	0.00%
5110	Overtime	10,000	50,000	40,000	400.00%	35,000	(15,000)	-30.00%
	Total Personal Services	8,395,725	8,964,692	568,967	6.78%	9,122,683	157,991	1.76%
5130	Mandatory Fringe Benefits*	1,948,102	-	(1,948,102)	-100.00%	-	-	-
5150	Health Service - Adm Cost*	1,823,741	-	(1,823,741)	-100.00%	-	-	-
	Total Fringe Benefits	3,771,843	-	(3,771,843)	-100.00%	-	-	-
5200	Overhead	547,081	547,081	-	0.00%	547,081	-	0.00%
	Total Overhead	547,081	547,081	-	0.00%	547,081	-	0.00%
5210	Travel	15,800	17,800	2,000	12.66%	17,800	-	0.00%
5220	Training	40,000	61,300	21,300	53.25%	61,300.00	-	0.00%
5230	Mileage/Local Field Exp	2,000	2,000	-	0.00%	2,000	-	0.00%
523050	Employee recognition	-	-	-	0.00%	-	-	0.00%
5240	Membership Fees	2,210	330	(1,880)	-85.07%	330.00	-	0.00%
5270	Professional Services	800,058	1,000,000	199,942	24.99%	1,000,000.00	-	0.00%
5290	Equipment Maintenance	100,000	100,000	-	0.00%	100,000	-	0.00%
5300	Property Rent	-	-	-	0.00%	-	-	0.00%
5310	Office Machines Rent	-	-	-	0.00%	-	-	0.00%
5350	Other Current Services	200,000	-	(200,000)	-100.00%	-	-	0.00%
	Total Non-Personal Services	1,160,068	1,181,430	21,362	1.84%	1,181,430	-	0.00%
5490	Total Materials and Supplies	50,000	50,000	-	0.00%	50,000	-	0.00%
5600	Total Equipment Purchases	-	-	-	0.00%	-	-	0.00%
581170	CAO - Insurance	-	-	-	0.00%	-	-	0.00%
581270	City Attorney	2,946,933	2,946,933	-	0.00%	2,946,933	-	0.00%
581210	TIS - ISD Services	-	-	-	0.00%	-	-	0.00%
581245	Controller - Financial Systems	-	-	-	0.00%	-	-	0.00%
581120	GF - Financial Systems	-	-	-	0.00%	-	-	0.00%
581130	GF - Audits	-	-	-	0.00%	-	-	0.00%
581140	DTIS Services	-	-	-	0.00%	-	-	0.00%
581430	HR - EEO	-	-	-	0.00%	-	-	0.00%
581360	DTIS - Telecommunications	-	-	-	0.00%	-	-	0.00%
581015	HR Modernization	-	-	-	0.00%	-	-	0.00%
581016	Diversity Equity Inclusion	-	-	-	0.00%	-	-	0.00%
581421	Govt. Ops Recovery	-	-	-	0.00%	-	-	0.00%
581450	DHR - Management Training	-	-	-	0.00%	-	-	0.00%
581460	DHR - Workers' Comp	-	-	-	0.00%	-	-	0.00%
581470	DHR - LOF/ERP	-	-	-	0.00%	-	-	0.00%
581480	DHR - Employee Relations	-	-	-	0.00%	-	-	0.00%
581660	Mayor's Youth Works	-	-	-	0.00%	-	-	0.00%
581820	Purchasing - Reproduction & Mail	380,000	380,000	-	0.00%	380,000	-	0.00%
581650	Lease Paid to Real Estate	1,827,370	1,810,608	(16,762)	-0.92%	1,810,608	-	0.00%
581910	Department of Elections	-	-	-	0.00%	-	-	0.00%
581280	SFGOV Service	-	-	-	0.00%	-	-	0.00%
581325	Enterprise Agreement	-	-	-	0.00%	-	-	0.00%
581xxx	Record Copying Svc. - Workers' Comp	50,000	50,000	-	100.00%	50,000	-	0.00%
	Total Services of Other Depts.	5,204,303	5,187,541	(16,762)	-0.32%	5,187,541	-	0.00%
486620	Exp Rec Fr Retre Hlth Trst Brd	(50,000)	(50,000)	-	0.00%	(50,000)	-	0.00%
	Total Revenue Recoveries	(50,000)	(50,000)	-	0.00%	(50,000)	-	0.00%
	Total	19,079,020	15,880,744	(3,198,276)	-16.76%	16,038,735	157,991	0.99%
	Total FTE's	57	64	7		64	0	

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

BUDGET DETAIL

Permanent Salaries

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5010 Permanent Salaries	\$7,695,753	\$8,214,726*	\$518,973*	\$8,387,717*

* Budget amount to be determined by Controller’s Office. Salaries shown are based on estimates.

Summary of FTE Positions Member Services and Retirement Operations Division:

MEMBER SERVICES AND RETIREMENT OPERATIONS DIVISION					
Position/Title	FY2023- 2024	Variance	FY2024- 2025	Variance	FY2025- 2026
0931 Manager III - Member Services Manager	1.00		1.00		1.00
0931 Manager III - Retirement Services Manager	1.00		1.00		1.00
0931 Manager III - Business Process Improvement Manager	1.00		1.00		1.00
0955 Deputy Director V - Deputy Director for Retirement Services	1.00		1.00		1.00
1209 Benefits Technician*	13.00	2.00	15.00		15.00
1812 Assistant Retirement Analyst*	22.00	3.00	25.00		25.00
1813 Senior Benefits Analyst*	7.00	2.00	9.00		9.00
1814 Benefits Supervisor*	6.00		6.00		6.00
FTE Totals:	52.00	7.00	59.00		59.00

*SFERS has been in negotiations to reclassify the 1209, 1812, 1813 and 1814 positions to address consistent staff turnover, leaving for other City departments that pay more for similar work. In FY 2022-23, the Mayor’s Office approved additional funding to implement that reclassification. SFERS is currently working with DHR to obtain approval for the reclassification to proceed.

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Summary of FTE Positions Operational Risk Management and Quality Assurance Division:

OPERATIONAL RISK MANAGEMENT AND QUALITY ASSURANCE DIVISION					
Position/Title	FY2023-2024	Variance	FY2024-2025	Variance	FY2025-2026
0941 Manager VI - Compliance/QA Director	1.00		1.00		1.00
0922 Manager I - Compliance/QA Manager	2.00		2.00		2.00
1686 Auditor III	1.00		1.00		1.00
1867 Auditor I	1.00		1.00		1.00
FTE Totals:	5.00		5.00		5.00

Temporary Salaries

To provide funds for temporary help required by fluctuating workload and special projects

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5050 Temporary Salaries	\$644,972	\$654,966	\$9,994	\$654,966*

Department Projects	Temporary Positions	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
Technician Internships	Seven 9910 Retirement Benefits Trainee positions	\$495,040	\$495,040
Succession Planning	One 1814 Principal Retirement Benefits Analyst	<u>159,926</u>	<u>159,926</u>
	Temporary Salaries Total:	\$654,966	\$654,966

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Premium Pay

Word processing premium, bilingual, longevity and standby pay per MOU'S with various labor organizations.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5090 Premium Pay	\$45,000	\$45,000	\$0	\$45,000

Overtime Pay

Required due to fluctuating workload in retirement and service credit calculations, payroll updates and charter-mandated projects.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5110 Overtime Pay	\$10,000	\$50,000	\$40,000	\$35,000

Mandatory Fringe Benefits

Fringe benefits associated with permanent positions in the division.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5130 Fringe Benefits	\$1,948,102	\$2,141,834*	\$193,732	\$2,141,834*

