



**SERS Retirement Board
Compensation Committee
Meeting Agenda
December 15, 2022
7:30 A.M**

To Join Zoom Meeting:

<https://ohsers.zoom.us/j/92159050276?pwd=VEUvZlIxR1VUYVhZYmZPMGIyUWpEUT09>

Meeting ID: 921 5905 0276 **Password:** 438727

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **921 5905 0276** and password: **438727** when prompted.

1. Roll Call
2. Approval of **September 15, 2022**, Compensation Committee Minutes (R)
3. Executive session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee (R)

RECESS TO RECONVENE THURSDAY AFTERNOON

4. Annual Compensation Guidance – Joe Rice (CBIZ)
5. Executive session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)
6. Adjournment (R)

SCHOOL EMPLOYEES RETIREMENT SYSTEM

COMPENSATION COMMITTEE

December 15, 2022

_____ A.M.

Roll Call:

Daniel Wilson	_____
Jeffrey DeLeone	_____
Hugh Garside	_____
James Haller	_____
Barbra Phillips	_____

Guests in Attendance:

**APPROVAL OF MINUTES OF THE COMPENSATION COMMITTEE
MEETING HELD ON**

September 15, 2022

_____ moved and _____ seconded the motion to approve the minutes of the Compensation Committee meeting held on September 15, 2022.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____

School Employees Retirement System		COMPENSATION COMMITTEE MINUTES	
Preparer	Vatina Gray	Meeting Date:	September 15, 2022
Committee Chair	Daniel Wilson	Committee roll call was as follows: Present: Daniel Wilson, Jeffrey DeLeone, Hugh Garside, James Haller, and Barbra Phillips. Also in Attendance: Lisa Reid, representative from the Ohio Attorney General's Office, SERS Staff: Richard Stensrud, Joe Marotta, and Vatina Gray.	
Agenda	<ol style="list-style-type: none"> 1. Roll Call 2. Approval of July 22, 2022 Compensation Committee Minutes (R) 3. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee (R) 4. Adjournment 		
Discussion	<p>The SERS Compensation Committee meeting began in open session at 7:30 a.m.</p> <p><u>ROLL CALL</u></p> <p>The SERS Compensation Committee roll call was as follows: Daniel Wilson, Jeffrey DeLeone, and James Haller. Absent: Hugh Garside and Barbra Phillips. Also in attendance was Lisa Reid from the Ohio Attorney General's Office, SERS Staff Richard Stensrud, Joe Marotta, Vatina Gray, and members of the public via Zoom.</p> <p><u>APPROVAL OF MINUTES</u></p> <p>James Haller moved, and Jeffrey DeLeone seconded the motion to approve the minutes of the Compensation Committee meeting held on June 16, 2022. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeffrey DeLeone, and James Haller. Absent: Hugh Garside and Barbra Phillips. The motion carried.</p> <p><u>EXECUTIVE SESSION</u></p> <p>James Haller moved and Jeffrey DeLeone seconded the motion that the Compensation Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeffrey DeLeone, and James Haller. Absent: Hugh Garside and Barbra Phillips. The motion carried.</p> <p>The committee convened in executive session at 7:34 a.m. The committee returned to open session at 8:14 a.m.</p> <p><u>EXECUTIVE DIRECTOR GOALS – FY2023</u></p> <p>James Haller moved and Jeffrey DeLeone seconded the motion to approve the Executive Director's goals for FY2023. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeffrey DeLeone, and James Haller. Absent: Hugh Garside and Barbra Phillips. The motion carried.</p> <p><u>ADJOURNMENT</u></p> <p>Daniel Wilson moved that the Compensation Committee adjourn at 8:16 a.m.</p>		

	Action Items	Assigned Person	Due Date
Action Items			

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

RECESS

_____ moved that the Compensation Committee recess to reconvene on Thursday afternoon, December 15, 2022, to continue the committee meeting and to discuss the Compensation Study.

The meeting recessed at _____ a.m./p.m.

CBIZ Compensation Consulting

School Employees Retirement System of Ohio | December 15, 2022

Annual Compensation Guidance



Your Team.

Local. Trusted. Nationwide.

