

June 18, 2026

Administrative Committee Meeting

2100 Evergreen Park Dr SW, Olympia, WA 98502

The link to view the meeting virtually can be found at www.sib.wa.gov/meetings.html

- 1. Call to Order/Roll Call (8:30 am)**
- 2. Adoption of Minutes (8:30-8:35)**
 - A. Adoption of the April 16, 2026, Meeting Minutes
Recommended Action: That the Administrative Committee approve the April 16, 2026, meeting minutes.
2026.04.16 Administrative Committee Minutes_DRAFT For Approval.pdf
- 3. 2027 Administrative Committee Meeting Schedule (8:35-8:40)**
 - A. Presenter: Yona Makowski, Administrative Committee Chair

The proposed 2027 Board meeting dates are:
February 18
April 15
June 17
September 16
November 18
December 16
Recommended Action: That the Administrative Committee approve the 2027 Administrative Committee meeting schedule as proposed.
- 4. Budget (8:40-9:00)**
 - A. Quarterly Budget Update
 - B. 2027-2029 Biennial Appropriated Budget and Fiscal Year 2027 Non-Appropriated Budget
- 5. Executive Session (9:00-9:15)**
 - A. Succession Planning
- 6. Other Items (9:15-9:20)**
- 7. Adjourn (9:20 am)**

QUARTERLY BUDGET UPDATE

JUNE 18, 2026

Cliff Hicks
Budget Officer



FISCAL YEAR (FY) 2026 QUARTERLY BUDGET UPDATE

QUARTER ENDED MARCH 31, 2026



Appropriated Budget

	FY 2026					FY 2025				
	Budgeted Amount	Expenditures Through March 31, 2026		PROJECTED EXPENDITURES		Budgeted Amount*	Expenditures Through March 31, 2025		ACTUAL EXPENDITURES	
	FY 2026	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended	FY 2025	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
Salaries	\$29,394,140	\$18,013,084	61.3%	\$24,365,227	82.9%	\$29,278,301	\$17,159,484	58.6%	\$23,023,691	78.6%
Benefits	5,974,039	3,562,018	59.6%	4,989,139	83.5%	5,448,001	3,822,552	70.2%	5,212,028	95.7%
Professional Service Contracts	1,194,293	294,704	24.7%	524,704	43.9%	1,509,293	318,125	21.1%	427,927	28.4%
Goods and Services	6,335,598	4,619,036	72.9%	5,970,338	94.2%	5,838,271	3,600,051	61.7%	4,790,786	82.1%
Travel	1,168,345	758,619	64.9%	727,491	62.3%	1,214,759	800,673	65.9%	501,065	41.2%
Equipment	177,985	50,553	28.4%	125,553	70.5%	185,985	97,479	52.4%	764,802	411.2%
Debt Service (Treasury Note)	85,461	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Total	\$44,329,861	\$27,298,014	61.6%	\$36,702,452	82.8%	\$43,474,610	\$25,798,364	59.3%	\$34,720,299	79.9%

* Please note that the annual budgeted amount for FY 2025 does not include the \$5.5M balance that carried over from FY 2024.

FY 2026 QUARTERLY BUDGET UPDATE

QUARTER ENDED MARCH 31, 2026



Non-Appropriated Budget – Fluctuating Costs

	FY 2026				
	Budgeted Amount	Expenditures Through March 31, 2026		PROJECTED EXPENDITURES	
	FY 2026	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
Public Equity	\$90,257,000	\$56,346,943	62.4%	\$79,567,080	88.2%
Private Equity	521,000,000	355,780,488	68.3%	488,990,988	93.9%
Real Estate	20,875,000	2,660,795	12.7%	3,573,795	17.1%
Tangible Assets	120,910,000	74,204,852	61.4%	103,454,852	85.6%
Innovation Portfolio	25,500,000	14,767,990	57.9%	20,868,490	81.8%
Securities Lending	4,500,000	2,338,316	52.0%	3,882,188	86.3%
Cash Management	5,500,000	3,425,188	62.3%	4,625,188	84.1%
Cash Overlay	1,000,000	484,350	48.4%	659,350	65.9%
Subtotal	\$789,542,000	\$510,008,922	64.6%	\$705,621,931	89.4%

