

OEA Retirement Systems Update
Report to the OEA Board of Directors: May 2024

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ORSC Discusses Forthcoming SERS Actuarial Audit, Report on State Retirement Systems

On April 11, 2024, the Ohio Retirement Study Council (ORSC) met and discussed a number of items. Based on a subcommittee recommendation, the full council approved a request for proposals for an actuarial audit of the School Employees Retirement System (SERS). State law calls for this type of audit on all state retirement systems once every 10 years. Firms have until June to respond to the RFP.

Additionally, the ORSC released a historical review of all five statewide pension systems. The report compares the fiscal health of the systems since 1998. The report, which was completed by ORSC staff, contains several recommendations for legislative changes: ensuring that funding for discretionary benefits like health care remains secondary to full funding of pension benefits; standardizing Board authority for all systems to make changes in eligibility and benefits; and implementing an amortization period shorter than the current 30-year standard.

While the report offers helpful historical context and a detailed comparison of the five retirement systems, OEA has a different view of some of the legislative recommendations. Requiring a shorter amortization period coupled with broader board authority over benefits could have the effect of reducing member benefits. The more conservative requirement of a shorter funding period should not be considered. Currently, three of the five systems (STRS, OPERS, and Police and Fire) are seeking legislation to increase employer contributions. This is being sought to better provide more financial stability and aid in restoring benefits such as reducing retirement eligibility requirements and inflation protection for STRS members. Ohio's public employers pay a low rate when compared to other states that do not participate in Social Security and the employer contribution rate has remained unchanged for decades.

It should be noted that none of the recommendations of the ORSC report have been introduced in any pending legislation. The full report can be viewed [here](#).

Appeals Court Ruling Results in Abrupt End to STRS Board Meeting

On Thursday, April 18, 2024, the 10th District Court of Appeals ruled that Wade Steen had been improperly removed by Governor DeWine and ordered for him to be reinstated. This happened during a scheduled meeting of the STRS Board. Steen's replacement, Brian Perera, attended the first part of the meeting. However, upon return from a midday executive session, Steen retook the seat.

DeWine removed Steen about a year ago, citing his attendance record and meetings and perceived advocacy for specific investment managers. DeWine appointed G. Brent Bishop in Steen's place, but Bishop later resigned prompting DeWine to appoint Perera, previously budget director for the Ohio Senate and lobbyist for the Ohio State University. The Governor's office

has urged an appeal of the Court's ruling, although DeWine was dropped as a party in the suit and cannot initiate the appeal himself.

Upon resumption of the STRS Board meeting, and after a series of motions, Steen was ceremonially re-sworn to his post. After the Board addressed routine agenda items, Chair Dale Price attempted to adjourn the meeting. This was met with objection as there were several items remaining on the agenda. Price brought the meeting back to order and called for a 15-minute recess. However, Price did not return, and it was announced by counsel that the meeting had been adjourned.

Subsequently, STRS released a statement from Price which said in part: "Counsel had not yet had the opportunity to review the opinion and consider its implications. When it became apparent that I was unable to conduct the meeting in an efficient and effective manner, I decided to conduct the necessary business and adjourn the meeting. I plan to have the Retirement Board consider the remaining items from today's agenda at the regularly scheduled May Board meeting."