



FY 2027 Budget Request

JUNE 5, 2025

Budget Overview

	Expended (est) FY 2025	Received FY 2025	Received FY 2026	Request FY 2027	% change
PERSONAL SERVICES					
Total FTEs	32.00	35.00	35.00	35.00	
Total Base Compensation	8,388,505	9,831,138	9,875,598	9,691,306	-1.87%
Total Investment Performance Incentives	5,800,948	16,641,845	17,256,902	17,147,664	-0.63%
Total Personal Services	14,189,453	26,472,983	27,132,500	26,838,970	-1.08%
OPERATING EXPENSES					
Contractual Total	2,496,691	2,928,489	3,037,226	3,136,269	3.26%
Travel	52,438	88,681	88,681	88,681	0.00%
Office Supplies	3,671	5,000	5,000	5,000	0.00%
Capital Assets	48,741	40,520	40,520	40,520	0.00%
Total Operating Expenses	2,601,542	3,062,690	3,171,427	3,270,470	3.12%
TOTAL BUDGET	16,790,995	29,535,673	30,303,927	30,109,440	-0.64%

UNIT COST SUMMARY *

Internal Expenses as % of Total Adjusted Assets

Total Expenses as % of Total Adjusted Assets

0.105%

0.310%

FY28 long-term
plan forecast

0.101%

0.297%

0.099%

* Unit cost based on total assets adjusted to long-term value, expenses using assumed average investment performance incentives, long-term average of retirement & resignation flexibility funds, and an assumed 2.5% salary policy for FY27.

Personal Services Budget

	Expended (est) FY 2025	Received FY 2025	Received FY 2026	Request FY 2027	% change
PERSONAL SERVICES					
Total FTEs	32.00	35.00	35.00	35.00	
Base Compensation					
Base Compensation - Investment Staff	6,242,089	7,178,312	7,233,167	7,046,089	-2.59%
Base Comp - Admin, Acct, Legal, Longevity	773,189	844,120	810,385	833,743	2.88%
TOTAL STAFF - FULL TIME	7,015,278	8,022,432	8,043,548	7,879,832	-2.04%
Part-Time - Legal & Interns	43,957	42,586	43,135	43,294	0.37%
Investment Council	6,972	11,948	12,102	12,102	0.00%
Retirement & resignation flexibility funds	141,481	211,420	214,063	214,063	0.00%
Benefits	1,180,817	1,542,752	1,562,750	1,542,015	-1.33%
Total Base Compensation	8,388,505	9,831,138	9,875,598	9,691,306	-1.87%
Investment Performance Incentives					
Maximum Potential Investment Perf Incentive	5,442,703	15,063,132	15,603,604	15,507,613	-0.62%
Benefits	358,245	1,578,713	1,653,298	1,640,051	-0.80%
Total Investment Performance Incentives	5,800,948	16,641,845	17,256,902	17,147,664	-0.63%
TOTAL PERSONAL SERVICES	14,189,453	26,472,983	27,132,500	26,838,970	-1.08%

Operating Budget

	Expended (est) FY 2025	Received FY 2025	Received FY 2026	Request FY 2027	% chng
CONTRACTUAL SERVICES					
Investment Services					
Consulting Services	19,256	180,000	180,000	180,000	0.00%
Investment Accounting, Performance Benchmarking	403,585	427,906	388,730	401,385	3.26%
Investment Databases, Newsfeeds & Quote Fees	806,715	827,100	886,133	919,319	3.75%
Investment Research Services	459,177	496,179	493,121	516,026	4.64%
Flexibility - From Brokerage to Independent Research	0	225,000	225,000	225,000	0.00%
Total Investment Services (see next page for further details)	1,688,732	2,156,185	2,172,984	2,241,730	3.16%
Administrative Expenses					
Office Rent	168,604	168,605	168,605	176,193	4.50% Per contract-potential 4.5% incr
Bond/Liability Insurance	8,600	8,385	8,600	8,815	2.50% \$205/FTE & Council 35+8 adj per BFM
Telephone	24,975	18,000	24,336	24,336	0.00% No change
Office Equip Rental/Maintenance/Misc	3,060	7,800	7,800	7,800	0.00% No change
Bureau of Info & Telecommunications (BIT)	167,657	138,549	197,554	210,154	6.38% Add co-pilot \$30/user/mth
State Central Services	14,851	14,994	16,023	17,393	8.55% Add SDLearn through BHRA
Legislative Audit	70,169	70,579	74,814	77,058	3.00% Allows 3% increase
Janitorial	0	3,730	3,730	3,730	0.00% No change
Custodial Fees - Global	305,060	305,162	311,280	317,560	2.02% Per contract
Seminars/Educational Programs	44,982	35,000	50,000	50,000	0.00% No change
Business Publications	0	1,500	1,500	1,500	0.00% No change
Total Administrative Expenses	807,959	772,304	864,242	894,539	3.51%
TOTAL CONTRACTUAL SERVICES	2,496,691	2,928,489	3,037,226	3,136,269	3.26%
TRAVEL	52,438	88,681	88,681	88,681	0.00% No change
OFFICE SUPPLIES & POSTAGE	3,671	5,000	5,000	5,000	0.00% No change
CAPITAL ASSETS	48,741	40,520	40,520	40,520	0.00% No change
TOTAL OPERATING EXPENSES	2,601,542	3,062,690	3,171,427	3,270,470	3.12%