* Budget amount to be determined by Controller's Office

Health Service System – Administrative Cost Allocation including OPEB

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5150 HSS Admin OPEB	\$1,823,741	\$2,073,534*	\$249,793	\$2,073,534*

* Budget amount to be determined by Controller's Office

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Indirect Cost Reimbursement

General fund indirect costs that are charged to RET per the admin code provision Sec.10.194 & Sec.10.195.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5200 Indirect Cost Reimbursement	\$547,081	\$547,081*	\$0	\$547,081*

* Budget amount to be determined by Controller's Office

Travel Expenses

Funds for travel outside of the City by Member Services and Retirement Services staff members related to seminars, conferences, and other training/educational meetings.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5210 Travel Expenses	\$15,800	\$17,800	\$2,000	\$17,800

Training /Education Expenses

Funds for staff development and training.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5220 Training & Education	\$40,000	\$61,300	\$21,300	\$61,300

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Training/Education Event	Registration Fees	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
CALAPRS Benefits Roundtable	10 attendees @ \$350 each	\$3,500	\$3,500
CALAPRS Accountants Roundtable	4 attendees @ \$350 each	1,400	1,400
CALAPRS Disability Roundtable	4 attendees @ \$350 each	1,400	1,400
Leadership/Workforce Development *		25,000	25,000
CALAPRS Manager/Supervisor Institute	2 attendees @ \$2,500 each	5,000	5,000
Retirement Services Staff Training		<u>25,000</u>	<u>25,000</u>
Training/Education Expense Totals:		\$61,300	\$61,300

*New department initiative under department Racial Equity Plan

Auto Mileage and Field Expenses

Reimbursement for the use of private cars in connection with delivering mail, home/hospital retirement interviews, attendance of meetings and/or training.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5230 Mileage/ Field Expense	\$2,000	\$2,000	\$0	\$2,000

Professional Membership Fees

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5240 Membership Fees	\$2,210	\$330	\$0	\$330

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Professional Services

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5270 Professional Services	\$800,058	\$1,000,000	\$199,942	\$1,000,000

Professional Services Provider	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
Administrative Hearing Officers (OAH)	\$300,000	\$300,000
Court Reporters	50,000	50,000
Medical Evaluations related to disability application processing	500,000	500,000
Death Search Services	<u>150,000</u>	<u>150,000</u>
Professional Services Contracts Totals:	\$1,000,000	\$1,000,000

Equipment Maintenance

Maintenance of office machines, computers, air conditioning, electrical, fax machines, microfilm readers/printers, scanners and other office equipment purchased by the department.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5290 Equipment Maintenance	\$100,000	\$100,000	\$0	\$100,000

Other Current Services

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5350 Other Services	\$200,000	\$0	\$(200,000)	\$0

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Materials and Supplies

Funds for office supplies, computer/printer supplies such as toner cartridges and repair parts, calculators, pre-printed forms, envelopes, etc.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5490 Materials & Supplies	\$50,000	\$50,000	\$0	\$50,000

City Attorney's Work Order

Dedicated legal services provided by the City Attorney's office, including specialized outside legal counsel on retirement benefit-related caseload.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581270 City Atty Work Order	\$2,946,933	\$2,946,933*	\$0	\$2,946,933*

* Budget amount to be negotiated by work order with the Office of the City Attorney

	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
City Attorney Work Order (Retirement Services) *	\$2,621,933	\$2,621,933
Outside Legal Counsel Work Order	<u>325,000</u>	<u>325,000</u>
City Attorney Work Order (Retirement Services) Totals:	\$2,946,933	\$2,946,933

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Office Lease paid through Real Estate Department

Office rental prorated on an FTE basis

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581650 Lease Paid to Real Estate	\$1,827,370	\$1,810,608	(\$16,762)	\$1,810,608

*Budget amount to be determined with negotiation of new lease. Number shown reflects current lease.

Reproduction Printing Services and Mail Processing Services

Costs associated with printing forms, annual report, newsletters, etc. Processing monthly retiree payroll mailing, one-time benefit warrants, annual statements, IRS Forms (1099R, 1099INT, W2, 1042S) and newsletters

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581820 Repro & Printing	\$380,000	\$380,000*	\$0	\$380,000*

*Budget amount to be determined by work order with ReproMail Division

DHR – Records Copying Services by Worker’s Compensation

Funds for records copying services provide by Workers' Compensation Division. Proposed budget is based on the salary and fringe benefits of 0.5 FTE of one 1812 position.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581xxx Record Copying Svc. - Workers' Comp	\$50,000	\$50,000*	\$0	\$50,000*

*Budget amount to be determined by work order with DHR Workers' Comp. Division

RETIREMENT SERVICES, OPERATIONAL RISK MANAGEMENT & QA BUDGET

Retirees Health Care Trust

Expense Recovery from Retiree Health Care Trust for SFERS Administration and Accounting Support

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
486620 Exp. Recovery from RHCTF	(\$50,000)	(\$50,000)	\$0	(\$50,000)

INVESTMENT DIVISION BUDGET

Investment Division Budget

PROGRAM DESCRIPTION

The San Francisco Employees' Retirement System mission, with respect to investments, is to secure, protect and prudently invest the pension trust assets. The successful management of the investment portfolio by the Investment Division supports the fiscal integrity and solvency of the System. The management of the fund also has a direct relationship to the overall credit rating of the City and County of San Francisco and is a factor impacting the long-term funding costs.

The Retirement System's investment strategies and its portfolio composition have evolved considerably in scale and complexity over the System's history. SFERS primary investment goals are to provide participants with retirement benefits as required by the Charter and applicable laws, to set the asset allocation in a manner that encompasses a strategic, long term perspective and the nature of SFERS' liabilities and, finally, to generate net-of-fee returns that meet the actuarial rate of return over a full market cycle.

To assist the Retirement Board in the performance of its fiduciary responsibilities to the Trust, the Investment Division professional Staff serves as a resource to the Board regarding investment policies and practices. Staff investigates, analyzes and recommends asset allocation. The Board has granted the CEO/CIO partial investment delegation whereby Staff, after thorough diligence and with concurrence from an outside consultant, allocate capital to external investment managers. Staff also regularly monitors the performance of those managers and actively maintains professional contact with the investment community to stay current on market dynamics and have access to investment opportunities.

ALIGNING BUDGET WITH KEY STRATEGIC INITIATIVES

Pursue Investment Excellence, Retain Talent and Codify Institutional Knowledge

- Generate strong risk-adjusted returns through prudent portfolio management
- Effectively manage liquidity
- Enhance governance for efficient and effective investment decision making
- Enhance portfolio construction within and across asset classes
- Enhance use of risk analytics and effective diversification

Notable Budget Impact

Consulting and Professional Services:
6% decrease

Select Key Initiatives

- Generate strong risk-adjusted returns through prudent portfolio management
 - Re-evaluate key investment themes – sector, style and geographic exposures
 - Implement findings from Public Equity and Fixed Income Structure Studies
 - Reposition Absolute Return to align with new asset class guidelines