	FY 2025				
	Budgeted Amount	Expenditures Through March 31, 2025		ACTUAL EXPENDITURES	
	FY 2025	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
Public Equity	\$90,507,000	\$54,554,068	60.3%	\$72,306,598	79.9%
Private Equity	521,000,000	362,686,270	69.6%	475,613,699	91.3%
Real Estate	20,875,000	10,365,203	49.7%	11,322,329	54.2%
Tangible Assets	120,910,000	77,529,153	64.1%	102,075,127	84.4%
Innovation Portfolio	20,500,000	16,748,767	81.7%	21,329,264	104.0%
Securities Lending	4,500,000	1,842,658	40.9%	2,499,884	55.6%
Cash Management	5,500,000	2,589,942	47.1%	3,707,664	67.4%
Cash Overlay	1,000,000	453,747	45.4%	602,654	60.3%
Subtotal	\$784,792,000	\$526,769,808	67.1%	\$689,457,219	87.9%

FY 2026 QUARTERLY BUDGET UPDATE

QUARTER ENDED MARCH 31, 2026



Non-Appropriated Budget – Non-Fluctuating Costs

	FY 2026				
	Budgeted Amount	Expenditures Through March 31, 2026		PROJECTED EXPENDITURES	
	FY 2026	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
General Consultants	\$1,265,000	\$328,580	26.0%	\$659,005	52.1%
Staff Consultants and Contractual Services	4,264,000	1,303,229	30.6%	2,541,829	59.6%
Legal Fees	3,000,000	486,885	16.2%	677,347	22.6%
Custodian Bank Fees	3,105,000	2,328,750	75.0%	3,105,000	100.0%
Portfolio Verification	2,060,000	520,154	25.3%	1,700,154	82.5%
Memberships	252,000	142,521	56.6%	228,771	90.8%
Research Services and Analytical Tools	4,634,000	3,500,400	75.5%	4,454,360	96.1%
Subtotal	\$18,580,000	\$8,610,519	46.3%	\$13,366,466	71.9%

	FY 2025				
	Budgeted Amount	Expenditures Through March 31, 2025		ACTUAL EXPENDITURES	
	FY 2025	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
General Consultants	\$1,015,000	\$223,475	22.0%	\$421,300	41.5%
Staff Consultants and Contractual Services	4,264,000	1,749,110	41.0%	2,155,940	50.6%
Legal Fees	3,000,000	386,393	12.9%	498,860	16.6%
Custodian Bank Fees	3,020,000	2,153,750	71.3%	2,930,000	97.0%
Portfolio Verification	693,000	525,565	75.8%	696,186	100.5%
Memberships	252,000	126,647	50.3%	199,647	79.2%
Research Services and Analytical Tools	4,442,000	3,498,390	78.8%	4,096,254	92.2%
Subtotal	\$16,686,000	\$8,663,330	51.9%	\$10,998,187	65.9%

FY 2026 QUARTERLY BUDGET UPDATE

QUARTER ENDED MARCH 31, 2026



Total Budget

	FY 2026				
	Budgeted Amount	Expenditures Through March 31, 2026		PROJECTED EXPENDITURES	
	FY 2026	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
Appropriated	\$44,329,861	\$27,298,014	61.6%	\$36,702,452	82.8%
Non-Appropriated	\$808,122,000	\$518,619,441	64.2%	\$718,988,397	89.0%
Total	\$852,451,861	\$545,917,455	64.0%	\$755,690,849	88.6%

	FY 2025				
	Budgeted Amount	Expenditures Through March 31, 2025		ACTUAL EXPENDITURES	
	FY 2025	Expenditures	% of Budget Expended	Expenditures	% of Budget Expended
	\$43,474,610	\$25,798,364	59.3%	\$34,720,299	79.9%
	801,478,000	535,433,138	66.8%	700,455,406	87.4%
Total	\$844,952,610	\$561,231,502	66.4%	\$735,175,705	87.0%