Agenda

Compensation Study Recap

Labor market trends

CBIZ survey results

Salary increase guidance

Custom 2023 guidance

Compensation Study Recap



Compensation Philosophy

	STAFF	EXECUTIVE	INVESTMENT
GEOGRAPHY	Columbus	National/Columbus	National
INDUSTRY	Public/Private Mix	Public/Private Mix	Pension/Private (financial services) Mix
SIZE/SCOPE	Pension peer group + Local employers of similar size (budget; # employees)	Pension peer group + Local employers of similar size (budget; # employees)	Assets under management; budget
PENSION PEER GROUP	Smaller group to emphasize Ohio peers	Local + National (Review of AUM range, governance structure, members, staff)	National, focus on asset management approach
MARKET COMPARISON	Base 50 th	Base 50 th	Total Cash Compensation 50 th

Ongoing Recommendations

Adjust salary structure annually

Budget for market-competitive salary increases

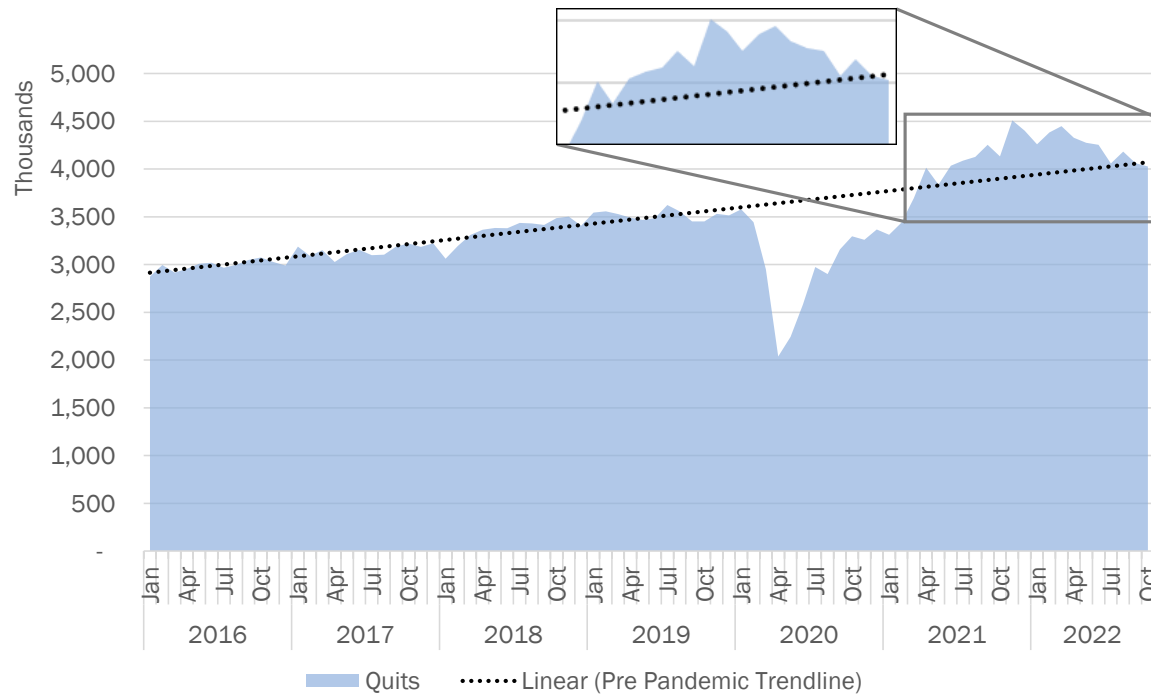
As part of our contract, CBIZ provides annual recommendations for both considerations

Labor Market Trends



Labor Market Trends

Quits



U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover.