INVESTMENT DIVISION BUDGET

- Implement new Strategic Asset Allocation, pending Asset Liability Study
- Begin implementing enhanced co-investment framework
- Partner with experienced investment consultants and investment fund managers
- Effectively identify, diligence, fund strategies and monitor on an ongoing basis (which necessitates travel for onsite diligence, LPAC meetings and annual general meetings)
- Remain current on investment trends, regulatory environment, market structure issues and the investment landscape (which includes travel, conference attendance, training and subscription access to major publications and datasets)
- Foster risk-aware culture, enhanced use of risk analytics and effective diversification
 - Leverage and efficiently utilize analytical tools/platforms to evaluate portfolio exposures and risk (which requires experienced partners and access to certain software platforms)
 - Apply analytical techniques to both public and private markets
- Effectively manage liquidity
 - Continue to enhance analytics to plan appropriately for short, medium and long-term liquidity needs
- Enhance governance for efficient and effective investment decision making
 - Enhance approach to cash management, asset allocation and the use of leverage
 - Develop other policies, procedures and decision frameworks
- Recruit and retain talent with specialized investment expertise, strong communication and analytical skills and a collaborative mindset

INVESTMENT DIVISION BUDGET

SFERS BUDGET - FISCAL YEAR 2023-24, 2024-25, & 2025-2026

Investment

Investment (Regular Budget)

		Appr. Base Budget	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)
Object	Description	2023-2024	2024-2025	2023-24 to 2024-25	2023-24 to 2024-25	2025-2026	2024-25 to 2025-26	2024-25 to 2025-26
5010	Permanent Salaries*	6,912,468	6,912,468	-	0.00%	6,912,468	-	0.00%
5010	Temporary Pay	200,000	200,769	769	0.38%	200,769	-	0.00%
5090	Premium & Longevity Pay	1,500	1,500	-	0.00%	1,500	-	0.00%
5100	Incentive Pay-Retroactive Salaries	3,550,000	3,550,000	-	0.00%	3,750,000	200,000	5.63%
5110	Overtime	-	-	-	0.00%	-	-	0.00%
	Total Personal Services	10,663,968	10,664,737	769	0.01%	10,864,737	200,000	1.88%
5130	Mandatory Fringe Benefits*	2,569,036	-	(2,569,036)	-100.00%	-	-	#DIV/0!
5150	Health Service - Adm Cost*	-	-	-	0.00%	-	-	0.00%
	Total Fringe Benefits	2,569,036	-	(2,569,036)	-100.00%	-	-	#DIV/0!
5200	Overhead	-	-	-	0.00%	-	-	0.00%
	Total Overhead	-	-	-	0.00%	-	-	0.00%
5210	Travel	1,201,000	1,266,450	65,450	5.45%	1,328,340	61,890	4.89%
5220	Training	78,800	73,200	(5,600)	-7.11%	76,600	3,400	4.64%
5230	Mileage / Local Field Exp	5,000	5,000	-	0.00%	5,000	-	0.00%
523050	Employee recognition	-	-	-	0.00%	-	-	0.00%
5240	Membership Fees	5,500	5,500	-	0.00%	5,500	-	0.00%
5270	Professional Services	79,563,250	88,205,000	8,641,750	10.86%	108,853,900	20,648,900	23.41%
5290	Equipment Maintenance	-	-	-	0.00%	-	-	0.00%
5300	Property Rent	-	-	-	0.00%	-	-	0.00%
5310	Office Machines Rent	6,000	6,000	-	0.00%	6,000	-	0.00%
5350	Other Current Services	201,500	201,500	-	0.00%	201,500	-	0.00%
	Total Non-Personal Services	81,061,050	89,762,650	8,701,600	10.73%	110,476,840	20,714,190	23.08%
5490	Total Materials and Supplies	85,000	85,000	-	0.00%	85,000	-	0.00%
5600	Total Equipment Purchases	150,000	150,000	-	0.00%	150,000	-	0.00%
581170	C A O - Insurance	-	-	-	0.00%	-	-	0.00%
581270	City Attorney	5,000,000	5,000,000	-	0.00%	5,000,000	-	0.00%
581210	TIS - ISD Services	-	-	-	0.00%	-	-	0.00%
581245	Controllor - Financial Systems	-	-	-	0.00%	-	-	0.00%
581120	GF - Financial Systems	-	-	-	0.00%	-	-	0.00%
581130	GF - Audits	15,000	15,000	-	0.00%	15,000	-	0.00%
581140	DTIS Services	-	-	-	0.00%	-	-	0.00%
581430	HR - EEO	-	-	-	0.00%	-	-	0.00%
581360	DTIS - Telecommunications	35,400	35,400	-	0.00%	35,400	-	0.00%
581015	HR Modernization	-	-	-	0.00%	-	-	0.00%
581016	Diversity Equity Inclusion	-	-	-	0.00%	-	-	0.00%
581421	Govt. Ops Recovery	-	-	-	0.00%	-	-	0.00%
581450	DHR - Management Training	-	-	-	0.00%	-	-	0.00%
581460	DHR - Workers' Comp	-	-	-	0.00%	-	-	0.00%
581470	DHR - LOF/ERP	-	-	-	0.00%	-	-	0.00%
581480	DHR - Employee Relations	-	-	-	0.00%	-	-	0.00%
581660	Mayor's Youth Works	-	-	-	0.00%	-	-	0.00%
581820	Purchasing - Reproduction & Mail	-	-	-	0.00%	-	-	0.00%
581650	Lease Paid to Real Estate	442,762	442,762	-	0.00%	442,762	-	0.00%
581910	Department of Elections	-	-	-	0.00%	-	-	0.00%
581280	SFGOV Service	-	-	-	0.00%	-	-	0.00%
581325	Enterprise Agreement	-	-	-	0.00%	-	-	0.00%
581xxx	Record Copying Svc. - Workers' Comp	-	-	-	0.00%	-	-	0.00%
	Total Services of Other Depts.	5,493,162	5,493,162	-	0.00%	5,493,162	-	0.00%
486620	Exp Rec Fr Retre Hlth Trst Brd	(60,000)	(60,000)	-	0.00%	(60,000)	-	0.00%
	Total Revenue Recoveries	(60,000)	(60,000)	-	0.00%	(60,000)	-	0.00%
	Total Investment (Regular)	99,962,216	106,095,549	6,133,333	6.14%	127,009,739	20,914,190	19.71%
	Total Investment (Regular) - Excluding SMA Investment Management Fees	25,285,216	22,495,549	(2,789,667)	-11.03%	23,109,739	614,190	2.73%
	<i>Total FTE's</i>	31	31	0		31	0	

INVESTMENT DIVISION BUDGET

INVESTMENT BUDGET DETAIL

Permanent Salaries:

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5010 Permanent Salaries	\$6,912,468	\$6,912,468*	\$0	\$6,912,468*

* Budget amount to be determined by Controller's Office. Salaries shown are based on estimates.