**Total Assets Under
Management (AUM)
\$233.9 Billion**

FY 2026 Projected Expenditures \$755.7 Million (0.32%)

**Fluctuating Cost
93.4%**

Non-Fluctuating Cost 1.8%
Appropriated Budget 4.8%



Appropriated Budget

Salaries	Projected balance of \$5,028,913. Due to savings from staff vacancies.
Benefits	Projected balance of \$984,900. Due to benefit savings associated with staff vacancies.
Professional Service Contracts	Projected balance of \$669,589. Due to savings in information technology (IT) consulting services.
Goods and Services	Projected balance of \$365,260. Due to savings in office supplies, employee development, subscriptions, as well as deferral of non-essential expenditures in response to the current fiscal climate.
Travel	Projected balance of \$440,854. Due to less Investment Officer (IO) travel in part due to IO vacancies and the deferral of non-essential travel in response to the current fiscal climate.
Equipment	Projected balance of \$52,432. Due to management's decision to defer equipment purchases in response to the current fiscal climate.
Debt Service (Treasury Note)	Projected balance of \$85,461. No financing of IT equipment is anticipated for this fiscal year.



Non-Appropriated Budget – Fluctuating Costs

Public Equity	Projected balance of \$10,689,920. Balance is expected to vary depending on growth of assets. Growth of assets yields higher fee amounts.
Private Equity	Projected balance of \$32,009,012. Final results are contingent upon the number of commitments, investment fees, and timing of distribution and calls.
Real Estate	Projected balance of \$17,301,205. Balance is expected to vary depending on consulting engagements and investment fees.
Tangible Assets	Projected balance of \$17,455,148. Balance is expected to vary depending on consulting engagements and investment fees.
Innovation Portfolio	Projected balance of \$4,631,510. Balance is expected to vary depending on consulting engagements and investment fees.
Securities Lending	Projected balance of \$617,812. Balance is expected to vary depending on market conditions.
Cash Management	Projected balance of \$874,812. Balance is expected to vary depending on cash balance growth and cash availability needs.
Cash Overlay	Projected balance of \$340,650. Balance is expected to vary depending on cash balance growth and cash availability needs.

Investment management fee structures for private markets are established when contracts and agreements are signed. The variability in cost is a function of asset values, investment contribution, and distribution pace, none of which can be controlled by the WSIB budget.



Non-Appropriated Budget – Non-Fluctuating Costs

General Consultants	Projected balance of \$605,995. Projected balance is based on existing agreements and contract work orders. Further costs from consulting engagements are expected.
Staff Consultants and Contractual Services	Projected balance of \$1,722,171. Projected balance is based on existing agreements and contract work orders. Further costs from consulting engagements are expected.
Legal Fees	Projected balance of \$2,322,653. Projected balance is expected to vary depending on the number and complexity of investments.
Custodian Bank Fees	Projected to spend total budgeted amount.
Portfolio Verification	Projected balance of \$359,846. Expenditures are tracking in line with original annual projections.
Memberships	Projected balance of \$23,229. Balance is expected to vary depending on agency's needs.
Research Services and Analytical Tools	Projected balance of \$179,640. Balance is expected to vary depending on agency's needs.



Appropriated Budget

Staff are projecting an FY 2026 balance of \$7,627,409. The final balance equates to a 17.2 percent savings.

The projected balance of \$7.6 million, or 17.2 percent, is expected to vary depending on the hire dates for filling vacant positions, goods and services needs, travel expenses, and other factors.

Non-Appropriated Budget

Staff are projecting an FY 2026 balance of \$89,133,603. The final balance equates to a 11.0 percent savings.

The projected balance of \$89.1 million, or 11.0 percent, is expected to vary depending on market volatility, asset values, investment contribution, distribution pace, consulting needs, fees, and other factors.