“Quits” measures the number of voluntary employee exits

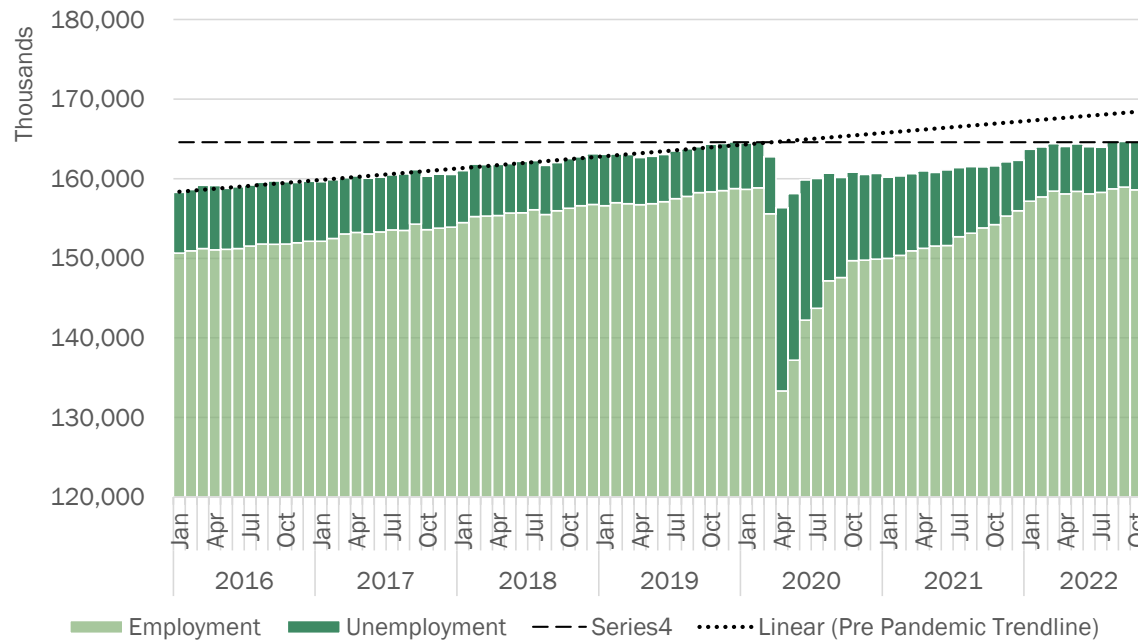
Quits dropped during the pandemic

Quits has returned to the pre pandemic trend!

Is the “Great Resignation” officially over?

Labor Market Trends

Labor Force



U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.

The Labor Force is the sum of unemployed and employed persons

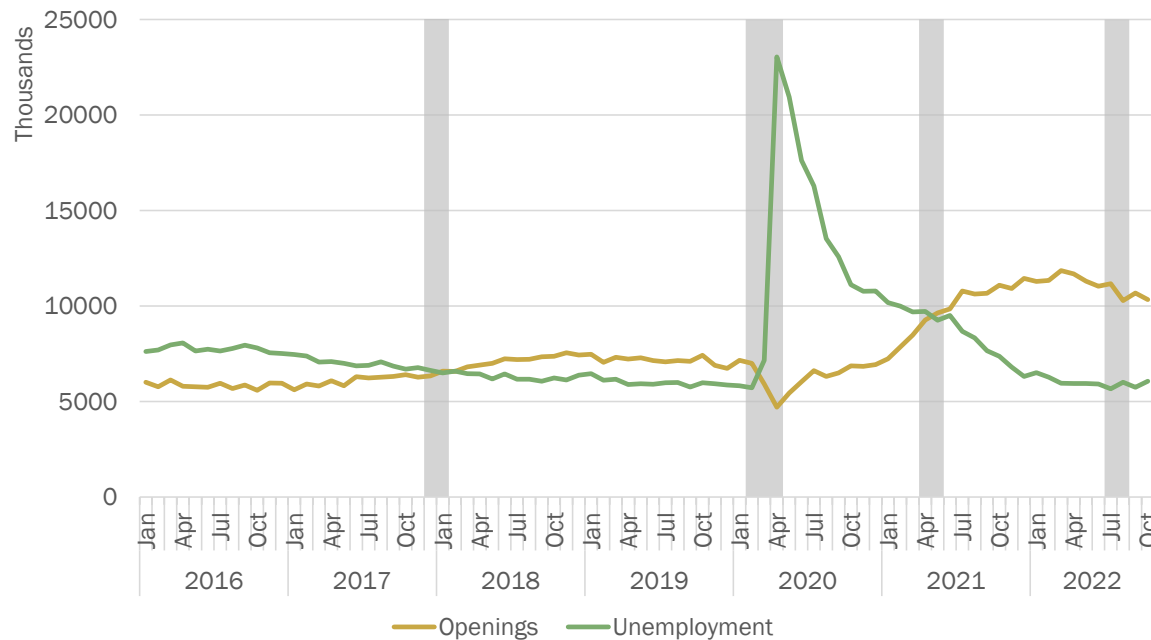
There has been a drop in the labor force since the start of the pandemic

The labor force is back to the pre pandemic level, but has not caught up to trend

Fewer labor force participants results in higher competition for talent, which will result in accelerated wage growth

Labor Market Trends

Job Openings vs Unemployment Level



Comparing job openings to the unemployment level established the supply and demand for labor