Summary of Positions in the Investment Division:

Position/Title	FY2023-2024	Variance	FY2024-2025	Variance	FY2025-2026
0922 Manager I	8.00		8.00		8.00
0923 Manager II	8.00		8.00		8.00
1114 Manager VI – SIO/SPM	2.00		2.00		2.00
1115 Manager VII - Director of Portfolio Strategy	7.00		7.00		7.00
1116 Manager VIII – Managing Director	5.00		5.00		5.00
4331 Security Analyst	1.00		1.00		1.00
FTE Totals:	31.00	0.00	31.00	0.00	31.00

Temporary Salaries

To fund Fellowships and Investment Internships

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5050 Temporary Salaries	\$200,000	\$200,769	\$769	\$200,769

INVESTMENT DIVISION BUDGET

Premium Pay

Bilingual, longevity and standby pay per MOU'S with various labor organizations.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5090 Premium Pay	\$1,500	\$1,500	\$0	\$1,500

Incentive Pay

Performance-based incentive pay as part of Investment Division pay structure for Chief Executive Officer/Chief Investment Officer, Managing Directors, Directors and Senior Portfolio Managers.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5100 Incentive Pay	\$3,550,000	\$3,550,000	\$0	\$3,750,000

Mandatory Fringe Benefits

Fringe benefits associated with permanent positions in the division.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5130 Fringe Benefits	\$2,569,036	\$*	\$*	\$*

* Budget amount to be determined by Controller's Office

INVESTMENT DIVISION BUDGET

Travel Expenses

Funds for travel planned for outside of the City by Investment Staff and Board members related to investment manager diligence, seminars, conferences, and other training/educational meetings.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5210 Travel Expenses	\$1,201,000	\$1,266,450	\$65,450	\$1,328,340

Investment Division / Function	Domestic Due Diligence	International Due Diligence	Conference	Proposed Budget FY2024-2025	Proposed Budget FY2025- 2026
Investment Team	103	34	61	\$ 1,140,450	\$ 1,196,740
Board Members	20	0	0	90,000	94,000
Legal	8	0	0	36,000	37,600
Total				\$ 1,266,450	\$ 1,328,340

Training/Education Expenses

Funds for staff development, education and training expenses.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5220 Training & Education	\$78,800	\$73,200	\$(5,600)	\$76,600

INVESTMENT DIVISION BUDGET

Training/Education Event	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
CALAPRS Investment Roundtable	\$ 1,400	\$ 1,400
ILPA Institute	6,800	10,200
Other Training Education	<u>65,000</u>	<u>65,000</u>
Totals:	\$73,200	\$76,600

Auto Mileage and Field Expenses

Reimbursement for the use of private cars in connection with attendance of meetings and/or training.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5230 Mileage Field Expense	\$5,000	\$5,000	\$0	\$5,000

Professional Membership Fees

Membership dues

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5240 Membership Fees	\$5,500	\$5,500	\$0	\$5,500

INVESTMENT DIVISION BUDGET

Professional Services

Investment manager and consultant fees are budgeted based on existing fee schedules and approx. managed assets as of June 30, 2023 returning the long-term Wilshire capital market return assumption plus 1 standard deviation of returns. Budgeted manager fees do not include investment managers with "net of fees" compensation arrangements.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5270 Professional Services	\$79,563,250	\$88,205,000	\$8,641,750	\$108,853,900

Investment Manager/Service Provider	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026	Assets as of 6/30/2023	Est. Fee (Bps)
Advent	1,054,000	900,000	(154,000)	1,100,000	114,249,309	50
Arrowstreet Global*	14,370,000	18,500,000	4,130,000	24,500,000	842,025,703	126
Alatus*	4,013,000	5,500,000	1,487,000	7,000,000	250,371,535	133
Blackrock US ex Fossil Fuels	84,000	100,000	16,000	200,000	187,681,410	3
Blackrock US LCG (SAE Enhanced ESG)*	2,850,000	2,300,000	(550,000)	2,800,000	596,083,825	25
Van Berkomp & Associates	2,406,000	3,200,000	794,000	3,900,000	258,285,845	80
Capital Guardian Trust	1,985,000	2,100,000	115,000	2,600,000	290,932,953	45
Generation GLB Equity*	18,928,000	20,100,000	1,172,000	26,000,000	802,036,862	149
Goldman Sachs	358,000	400,000	42,000	500,000	570,744,400	4
Sands Capital Management	2,811,000	3,700,000	889,000	4,500,000	599,299,083	40
Select EQ Baxter St.	5,882,000	5,900,000	18,000	7,400,000	375,556,287	100

INVESTMENT DIVISION BUDGET

Wellington (EM Equity)	2,768,000	2,700,000	(68,000)	3,500,000	184,362,365	80
Wellington (US LCG)	3,626,000	4,400,000	774,000	5,400,000	663,375,401	43
Bain Capital Credit	655,000	800,000	145,000	900,000	105,608,259	50
Blackrock Fixed Income	118,000	200,000	82,000	200,000	727,149,731	1
Fidelity HY CMBS	941,000	1,000,000	59,000	1,100,000	96,854,617	70
Fidelity Tactical Bond	727,000	700,000	(27,000)	800,000	202,404,977	28
Loomis Sayles	922,000	1,000,000	78,000	1,100,000	205,137,991	35
Oaktree Capital Management	672,000	700,000	28,000	900,000	102,515,261	50
Parametric	241,000	300,000	59,000	300,000	2,537,527	3
PIMCO	1,266,000	1,100,000	(166,000)	1,200,000	170,214,956	48
Custodial Fees		3,100,000	3,100,000	3,100,000		
Reserves/New Managers	8,000,000	4,900,000	(3,100,000)	4,900,000		
Subtotal Investment Manager Fees	\$ 74,677,000	\$ 83,600,000	\$ 8,923,000	\$ 103,900,000		

*Managers with performance fees. Estimated fees (bps) assumes outperformance based off manager's maximum expected tracking error over Wilshire capital market assumptions for relevant asset class

INVESTMENT DIVISION BUDGET

Investment Consultant / Service Provider	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
General Consultant	725,000	603,750	(121,250)	633,900
Public Markets Consultant	550,000	550,000	0	577,500
ODD Consulting Fees	160,000	0	160,000	0
Real Asset Consultant	450,000	450,000	0	450,000
Private Equity Consultant	1,551,250	1,551,250	0	1,642,500
Private Equity Consultant (Reporting)	600,000	625,000	25,000	650,000
Private Credit Consultant	350,000	375,000	25,000	400,000
Custodian Review	0	0	0	150,000
Reserves/Investment Service Provider Searches	500,000	500,000	0	500,000
Subtotal of Investment Consultant Fees:	\$ 4,886,250	\$4,605,000	\$ (281,250)	\$ 4,953,900
Professional Services Total:	\$79,563,250	\$88,205,000	\$8,641,750	\$108,853,900

Office Equipment Leases

Pro-rata share of cost of copiers, printers, postage meter and other equipment

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5310 Office Equip. Lease	\$6,000	\$6,000	\$0	\$6,000

INVESTMENT DIVISION BUDGET

Other Current Services

Licensing fees, subscriptions, and office equipment maintenance

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5350 Other Services	\$201,500	\$201,500	\$0	\$201,500

Licensor/Service Provider	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
LAN software support/maintenance	\$20,000	\$20,000
ECM software support/maintenance	80,000	80,000
Subscriptions to business and trade publications	1,500	1,500
Office Equipment maintenance	<u>100,000</u>	<u>100,000</u>
Other Current Services Contracts Total:	\$ 201,500	\$ 201,500

Materials and Supplies

Funds for office supplies, computer/printer supplies such as toner cartridges and repair parts, envelopes, etc.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5400 Materials & Supplies	\$85,000	\$85,000	\$0	\$85,000

INVESTMENT DIVISION BUDGET

Equipment Purchases

Computer and communications equipment.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5600 Equipment Purchase	\$150,000	\$150,000	\$0	\$150,000

City Attorney's Work Order

Dedicated legal services provided by the City Attorney's office, including specialized outside legal counsel on investment related caseload.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581270 City Atty Work Order	\$5,000,000	\$5,000,000	\$0	\$5,000,000

	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
City Attorney Work Order (Investments)	\$ 1,500,000	\$ 1,500,000
Outside Legal Counsel Work Order	<u>3,500,000</u>	<u>3,500,000</u>
City Attorney Work Order (Investments) Total:	\$5,000,000	\$5,000,000

Controller's Internal Audits

Pro-rata share of the Controller's Office internal audit expenditures for FY2024-2025.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581130 Internal Audit Fees	\$15,000	\$15,000	\$0	\$15,000

INVESTMENT DIVISION BUDGET

Department of Technology Communications Services

Work order for Project 697TEL – monthly telephone billing, telephone and switch equipment.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581360 Communication Services	\$35,400	\$35,400	\$0	\$35,400

Office Lease paid through Real Estate Department

Office rental prorated on an FTE basis

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581650 Lease Paid to Real Estate	\$442,762	\$442,762	\$0	\$442,762

*Budget amount to be determined with negotiation of new lease. Number shown reflects current lease.

