



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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**Written Testimony Before the Senate Government Oversight Committee
House Bill 96
School Employees Retirement System of Ohio
May 14, 2025**

Chair Manchester, Vice Chair Brenner, Ranking Member Weinstein, and members of the Senate Government Oversight and Reform Committee, thank you for the opportunity to provide written testimony on amendments to House Bill 96, the FY26/27 State Operating Budget.

As you know, SERS is a statewide defined benefit pension plan that provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public schools including vocational, technical, and community schools, and community colleges.

SERS members' positions range from bus drivers, custodians, administrative assistants, food service providers, and educational aides to treasurers and business administrators.

The SERS Board of Trustees is responsible for making decisions regarding policy and governance of the System. The Board comprises nine members: four elected by active employee members; two elected by retired members; and three appointed investment expert members. One investment expert is appointed by the Governor, one by the State Treasurer, and one by the Speaker of the House and President of the Senate. The SERS Board meets monthly, except in January and August.

There are a few provisions within Amended Substitute House Bill 96 that are of concern to SERS.

Within the purview of your committee, our primary concern is a requirement for the Ohio public retirement systems to withhold local school district taxes from pension benefits.

First, the provision in the House-passed bill would grant the Tax Commissioner rule-making authority that would bind the retirement systems.

Currently, the systems have the authority to promulgate rules pertaining to federal and state income tax withholding. Taxation staff have indicated that it was not their intention to bind retirement systems and, subsequently, we have agreed conceptually on corrective language.



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Second, we remain concerned about the resources we would need to expend to address a relatively small number of our retired members. To implement this change in operation would divert financial and human resources that were not budgeted for the current year.

If it is the General Assembly's desire to place this responsibility on the public retirement systems to withhold local school district income taxes from retirees' pension benefits, then we would ask to extend the implementation date to allow us to budget time and resources to accurately comply with the withholding requirements called for in the bill.

Therefore, we request an amendment to maintain current law regarding rulemaking by the Ohio retirement systems, and to clarify that the Tax Commissioner has rule promulgation authority regarding the "private retirement plans" that are added to the current law and to extend the implementation date of this provision by one year to January 1, 2027.

Also for your consideration, the Ohio Retirement Study Council has recently voted to recommend that this provision be amended to reflect the changes requested by the retirement systems.

SERS looks forward to working together with the Department of Taxation to address these issues and any others proactively in the future.

Thank you for your consideration of this request.

Respectfully submitted,

Richard Stensrud, Executive Director