2027-29 BIENNIAL APPROPRIATED BUDGET AND FISCAL YEAR 2027 NON-APPROPRIATED BUDGET

JUNE 18, 2026

Curt Gavigan
Chief Operating Officer

Cliff Hicks
Budget Officer



AGENDA

- Washington State Investment Board (WSIB) funding background
- Appropriated budget
- Non-appropriated budget



WSIB FUNDING BACKGROUND

Funding for WSIB operations is derived from earnings of the managed funds

Expenses are divided into two categories

- Operations expenses – appropriated budget
- Investment expenses – non-appropriated budget

All expenditures are overseen by the Office of Financial Management (OFM) and audited by independent entities



WSIB FUNDING BACKGROUND – APPROPRIATED BUDGET

The WSIB follows the same process as other state agencies

- Board receives a biennial appropriation from the Legislature to cover normal agency operations
 - Includes areas such as new staff, staff compensation changes, facilities, and travel

The biennial budget is approved by the Legislature every odd-numbered year



WSIB FUNDING BACKGROUND – NON-APPROPRIATED BUDGET

Fees and expenses related to investment activities are paid from investment earnings

Non-appropriated expenses specifically relate to an investment or group of investments including

- Money managers
- Consultants
- Investment research
- Legal fees

The non-appropriated budget is approved by the Board every year and further legislative authorization is not required



APPROPRIATED BUDGET





Ongoing	Strategic planning
April/May 2026	Budget development
June 2026	Board reviews/approves budget
September 2026	Budget request submitted to OFM
Fall 2026	OFM reviews
December 2026	Governor proposes budget to Legislature
January 2027	Legislature convenes
April/May 2027	Legislature reviews/approves budget
May/June 2027	Governor reviews/approves amended budget
July 2027	Biennial budget takes effect



Current Biennium Authority

- Current biennium appropriation for legislatively authorized services that are extended into the ensuing biennium

Carry-Forward Level (CFL)

- Biennialization of authorized costs, reductions for one-time costs, and supplemental budget changes
- OFM determines this step

Maintenance Level

- Additional costs of mandatory activities and other unavoidable costs not contemplated in the current budget

Policy Level

- Incremental or decremental expenditure changes that represent revised strategies or substantial changes in program direction
- Also covers improvements that would result in more effective delivery of services or high-quality services


APPROPRIATED BUDGET CATEGORIES

- Salaries
- Benefits
- Contracts
- Goods and Services
- Travel
- Equipment



APPROPRIATED BUDGET REQUEST SUMMARY

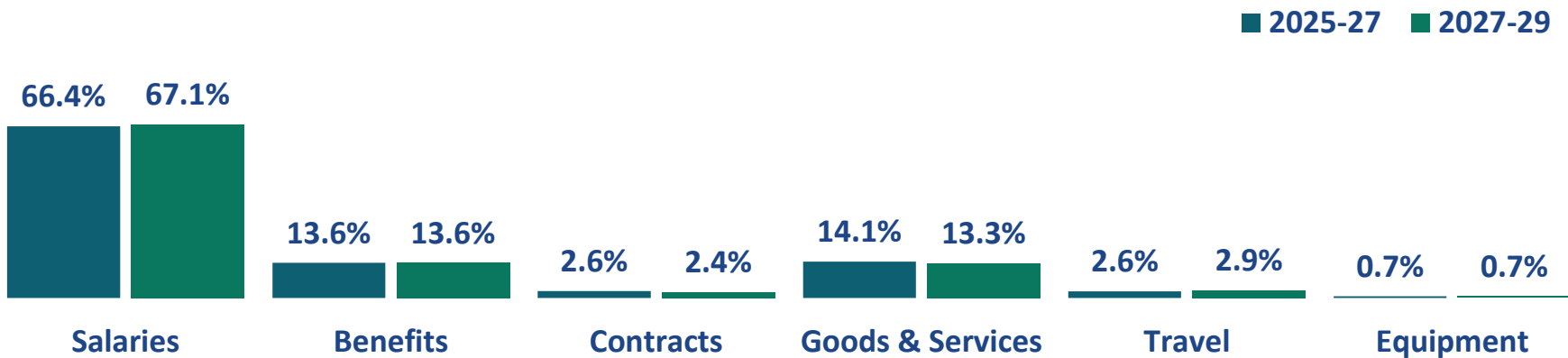


	Dollars	Annual Average FTEs
Current Biennium Budget	\$90,548,000	130.5
Proposed Request		
Investment Officer Compensation	\$4,461,000	0.0
Enhance Investment Capacity	4,430,000	5.0
Total Proposed	\$8,891,000	5.0
2027-29 Total Budget	\$99,439,000	135.5
% Increase 	9.8%	3.8%