Retirees Health Care Trust

Expense Recovery from Retiree Health Care Trust for SFERS Investment Support

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
486620 Exp Recovery from RHCTF	(\$60,000)	(\$60,000)	\$0	(\$60,000)

INVESTMENT DIVISION BUDGET

SFERS BUDGET - FISCAL YEAR 2023-24, 2024-25, & 2025-2026		RCC						
Investment (Recapture And Direct)								
Object	Description	Appr. Base Budget 2023-2024	Proposed Budget 2024-2025	Increase / (Decrease) 2023-24 to 2024-25	% Increase / (Decrease) 2023-24 to 2024-25	Proposed Budget 2025-2026	Increase / (Decrease) 2024-25 to 2025-26	% Increase / (Decrease) 2024-25 to 2025-26
5010	Permanent Salaries*	-	-	-	0.00%	-	-	0.00%
5010	Temporary Pay	-	-	-	0.00%	-	-	0.00%
5090	Premium & Longevity Pay	-	-	-	0.00%	-	-	0.00%
5100	Incentive Pay-Retroactive Salaries	-	-	-	0.00%	-	-	0.00%
5110	Overtime	-	-	-	0.00%	-	-	0.00%
	Total Personal Services	-	-	-	0.00%	-	-	0.00%
5130	Mandatory Fringe Benefits*	-	-	-	0.00%	-	-	0.00%
5150	Health Service - Adm Cost*	-	-	-	0.00%	-	-	0.00%
	Total Fringe Benefits	-	-	-	0.00%	-	-	0.00%
5200	Overhead	-	-	-	0.00%	-	-	0.00%
	Total Overhead	-	-	-	0.00%	-	-	0.00%
5210	Travel	-	-	-	0.00%	-	-	0.00%
5220	Training	-	-	-	0.00%	-	-	0.00%
5230	Mileage / Local Field Exp	-	-	-	0.00%	-	-	0.00%
523050	Employee recognition	-	-	-	0.00%	-	-	0.00%
5240	Membership Fees	78,475	82,792	4,317	5.50%	82,792	-	0.00%
5270	Professional Services	2,244,690	2,214,838	(29,852)	-1.33%	2,323,872	109,034	4.92%
5290	Equipment Maintenance	-	-	-	0.00%	-	-	0.00%
5300	Property Rent	-	-	-	0.00%	-	-	0.00%
5310	Office Machines Rent	250,000	250,000	-	0.00%	250,000	-	0.00%
5350	Other Current Services	58,234	67,109	8,875	15.24%	70,059	2,950	4.40%
	Total Non-Personal Services	2,631,399	2,614,739	(16,660)	-0.63%	2,726,723	111,984	4.28%
5490	Total Materials and Supplies	-	-	-	0.00%	-	-	0.00%
5600	Total Equipment Purchases	-	-	-	0.00%	-	-	0.00%
581170	CAO - Insurance	-	-	-	0.00%	-	-	0.00%
581270	City Attorney	-	-	-	0.00%	-	-	0.00%
581210	TIS - ISD Services	-	-	-	0.00%	-	-	0.00%
581245	Controller - Financial Systems	-	-	-	0.00%	-	-	0.00%
581120	GF - Financial Systems	-	-	-	0.00%	-	-	0.00%
581130	GF - Audits	-	-	-	0.00%	-	-	0.00%
581140	DTIS Services	-	-	-	0.00%	-	-	0.00%
581430	HR - EEO	-	-	-	0.00%	-	-	0.00%
581360	DTIS - Telecommunications	-	-	-	0.00%	-	-	0.00%
581015	HR Modernization	-	-	-	0.00%	-	-	0.00%
581016	Diversity Equity Inclusion	-	-	-	0.00%	-	-	0.00%
581421	Govt. Ops Recovery	-	-	-	0.00%	-	-	0.00%
581450	DHR - Management Training	-	-	-	0.00%	-	-	0.00%
581460	DHR - Workers' Comp	-	-	-	0.00%	-	-	0.00%
581470	DHR - LOF/ERP	-	-	-	0.00%	-	-	0.00%
581480	DHR - Employee Relations	-	-	-	0.00%	-	-	0.00%
581660	Mayor's Youth Works	-	-	-	0.00%	-	-	0.00%
581820	Purchasing - Reproduction & Mail	-	-	-	0.00%	-	-	0.00%
581650	Lease Paid to Real Estate	-	-	-	0.00%	-	-	0.00%
581910	Department of Elections	-	-	-	0.00%	-	-	0.00%
581280	SFGOV Service	-	-	-	0.00%	-	-	0.00%
581325	Enterprise Agreement	-	-	-	0.00%	-	-	0.00%
581xxx	Record Copying Svc. - Workers' Comp	-	-	-	0.00%	-	-	0.00%
	Total Services of Other Depts.	-	-	-	0.00%	-	-	0.00%
486620	Exp Rec Fr Retre Hlth Trst Brd	-	-	-	0.00%	-	-	0.00%
	Total Revenue Recoveries	-	-	-	0.00%	-	-	0.00%
	Total Investment (RCC)	2,631,399	2,614,739	(16,660)	-0.63%	2,726,723	111,984	4.28%
	<i>Total FTE's</i>			0			0	

INVESTMENT DIVISION BUDGET

BUDGET DETAIL (RECAPTURE AND DIRECT)

The Recaptured Commission Expenditures Budget is designed to identify the payments that will be made from the BNYM account previously associated with Recaptured Commissions.

Professional Membership Fees:

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
Membership Fees	\$78,475	\$82,792	\$4,317	\$82,792

Organization	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
CAIA Association	\$ 2,000	\$ 2,000
Council of Institutional Investors	31,200	31,200
CFA Institute	8,000	8,000
Institutional Limited Partnership Association	7,500	7,500
Pacific Pension Institute	7,500	7,500
Pension Real Estate Association	500	500
PEWIN	200	200
Principles for Responsible Investment	12,567	12,567
Thirty Percent Coalition	4,400	4,400
Ceres	4,400	4,400
Responsible Investor	1,325	1,325
Women in Private Credit	100	100
New Professional Memberships	<u>5,000</u>	<u>5,000</u>
Totals:	\$82,792	\$82,792

INVESTMENT DIVISION BUDGET

Professional Services

Expenses related to purchase of investment research services, software applications, access to on-line databases, etc.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
Professional Services	\$2,244,690	\$2,214,838	\$(29,852)	\$2,323,872

Professional Services	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
13 D (market research)	\$30,000	\$30,000
Albourne (alternatives research)	\$901,530	\$946,607
Caissa LLC (risk system)	\$141,947	\$149,045
Dasetti (questionnaire system)	\$30,000	\$30,600
Dynamo	\$201,090	\$211,145
eVestment (public markets database)	\$105,049	\$108,122
FTSE Russell (data)	\$1,000	\$1,000
Glass Lewis (proxy service)	\$68,040	\$68,040
HRFI (hedge fund research)	\$15,225	\$15,986
KPMG (tax guarantor services)	\$4,000	\$4,000
MSCI ESG Ratings (Equities, FI, Climate Change) & ESG Screens (ESG BISR, ESG CarbonMetric/FFR, Global Sanctions)	\$67,300	\$70,665
MSCI Index Data	\$27,261	\$29,624
Pitchbook	\$73,000	\$85,000
Style Analytics	\$143,833	\$148,148