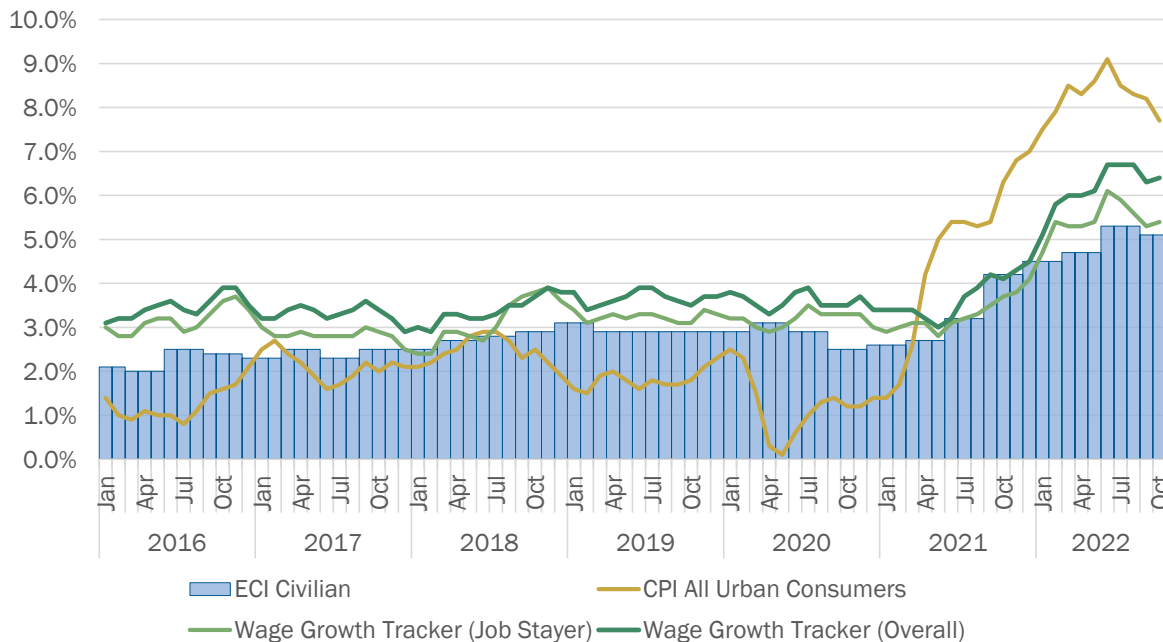
There are currently 1.7 jobs available for each unemployed person

U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover.

U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.

Labor Market Trends

Wages and Inflation



U.S. Bureau of Labor Statistics. Employment Cost Index.

U.S. Bureau of Labor Statistics. Consumer Price Index.

Wage growth shows signs of slowing, but its still quite high.

Employment Cost Index (ECI)

- Measure of the 12-month increase in wages.
- The civilian data includes public and private workers.

Consumer Price Index (CPI)

- Inflation. All Urban Consumers.

The Wage Growth Tracker

- Follows a group of individuals over time.
- The data here reflects workers who are in the same job over the prior year as well as the full data set.

CBIZ recommends that salary increases track wage metrics, not CPI/inflation

Typically wages grow faster than inflation

— CBIZ Survey Results



Summary Results

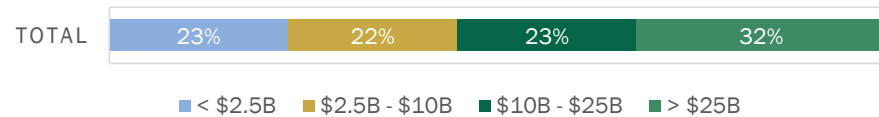
82 jobs

- Added some job levels
- Few new positions

88 Participants!

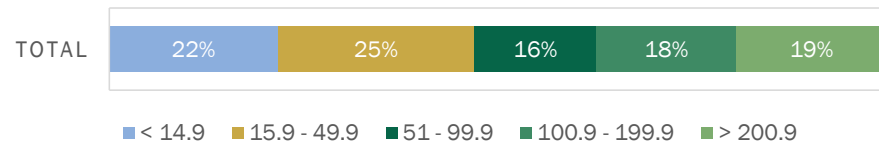
- New record

RESPONSE CHARACTERISTICS - ASSET CLASS



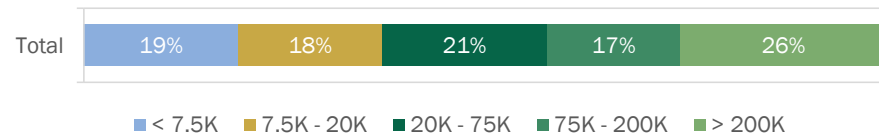
■ < \$2.5B ■ \$2.5B - \$10B ■ \$10B - \$25B ■ > \$25B

RESPONSE CHARACTERISTICS - FTE



■ < 14.9 ■ 15.9 - 49.9 ■ 51 - 99.9 ■ 100.9 - 199.9 ■ > 200.9

RESPONSE CHARACTERISTICS - MEMBERS



■ < 7.5K ■ 7.5K - 20K ■ 20K - 75K ■ 75K - 200K ■ > 200K

CBIZ survey results

Highest Wage Growth

Legislative Director (+28.0%)

Portfolio Manager - Real Estate (+20.3%)

Financial Analyst II (+20.0%)

Director of Private Equity (+17.3%)