APPROPRIATED BUDGET REQUEST SUMMARY



2025-27			2027-29		
	Current Authority	CFL Adjustments	Adjusted Total	Proposed Request	Total Budget
FTEs	130.5	0.0	130.5	5.0	135.5
Salaries	\$59,968,000	\$0	\$59,968,000	\$6,743,000	\$66,711,000
Benefits	12,273,000	-21,000	12,252,000	1,278,000	13,530,000
Contracts	2,389,000	0	2,389,000	0	2,389,000
Goods & Services	12,705,000	244,000	12,949,000	304,000	13,253,000
Travel	2,354,000	0	2,354,000	500,000	2,854,000
Equipment	636,000	0	636,000	66,000	702,000
Total Budget	\$90,325,000	\$223,000	\$90,548,000	\$8,891,000	\$99,439,000



APPROPRIATED BUDGET REQUEST SUMMARY

ENHANCE INVESTMENT CAPACITY: \$4,430,000 AND 5.0 FTES

Enhance the WSIB's investment capacity by providing additional resources in key strategic areas

- Create dedicated staffing for the Private Credit portfolio to implement the investment strategy, develop and maintain manager relationships, and support investment oversight, due diligence, and portfolio monitoring as part of its transition to a stand-alone asset class
- Expand capacity for credit research, portfolio management, and trading capabilities in the Fixed Income program to accommodate increasing assets under management
- Increase research and engagement around sustainability in order to sustain long-term investment excellence and reduce business risk

FTE Request	
Private Credit	3
Fixed Income	1
Institutional Relations	1
Agency Total	5