INVESTMENT DIVISION BUDGET

Bloomberg (Index Data)	\$8,500	\$8,500
JPM EM Index Data	\$6,563	\$6,891
S&P Capital IQ	\$50,000	\$20,000
ESG - Engagement support and Risk Monitoring	\$100,000	\$150,000
Fixed Income Risk Analytics	\$150,000	\$150,000
Feedly	\$500	\$500
BCA Research	\$35,000	\$35,000
Other Services	<u>\$55,000</u>	<u>\$55,000</u>
Totals:	\$2,214,838	\$2,323,872

Office Equipment Leases:

Bloomberg equipment and accessories.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
Office Equip Leases	\$250,000	\$250,000	\$0	\$250,000

Other Current Services:

Investment subscriptions

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
Other Services	\$58,234	\$67,109	\$8,875	\$70,059

INVESTMENT DIVISION BUDGET

Investment Subscription	Proposed Budget FY2024-2025	Proposed Budget FY2025-2026
AVCJ	\$3,200	\$3,500
Bloomberg online	7,475	7,475
Economist	2,016	2,016
Financial Times	4,713	4,713
FundFire	2,430	2,430
Institutional Investor	2,800	2,800
Private Equity International	5,500	6,000
Responsible Global Media	600	600
The Information	500	500
Wall Street Journal	2,180	2,180
WSJ Pro	6,500	6,500
SF Chronicle	1,192	1,192
NYT	1,503	1,503
Green Street	21,500	23,650
New Subscriptions	<u>5,000</u>	<u>5,000</u>
Total	\$67,109	\$70,059

Deferred Compensation Program

PROGRAM DESCRIPTION

The San Francisco Deferred Compensation Plan (SFDCP) was added to the Retirement System's budget structure in 1997-98. This voluntary savings program permits eligible City and County of San Francisco employees to defer a portion of their regular compensation from Federal and State income taxes. Taxes become payable when the deferred compensation assets plus any applicable earnings are distributed, presumably at retirement when the participant would normally fall into a lower income tax bracket.

The SFDCP also offers a Roth (after-tax) feature, which allows Roth contributions to be deducted from an employee's net pay and does not reduce taxable income. However, qualifying Roth withdrawals and any earnings are tax-free in Retirement. The Plan also administers a Loan Program, which allows participants to borrow up to \$50,000 of their deferred compensation assets in a 12-month period.

Voya Financial currently serves as the Deferred Compensation Plan's recordkeeper and reimburses the SFDCP for administration costs through participant fees.

The assets of the SFDCP are over \$4.5 billion with approximately 34,000 Plan participants.

DEFERRED COMPENSATION BUDGET

ALIGNING BUDGET WITH KEY STRATEGIC INITIATIVES

Pursue Investment and Operational Excellence

- Increase participation
- Continue to provide effective and targeted communications
- Continue to provide cost effective, suitable investment options to participants
- Align resources with growing business needs and complexities

Notable Budget Impact

Consulting and Professional Services: \$210,000

FTE: Upgrade 1 position

Key Initiatives

- Increase participation
 - Evaluate and potentially pursue auto-enrollment
 - Enhance marketing campaigns to prospective participants
- Continue to execute robust communications plan
- Provide multi-channel communications and marketing
- Continue to evaluate various investment opportunities and structures
 - Assess options in US Large Cap and Diversifiers (Real Assets)
 - Review relative benefits of investment option structures, including FutureReady, managed accounts and TDF
- Align resources to manage the increased complexity, scope and size of the DC program
 - Monitor RMD landscape and effectively implement necessary legislative changes
 - Conduct investment review and research in partnership with investment consultant
 - Address the increasing volume and complexity of specialized administrative and analytical work related to QDROs, loan default outreach, eligibility for unforeseen emergencies, special catch up, lump sum payout research, and increasing qualified participant contributions based on SECURE 2.0 legislation, and general customer service trouble shooting

DEFERRED COMPENSATION BUDGET

SFERS BUDGET - FISCAL YEAR 2023-24, 2024-25, & 2025-2026		DComp						
Deferred Compensation								
Object	Description	Appr. Base Budget	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)
		2023-2024	2024-2025	2023-24 to 2024-25	2023-24 to 2024-25	2025-2026	2024-25 to 2025-26	2024-25 to 2025-26
5010	Permanent Salaries*	883,144	897,339	14,195	1.61%	902,071	4,732	0.53%
5010	Temporary Pay	100,000	100,000	-	0.00%	100,000	-	0.00%
5090	Premium & Longevity Pay	-	-	-	0.00%	-	-	0.00%
5100	Incentive Pay-Retroactive Salaries	-	-	-	0.00%	-	-	0.00%
5110	Overtime	-	-	-	0.00%	-	-	0.00%
	Total Personal Services	983,144	997,339	14,195	1.44%	1,002,071	4,732	0.47%
5130	Mandatory Fringe Benefits*	352,415	-	(352,415)	-100.00%	-	-	-
5150	Health Service - Adm Cost*	-	-	-	0.00%	-	-	0.00%
	Total Fringe Benefits	352,415	-	(352,415)	-100.00%	-	-	-
5200	Overhead	-	-	-	0.00%	-	-	0.00%
	Total Overhead	-	-	-	0.00%	-	-	0.00%
5210	Travel	4,000	5,000	1,000	25.00%	5,000	-	0.00%
5220	Training	2,000	2,000	-	0.00%	2,000	-	0.00%
5230	Mileage / Local Field Exp	500	500	-	0.00%	500	-	0.00%
523050	Employee recognition	-	-	-	0.00%	-	-	0.00%
5240	Membership Fees	1,500	1,500	-	0.00%	1,500	-	0.00%
5270	Professional Services	200,000	210,000	10,000	5.00%	210,000	-	0.00%
5290	Equipment Maintenance	-	-	-	0.00%	-	-	0.00%
5300	Property Rent	-	-	-	0.00%	-	-	0.00%
5310	Office Machines Rent	1,000	1,000	-	0.00%	1,000	-	0.00%
5350	Other Current Services	1,500	1,500	-	0.00%	1,500	-	0.00%
	Total Non-Personal Services	210,500	221,500	11,000	5.23%	221,500	-	0.00%
5490	Total Materials and Supplies	5,000	5,000	-	0.00%	5,000	-	0.00%
5600	Total Equipment Purchases	-	-	-	0.00%	-	-	0.00%
581170	CA O - Insurance	-	-	-	0.00%	-	-	0.00%
581270	City Attorney	250,000	250,000	-	0.00%	250,000	-	0.00%
581210	TIS - ISD Services	-	-	-	0.00%	-	-	0.00%
581245	Controller - Financial Systems	-	-	-	0.00%	-	-	0.00%
581120	GF - Financial Systems	-	-	-	0.00%	-	-	0.00%
581130	GF - Audits	-	-	-	0.00%	-	-	0.00%
581140	DTIS Services	-	-	-	0.00%	-	-	0.00%
581430	HR - EEO	-	-	-	0.00%	-	-	0.00%
581360	DTIS - Telecommunications	-	-	-	0.00%	-	-	0.00%
581015	HR Modernization	-	-	-	0.00%	-	-	0.00%
581016	Diversity Equity Inclusion	-	-	-	0.00%	-	-	0.00%
581421	Govt. Ops Recovery	-	-	-	0.00%	-	-	0.00%
581450	DHR - Management Training	-	-	-	0.00%	-	-	0.00%
581460	DHR - Workers' Comp	-	-	-	0.00%	-	-	0.00%
581470	DHR - LOF/ERP	-	-	-	0.00%	-	-	0.00%
581480	DHR - Employee Relations	-	-	-	0.00%	-	-	0.00%
581660	Mayor's Youth Works	-	-	-	0.00%	-	-	0.00%
581820	Purchasing - Reproduction & Mail	-	-	-	0.00%	-	-	0.00%
581650	Lease Paid to Real Estate	121,091	125,623	4,532	3.74%	125,623	-	0.00%
581910	Department of Elections	-	-	-	0.00%	-	-	0.00%
581280	SFGOV Service	-	-	-	0.00%	-	-	0.00%
581325	Enterprise Agreement	-	-	-	0.00%	-	-	0.00%
581xxx	Record Copying Svc. - Workers' Comp	-	-	-	0.00%	-	-	0.00%
	Total Services of Other Depts.	371,091	375,623	4,532	1.22%	375,623	-	0.00%
486620	Exp Rec Fr Retre Hlth Trst Brd	-	-	-	0.00%	-	-	0.00%
	Total Revenue Recoveries	-	-	-	0.00%	-	-	0.00%
	Total	1,922,150	1,599,462	(322,688)	-16.79%	1,604,194	4,732	0.30%
	Total FTE's	7	7	0		7	0	

