



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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House Insurance Committee
House Bill 499
Opponent Testimony
Chris Collins, Government Relations Officer
School Employees Retirement System of Ohio (SERS)
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Chairman Brinkman, Vice Chair Lampton, Ranking Member Miranda, and members of the House Insurance committee thank you for the opportunity to provide opponent testimony on House Bill 499.

The School Employees Retirement System of Ohio (SERS) is a defined benefit public pension fund that provides retirement allowances, disability and survivor benefits, and access to health care coverage for the people who served our schools. Our members are school bus drivers, custodians, secretaries, cafeteria workers, teacher's aides, administrative and support staff, treasurers, business managers, school board, and educational service center (ESC) governing board members.

As introduced, HB 499 allows a SERS disability benefit recipient to continue to receive the benefit if the recipient is elected as a member of a school board or an educational service center (ESC) governing board.

This legislation raises both policy questions as well as implementation challenges that are concerning to SERS.

The policy question is whether individuals receiving a disability benefit from a retirement system should also be allowed to contribute to and accrue service with that retirement system due to holding an elected position covered by the system. Disability benefits are designed to provide income replacement when a member becomes disabled from their SERS covered position. To allow elected officials covered by the system to continue to receive a disability benefit from that system while receiving income based on a SERS covered position changes the nature of the original intent of the disability program.

There are also several practical implementation issues such a statutory change would cause.

- 1) SERS statutes permit a member to apply for disability from their position on a school board or ESC governing board. If a member can receive disability and serve on school board or ESC board, then it would seem that they should not be allowed to apply for disability based on school board or ESC board member service.
- 2) The legislation also should address the scenario of a person who is serving on school board or ESC board while working in another SERS position when the person applies for disability.

- 3) Can the disability recipient, school board or ESC board member opt to contribute to SERS, or will they be required to pay into Social Security for school board or ESC board position?
- 4) If a SERS disability recipient is allowed to serve on a school board or ESC board and contribute to SERS, we need the legislation to clarify how contributions and service credit to the system will be handled.

For many of the reasons outlined above, the Ohio Retirement Study Council recently recommended against adoption of HB 499 due to a violation of the principles governing pensions regarding equal treatment of members and unresolved implementation issues.

SERS is also not aware of any significant number of members who have been harmed by the current statutory requirements and have no way to project if more than a few would benefit from the type of change being proposed by HB 499.

Thank you Mr. Chairman and members of the committee for the opportunity to share our concerns about this proposed legislation.