APPROPRIATED BUDGET REQUEST SUMMARY

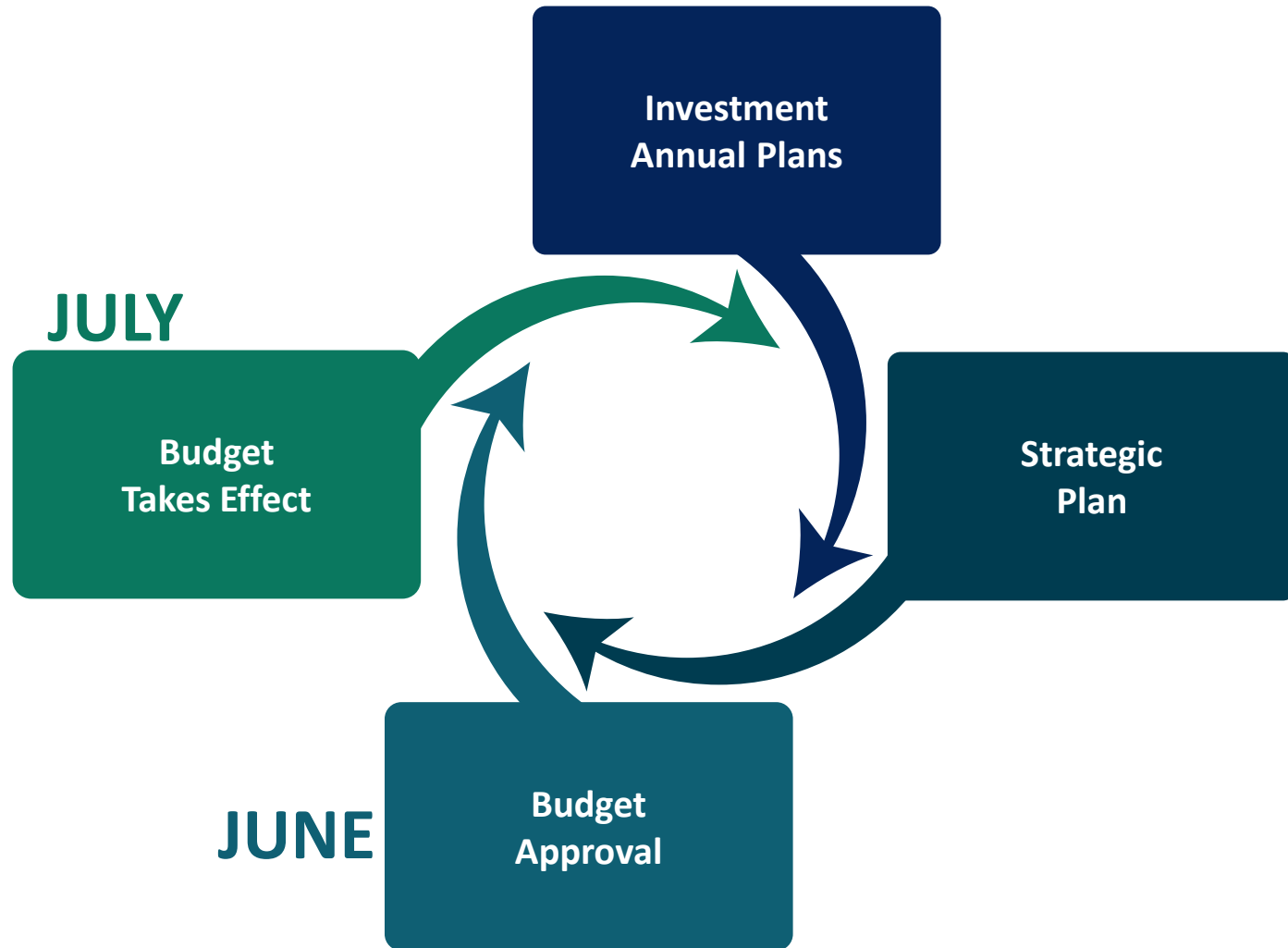
INVESTMENT OFFICER COMPENSATION: \$4,461,000

- Statute provides that compensation for investment officers be limited to the average of total compensation at similar peer funds, based on a biennial survey
- Board adopted new salary ranges in April 2026
- Budget proposal brings compensation to the 2025 peer average
- Increases would generally be granted in July 2027 and July 2028
- Total of 10.3 percent increase over a 2-year period
- Staying on pace with the most recent survey findings allows the WSIB to retain and attract investment talent in a competitive market by incrementally increasing pay ranges in line with investment officer pay levels at peer funds



NON-APPROPRIATED BUDGET







Current Authority

- Current Board-approved services that are extended into the ensuing fiscal year

Reductions

- One-time adjustments
- Lower costs

Growth

- Additional costs of mandatory activities
- Unavoidable or fixed costs not considered in the current expenditures
- Increased fees due to portfolio growth

Strategic Enhancements

- Changes that represent revised strategies
- Substantial changes in program direction
- Service enhancements



NON-APPROPRIATED BUDGET CATEGORIES

Fluctuating costs driven by the market

- 
- 
- Public Equity
 - Private Equity
 - Real Estate
 - Tangible Assets
 - Innovation Portfolio
 - Securities Lending
 - Cash Management
 - Cash Overlay

Non-fluctuating costs

- General Consultants
- Staff Consultants and Contractual Services
- Legal Fees
- Custodian Bank Fees
- Portfolio Verification
- Memberships
- Research Services, Analytical Tools, and Other



Challenges

- Potential asset allocation changes
 - Active versus passive management in public equity
 - Non-linear growth of assets
 - Market volatility impact on fees
 - Varying consulting needs
 - Varying legal fees based on demand and complexity
-
- Investment management fee structures for private markets are fixed when contracts and agreements are signed
 - The variability in cost is a function of asset values, investment contribution, and distribution pace, none of which can be controlled by the WSIB budget