DEFERRED COMPENSATION BUDGET

BUDGET DETAIL

Permanent Salaries

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5010 Permanent Salaries	\$883,144	\$897,339*	\$14,195*	\$902,071*

* Budget amount to be determined by Controller's Office. Salaries shown are based on estimates.

Summary of Positions in the Deferred Comp Division:

Position/Title	FY2023-2024	Variance	FY2024-2025	Variance	FY2025-2026
0922 Manager I - Loan Program Manager	1.00	(1.00)	0.00		0.00
0923 Manager II	0.00	1.00	1.00		1.00
0932 Manager IV - Deferred Compensation Director	1.00		1.00		1.00
1209 Benefits Technician	3.00		3.00	(1.00)	2.00
1812 Assistant Retirement Analyst	1.00		1.00	1.00	2.00
1814 Benefits Supervisor	1.00		1.00		1.00
FTE Totals:	7.00	0.00	7.00	0.00	7.00

Temporary Salaries

To provide contingent funds for temporary professional level positions that may be approved by the Retirement Board.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5010 Temporary Salaries	\$100,000	\$100,000	\$0	\$100,000

DEFERRED COMPENSATION BUDGET

Mandatory Fringe Benefits

Fringe benefits associated with permanent positions in the division

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5130 Fringe Benefits	\$352,415	\$*	\$*	\$*

* Budget amount to be determined by Controller's Office

Travel Expenses

Funds for travel outside of the City by staff members related to seminars, conferences, and other training/educational meetings.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5210 Travel Expenses	\$4,000	\$5,000	\$1,000	\$5,000

Training/Education Expenses

Funds for staff development, education and training expenses.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5220 Training & Education	\$2,000	\$2,000	\$0	\$2,000

Auto Mileage and Field Expenses

Reimbursement for the use of private cars in connection attendance of meetings and/or training.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5230 Mileage/ Field Expense	\$500	\$500	\$0	\$500

DEFERRED COMPENSATION BUDGET

Professional Membership Fees

NAGDCA, WP&BC, InFRE, ISCEBS, International Foundation, ASPPA and Pension West.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5240 Membership Fees	\$1,500	\$1,500	\$0	\$1,500

Professional Services:

Plan performance assessment and consulting (Callan).

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5270 Professional Services	\$200,000	\$210,000	\$10,000	\$210,000

Office Equipment Leases

Shared color copier prorated based on usage.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5310 Office Equip Leases	\$1,000	\$1,000	\$0	\$1,000

Other Current Services

Shared use of postage meter, document shredding services and software licenses.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5350 Other Services	\$1,500	\$1,500	\$0	\$1,500

DEFERRED COMPENSATION BUDGET

Materials and Supplies

Funds for office supplies, computer supplies such as toner cartridges and repair parts, calculators, computers and related supplies that have a unit cost of under \$5,000, ergonomic/ADA office equipment is budgeted at \$1,000 and disaster preparedness supplies for SFDCP staff are budgeted at \$500.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
5400 Materials & Supplies	\$5,000	\$5,000	\$0	\$5,000

City Attorney's Work Order

Dedicated legal services provided by the City Attorney's office, including specialized outside legal counsel on deferred compensation plan-related caseload.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581270 City Atty Work Order	\$250,000	\$250,000*	\$0	\$250,000*

* Budget amount to be negotiated by work order with the Office of the City Attorney

Office Lease paid through Real Estate Department

Office rental prorated on an FTE basis.

Description Object	Approved Budget FY2023-2024	Proposed Budget FY2024-2025	Variance	Proposed Budget FY2025-2026
581650 Lease Paid to Real Estate	\$121,091	\$125,623*	\$4,532	\$125,623*

*Budget amount to be determined with negotiation of new lease. Number shown reflects current lease.