Systems Project Manager (+17.2%)

Portfolio Manager - Public Equity (+16.4%)

Chief Legal Officer (+16.3%)

Senior Portfolio Manager - All Asset Classes (+16.3%)

Legislative Liaison (+15.1%)

Senior Portfolio Manager - Alternative Investments (+13.6%)

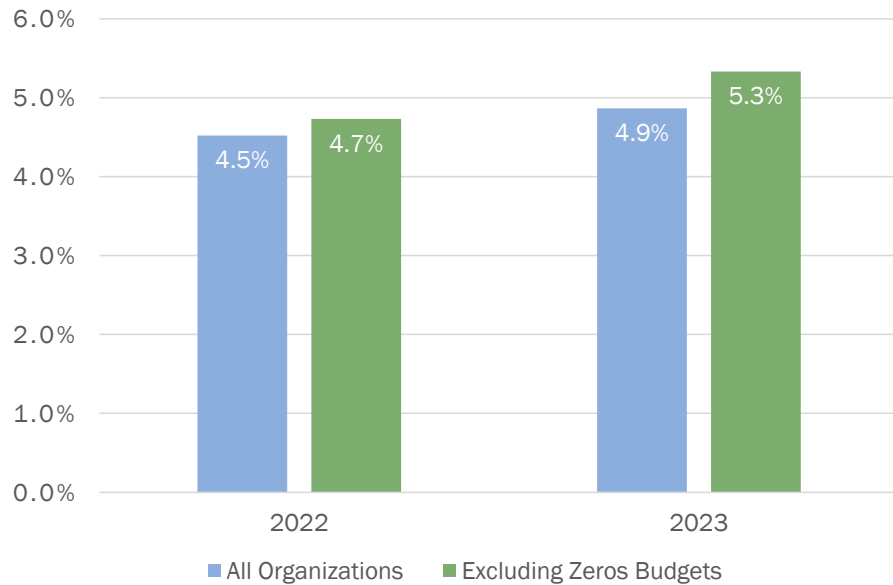