NON-APPROPRIATED BUDGET REQUEST SUMMARY

	FY 2026 Board-Approved	Projected Increase	FY 2027 Proposed	
Fluctuating Costs Driven by the Market	Public Equity	\$90,257,000	\$0	\$90,257,000
	Private Equity	521,000,000	30,000,000	551,000,000
	Real Estate	20,875,000	0	20,875,000
	Tangible Assets	120,910,000	10,000,000	130,910,000
	Innovation Portfolio	25,500,000	0	25,500,000
	Private Credit	0	10,000,000	10,000,000
	Securities Lending	4,500,000	0	4,500,000
	Cash Management	5,500,000	0	5,500,000
	Cash Overlay	1,000,000	0	1,000,000
	Subtotal	\$789,542,000	\$50,000,000	\$839,542,000
Non-Fluctuating Costs	General Consultants	\$1,265,000	\$0	\$1,265,000
	Staff Consultants and Contractual Services	4,264,000	0	4,264,000
	Legal Fees	3,000,000	0	3,000,000
	Custodian Bank Fees	3,105,000	0	3,105,000
	Portfolio Verification	2,060,000	0	2,060,000
	Memberships	252,000	50,000	302,000
	Research Services, Analytical Tools, and Other	4,634,000	502,000	5,136,000
	Subtotal	\$18,580,000	\$552,000	\$19,132,000
Total	\$808,122,000	\$50,552,000	\$858,674,000	

% Increase



6.3%

NON-APPROPRIATED BUDGET REQUEST SUMMARY

Growth = \$50.552 million

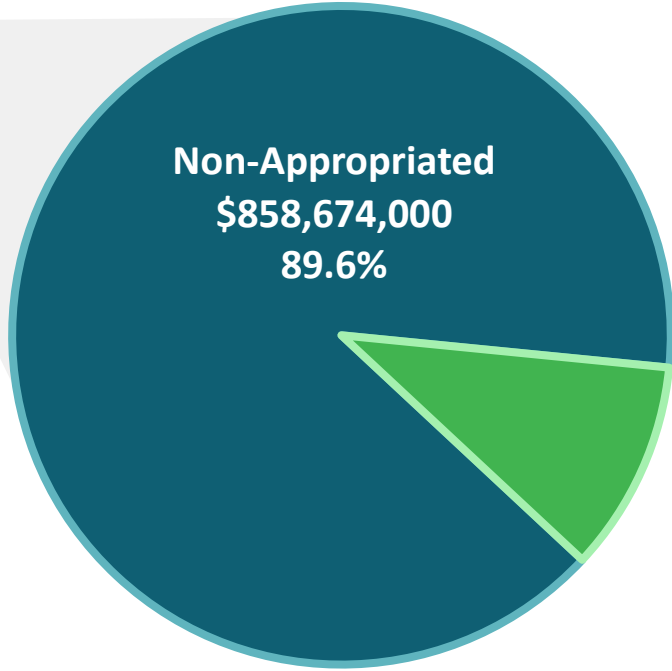
- **\$30.0 million for private equity management fees**
- **\$10.0 million for tangible assets management fees**
- **\$10.0 million for private credit management fees**
- **\$50,000 for inflationary adjustment to professional memberships**
- **\$502,000 for inflationary adjustment to research services and analytical tools**





**Total Assets Under
Management (AUM)
\$233.9 Billion**

Proposed Total Budget \$958.1 Million (0.409%)



**Non-Appropriated
\$858,674,000
89.6%**

**Appropriated
\$99,439,000
10.4%**

CONCLUSION

Most of the requested increase is due to portfolio growth and associated non-appropriated management fees

The total request makes several targeted investments in order to:

- **Remain competitively aligned and consistent with the investment officer compensation statute**
- **Enhance the WSIB's investment capacity by providing additional resources in key strategic areas**
- **Ensure sufficient resources necessary to satisfy a growing scope of service while protecting more than \$233 billion in assets being managed for existing programs and to comply with our statutory fiduciary responsibilities**