Investment Services Details

<u>INVESTMENT SERVICES-DETAILED</u>	<u>Expended (est)</u> <u>FY 2025</u>	<u>Received</u> <u>FY 2025</u>	<u>Received</u> <u>FY 2026</u>	<u>Request</u> <u>FY 2027</u>	
Consulting Services					
Benchmarking/Compensation	0	30,000	30,000	30,000	0.00%
Legal/Tax Consulting Services	19,256	150,000	150,000	150,000	0.00%
Subtotal	19,256	180,000	180,000	180,000	0.00%
Investment Accounting, Performance, Benchmarking					
BNY/Mellon Performance & Risk Analysis	18,100	8,400	18,100	19,005	5.00% Allows 5% increase
S&P 1200 / S&P US	8,350	35,196	61,320	61,320	0.00% Rec'd CR FY25-Negotiated contract
S&P 1200 Custom	10,000	10,000	10,000	10,000	0.00% No change
FTSE Index	30,503	20,000	35,000	36,750	5.00% Allows 5% increase
Cusip Global Services	21,000	24,310	24,310	24,310	0.00% No change
MSCI Index	15,632	30,000	30,000	30,000	0.00% No change
SS&C Aloha/Genesis	300,000	300,000	210,000	220,000	4.76% Per contract for licensing/hosting
Subtotal	403,585	427,906	388,730	401,385	3.26%
Investment Databases, Newsfeeds & Quote Fees					
Bloomberg	136,263	145,110	145,110	149,460	3.00% Allows for 5% incr of FY26 expected
Trade Order Management System	150,000	183,750	150,000	150,000	0.00% No change
Factset	361,590	343,889	379,680	420,904	10.86% Incr per contract amendment-plus addtl users
Refinitiv (previously Reuters Fundamental Index)	61,440	57,169	62,471	74,342	19.00% Allows for 10% incr of FY26 expected
Quote/Pricing Fees (incl. Bloomberg/Factset)	47,295	52,182	101,622	70,000	-31.12% Negotiated adjustments plus addtl users in FY27
Dow Jones News Service	45,127	45,000	47,250	49,613	5.00% Allows for 5% incr per agreement
Broadridge Investor Communication Solutions	5,000	0	0	5,000	0.00% New proxy voting service
Subtotal	806,715	827,100	886,133	919,319	3.75%

Investment Services Details, cont.

	Expended (est) <u>FY 2025</u>	Received <u>FY 2025</u>		Received <u>FY 2026</u>	Request <u>FY 2027</u>	<u>% chng</u>
Investment Research Services						
GNA Services-Gimme Credit FI Research	14,820	26,250		26,250	26,250	0.00% No change
Credit Sights	157,500	196,630		160,000	173,644	8.53% Increase per contract
Reorg Research/Octus	133,000	110,000		160,000	160,000	0.00% No change
Insider Score	31,907	31,907		32,864	35,177	7.04% Allows for 5% incr of 25/26 per contract
Boyars Intrinsic Value	0	19,425		0.00	0.00	0.00% Did not renew
Morningstar	70,000	71,000		73,130	73,130	0.00% No change
Steel Market Update	3,750	3,483		0.00	4,000	0.00% Reinstated subscription FY25
Value Line	5,300	5,250		5,459	5,623	3.00% Allows for 3% incr
Greenstreet	42,900	32,234		35,418	38,202	7.86% Allows 5% incr of 25/26 (FY25 incl addtl qtr)
Flexibility - From Brokerage to Independent Research	0	225,000		225,000	225,000	0.00% Allows unbundling of brokerage research
Subtotal	459,177	721,179		718,121	741,026	3.19%
Total Contractual - Investment Services	1,688,732	2,156,185		2,172,984	2,241,730	3.16%