Last year, 9 of 10 were in Investments

Overall

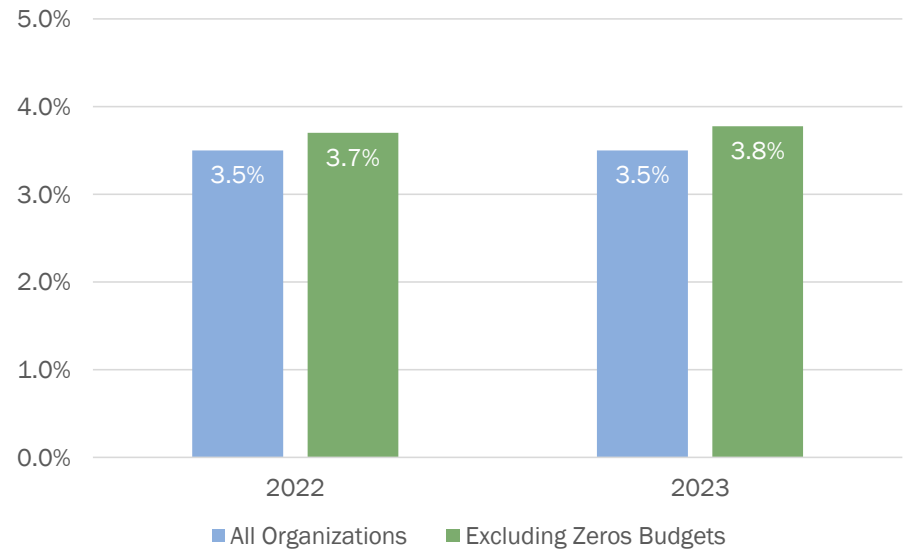
- Base + 3.9%
- TCC + 5.1%

Salary Increase Trends

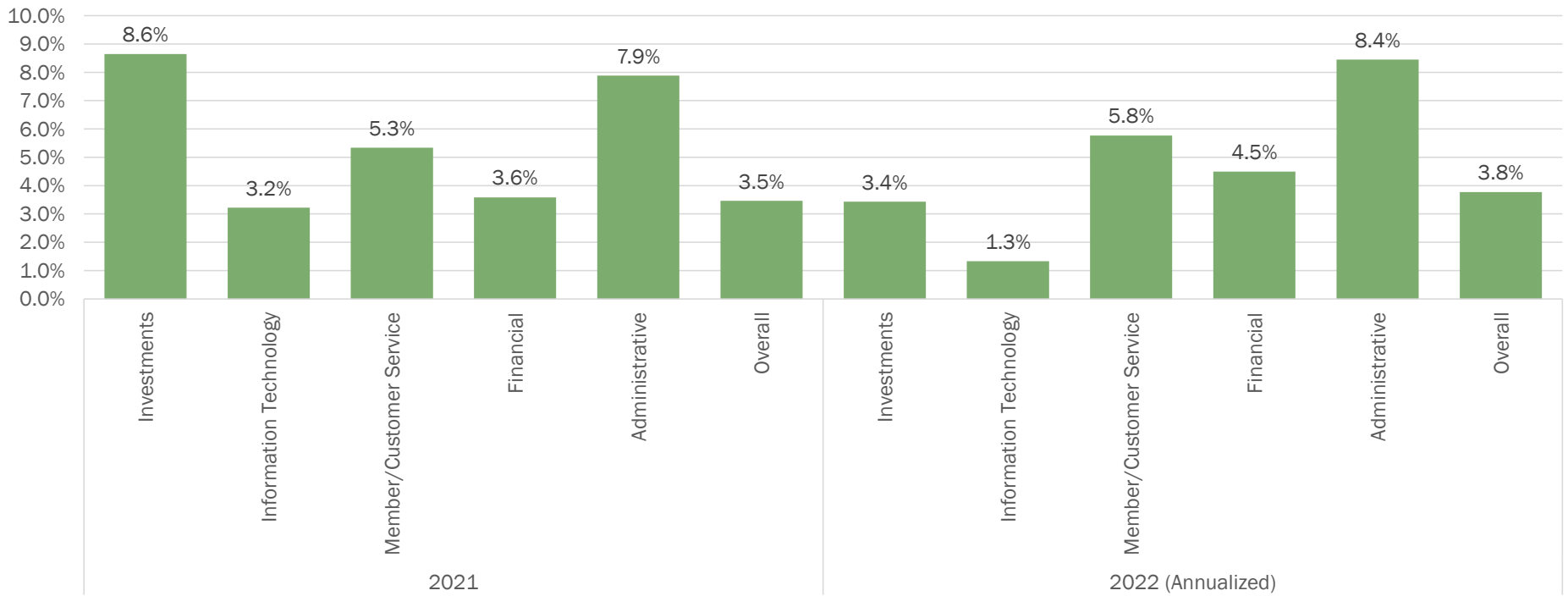
Salary Increase Budget - Average



Salary Increase Budget - Median

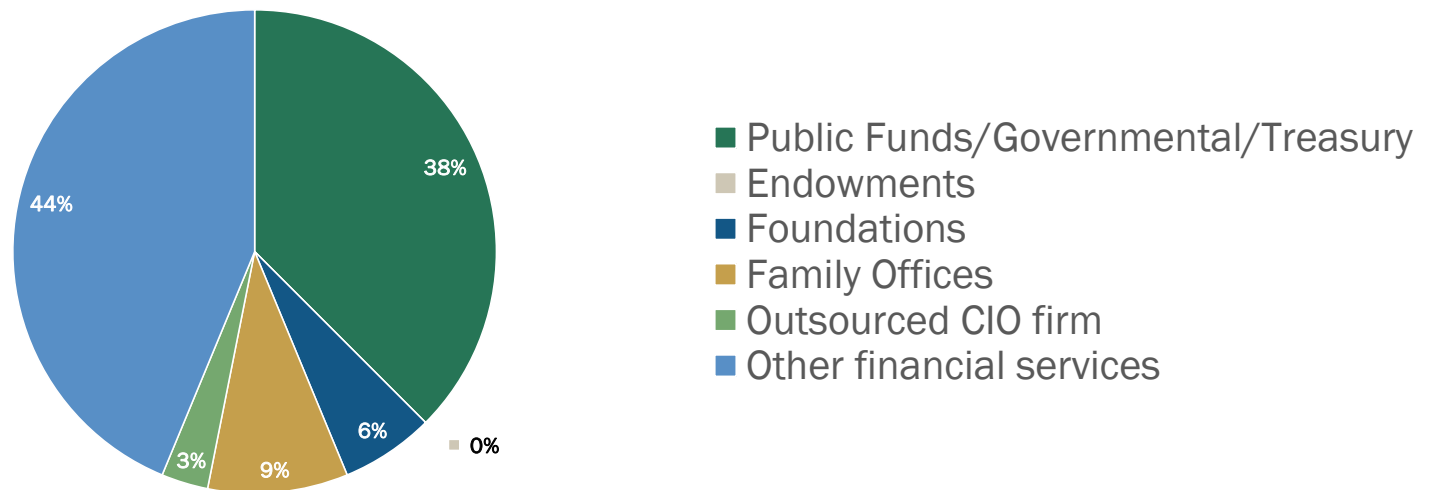


Turnover