Budget Summary

Total Budget Summary

SFERS BUDGET - FISCAL YEAR 2023-24, 2024-25, & 2025-2026

Summary - SFERS AND SFDGP

Object	Description	Appr. Base Budget	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)	Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)
		2023-2024	2024-2025	2023-24 to 2024-25	2023-24 to 2024-25	2025-2026	2024-25 to 2025-26	2024-25 to 2025-26
5010	Permanent Salaries*	23,240,962	24,241,387	1,000,425	4.30%	24,574,862	333,475	1.38%
5010	Temporary Pay	944,972	955,735	10,763	1.14%	955,735	-	0.00%
5090	Premium & Longevity Pay	46,500	46,500	-	0.00%	46,500	-	0.00%
5100	Incentive Pay-Retroactive Salaries	3,550,000	3,550,000	-	0.00%	3,750,000	200,000	5.63%
5110	Overtime	10,000	50,000	40,000	400.00%	35,000	(15,000)	-30.00%
	Total Personal Services	27,792,434	28,843,622	1,051,188	3.78%	29,362,097	518,475	1.80%
5130	Mandatory Fringe Benefits*	7,558,287	-	(7,558,287)	-100.00%	-	-	-
5150	Health Service - Adm Cost*	1,823,741	-	(1,823,741)	-100.00%	-	-	-
	Total Fringe Benefits	9,382,028	-	(9,382,028)	-100.00%	-	-	#DIV/0!
5200	Overhead	547,081	547,081	-	0.00%	547,081	-	0.00%
	Total Overhead	547,081	547,081	-	0.00%	547,081	-	0.00%
5210	Travel	1,280,800	1,359,250	78,450	6.13%	1,421,140	61,890	4.55%
5220	Training	210,050	262,650	52,600	25.04%	266,050	3,400	1.29%
5230	Mileage/ Local Field Exp	8,600	8,600	-	0.00%	8,600	-	0.00%
523050	Employee recognition	-	20,000	20,000	0.00%	20,000	-	0.00%
5240	Membership Fees	99,710	108,832	9,122	9.15%	108,832	-	0.00%
5270	Professional Services	84,200,598	92,963,438	8,762,840	10.41%	113,721,372	20,757,934	22.33%
5290	Equipment Maintenance	115,000	115,000	-	0.00%	115,000	-	0.00%
5300	Property Rent	45,000	40,000	(5,000)	-11.11%	40,000	-	0.00%
5310	Office Machines Rent	284,000	284,000	-	0.00%	284,000	-	0.00%
5350	Other Current Services	1,469,434	3,301,289	1,831,855	124.66%	2,519,239	(782,050)	-23.69%
	Total Non-Personal Services	87,713,192	98,463,059	10,749,867	12.26%	118,504,233	20,041,174	20.35%
5490	Total Materials and Supplies	300,000	300,000	-	0.00%	300,000	-	0.00%
5600	Total Equipment Purchases	187,049	170,000	(17,049)	-9.11%	170,000	-	0.00%
581170	C A O - Insurance	10,302	12,059	1,757	17.05%	12,059	-	0.00%
581270	City Attorney	8,196,933	8,196,933	-	0.00%	8,196,933	-	0.00%
581210	TIS - ISD Services	468,376	496,414	28,038	5.99%	496,414	-	0.00%
581245	Controller - Financial Systems	212,843	217,340	4,497	2.11%	217,340	-	0.00%
581120	GF - Financial Systems	88,357	90,713	2,356	2.67%	90,713	-	0.00%
581130	GF - Audits	117,560	122,811	5,251	4.47%	122,811	-	0.00%
581140	DTIS Services	18,306	88,306	70,000	382.39%	18,306	(70,000)	-79.27%
581430	HR - EEO	51,198	51,627	429	0.84%	51,627	-	0.00%
581360	DTIS - Telecommunications	90,034	88,565	(1,469)	-1.63%	88,565	-	0.00%
581015	HR Modernization	13,996	11,721	(2,275)	-16.25%	11,721	-	0.00%
581016	Diversity Equity Inclusion	3,106	3,185	79	2.54%	3,185	-	0.00%
581421	Govt. Ops Recovery	25,465	25,465	-	0.00%	25,465	-	0.00%
581450	DHR - Management Training	22,000	22,000	-	0.00%	22,000	-	0.00%
581460	DHR - Workers' Comp	143,000	147,000	4,000	2.80%	147,000	-	0.00%
581470	DHR - LOF/ERP	6,919	6,919	-	0.00%	6,919	-	0.00%
581480	DHR - Employee Relations	9,874	10,170	296	3.00%	10,170	-	0.00%
581660	Mayor's Youth Works	9,072	9,072	-	0.00%	9,072	-	0.00%
581820	Purchasing - Reproduction & Mail	380,000	380,000	-	0.00%	380,000	-	0.00%
581650	Lease Paid to Real Estate	2,608,636	2,604,544	(4,092)	-0.16%	2,604,544	-	0.00%
581910	Department of Elections	70,000	70,000	-	0.00%	70,000	-	0.00%
581750	Purchasing General Office	71,087	73,575	2,488	100.00%	73,575	-	0.00%
581280	SFGOV Service	61,414	61,414	-	0.00%	61,414	-	0.00%
581325	Enterprise Agreement	62,312	62,312	-	0.00%	62,312	-	0.00%
581xxx	Record Copying Svc. - Workers' Comp	50,000	50,000	-	100.00%	50,000	-	0.00%
	Total Services of Other Depts.	12,790,790	12,902,145	111,355	0.87%	12,832,145	(70,000)	-0.54%
486620	Exp Rec Fr Retre Hlth Trst Brd	(110,000)	(110,000)	-	0.00%	(110,000)	-	0.00%
	Total Revenue Recoveries	(110,000)	(110,000)	-	0.00%	(110,000)	-	0.00%
	Total	138,602,574	141,115,907	2,513,333	1.81%	161,605,556	20,489,649	14.52%
	Total - Excluding SMA Investment Management Fees	63,925,574	57,515,907	(6,409,667)	-10.03%	57,705,556	189,649	0.33%
	Total FTE's	142	153	11		153	-	

**San Francisco
Employees' Retirement System**

**Strategic Plan
2024 - 2026**



SFERS

San Francisco Employees' Retirement System

The Organization

SFERS is committed to serving the retirement needs of our members. We support more than 77,000 active, vested and retired employees of the City and County of San Francisco, including teachers, firefighters, police officers, sheriffs and many other civilian employees. On behalf of these members, SFERS manages the System’s pension plan and administers the Deferred Compensation Plan.



SFERS Mission Statement

The San Francisco Employees’ Retirement System is dedicated to securing, protecting, and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits to the active and retired members of the City and County of San Francisco.

SFERS Vision Statement

The vision of the San Francisco Employees’ Retirement System is to be a trusted, leading edge, financially sound, well-governed, dependable, ethical and transparent plan.

Strategic Planning

Strategic Plan Purpose

This plan is a blueprint for the organization that ties together our mission and vision with our strategic goals.

- Builds on current strengths and focuses resources on a core set of objectives
- Serves as framework for prioritizing work plans and strategies and for allocating and aligning resources

Strategic Plan Process

SFERS commenced its strategic planning process in the summer of 2022.

Led by the CEO & CIO, SFERS senior leaders identified strengths, risks, opportunities and challenges faced by their individual units and the overall SFERS organization. This informed the development of key firmwide strategic objectives and goals.



The Strategic Plan is designed around three key objectives that align with the mission: Best in Class Operations, Financial Strength and Institutional Adeptness.



Strategic Goals

The Strategic Goals have been developed to drive attainment of the Strategic Objectives

Goal 1: Enhance Governance and Codify Institutional Knowledge

Implement robust governance practices befitting an organization of SFERS' scale and complexity to drive organizational efficiency, manage succession, and mitigate risk

- Establish strategic plan, department workplans and individual goals that all align with objectives
- Develop and update internal policies and procedures
- Develop desk/procedural manuals and documentation (Retirement Services and Finance & Accounting)
- Enhance internal communications
- Enhance communication with stakeholders

Goal 2: Leverage Technology

Better utilize existing technology and seek new systems to support efficiency, data management, data security and automation

- Broaden use of Content Management System(s) and data management tools
- Support people engagement, collaboration and information sharing platforms
- Continue to evolve cybersecurity program and data security
- Explore systems to help manage member engagement and information
- Explore new technology to reduce reliance on manual inputs and processes
- Employ enhanced data management rigor

Goal 3: Pursue Operational Excellence

Enhance operational effectiveness and service delivery by seeking greater efficiencies, evolving with member needs and augmenting processes to mitigate risk

- With additional Retirement Services staff, provide enhanced services, further align with evolving member service preferences and needs, and mitigate risk
- Engage and educate DC members and cultivate innovative plan offerings
- Develop Enterprise Strategy and Risk capabilities
- Ensure business continuity of SFERS' services
- Conduct Q&A audits
- Develop enhanced processes for service provider contracting and monitoring

Goal 4: Pursue Investment Excellence

Continue to evolve the investment portfolio to drive strong returns in excess of the benchmark, mindful of investment risk, the market environment and liquidity needs

- Generate strong risk-adjusted returns through prudent portfolio management for both DB and DC
- Manage liquidity
- Enhance governance for efficient and effective investment decision making
- Enhance Portfolio Construction - Guardrails, Processes and Risk Management
- Foster risk-aware culture, enhanced use of risk analytics and effective diversification

Goal 5: Attract, Develop and Retain Talent

Establish an environment that values and retains the highly-skilled workforce necessary to drive success in a highly complex business where experience is critical and in high demand

- Provide safe and welcoming office environment
- Align resources with evolving business needs (complexity in Investments, Retirement Services and Enterprise Strategy and Risk)
- Develop succession planning and career pathing
- Continue to enhance new employee onboarding process
- Reinvigorate culture and increase employee engagement