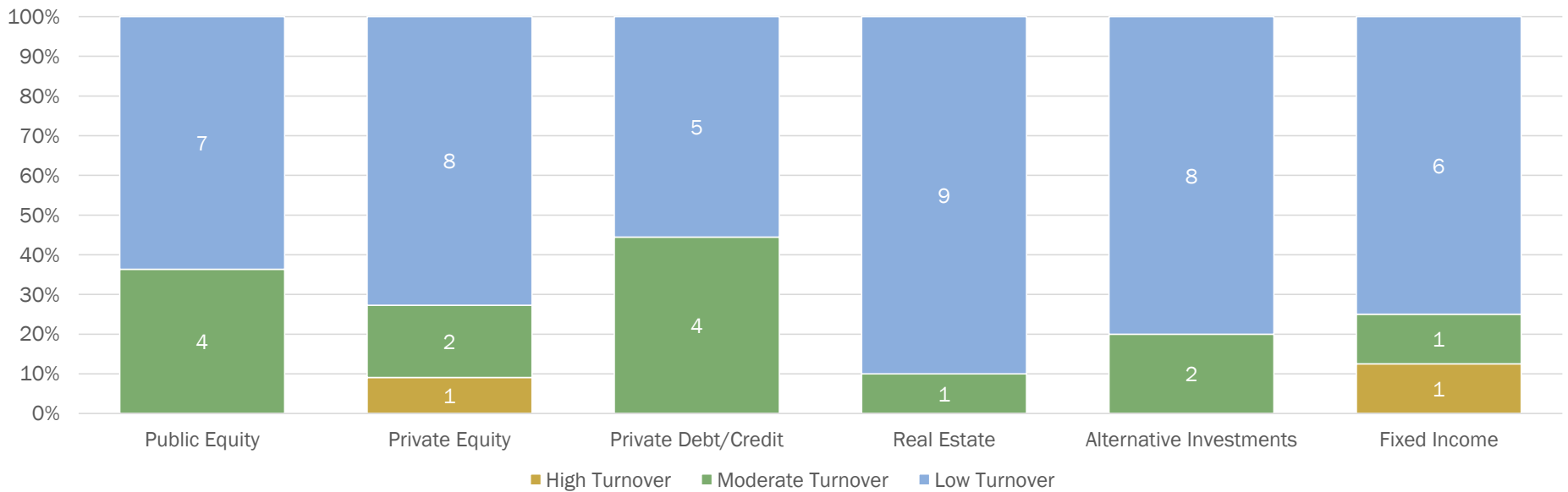
Turnover

Within your Investments department, did you experience voluntary exits to any of the following industries?



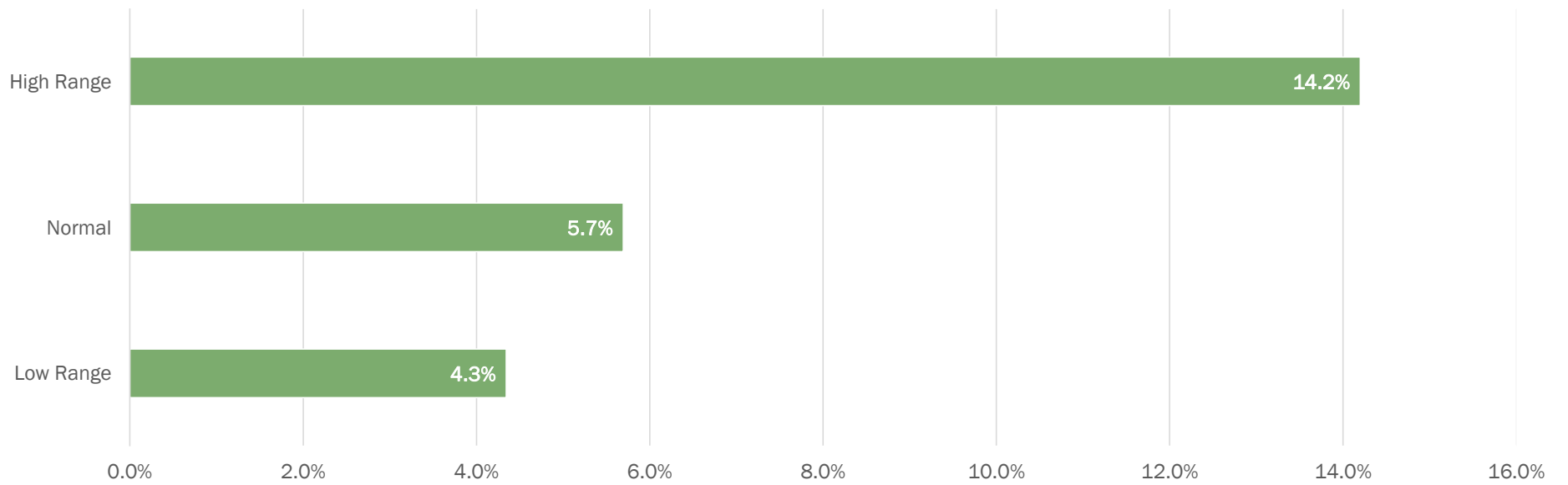
Turnover

In which turnover category would you assign the following investments asset classes?



Turnover

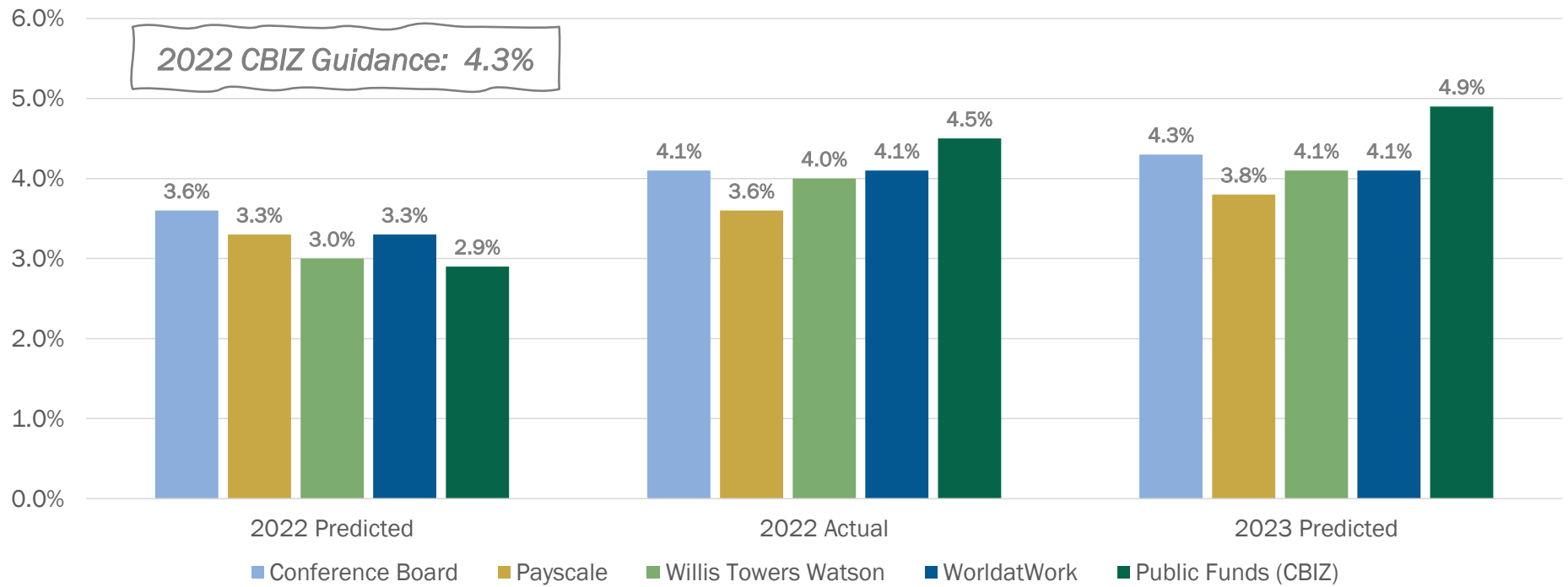
What annualized turnover percentage range is perceived to be acceptable/healthy turnover?



Salary Increase Guidance



Survey Forecasts (Average)



CBIZ 2023 Guidance

5.3%
Structure
Update

- Tied to ECI
- Broad Measure of Wage movement

6.5% - 8.3%
Salary
Increase
Budget

- Avoid/alleviate pay compression
- Employees need to move through the market range
- Based on typical update-increase spreads

Custom 2023 Guidance



Refine 2023 Guidance

CBIZ to prepare a customized salary planning guidance report based on

- Incorporate December ECI data (released in late January)
- Explore additional cuts by industry and location
- Guidance would include structure update and salary increase guidance

Share results in person at February board meeting

—
Your Team.

QUESTIONS?

WE'RE HERE TO HELP.

Joe Rice

Director, Compensation Consulting

314.590.4070

jrice@cbiz.com



EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

ADJOURNMENT

_____ moved that the Compensation Committee adjourn to meet on _____
or the next compensation committee meeting.

The meeting adjourned at _____ a.m.

Daniel Wilson, Compensation Committee Chair