



**Ohio  
Retirement  
Study  
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***H.B. 572 of the 132<sup>nd</sup>  
General Assembly***

***Rep. Scherer and Howse***

***September 20, 2018***

**Staff Recommendation**

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## Summary of H.B. 572

H.B. 572 grants a full year of service credit for those employees of County Boards of Developmental Disabilities who work full-time for nine months in an educational setting if that work would have been considered employment in the School Employees Retirement System (SERS) and if the employee is paid each month during that year.

## Background

While most employees working in schools and school districts participate in either the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS), there are a number of *county employees* who work within a school setting. As county employees, these individuals are members of the Public Employees Retirement System (PERS). One example of this is employees of County Boards of Developmental Disabilities (County DD Board).

To receive a full year of service credit in PERS, a member must earn a minimum monthly salary.<sup>1</sup> If a member does not achieve that minimum salary, the monthly service credit is prorated to the amount earned. County DD Board employees working in an educational setting may have multiple months in which they do not meet the monthly minimum salary or in fact have no salary; per current statute, those employees should not earn a full year of service credit per year of work. However, according to PERS, employers have been allowing these employees to spread out salary over the year and receive service credit during months in which they do not work.

This practice is contrary to statute.

The bill would remove the minimum salary requirement and provide a full year of service credit for these employees if all of the following are met:

- 1) The PERS member is employed by a County DD Board;
- 2) The member's employment would be covered by SERS if the member was employed by an SERS-covered employer (such as a school district);
- 3) The PERS member is full-time for at least nine-months of the year and is paid salary in each month of that year.

A result of the bill is that current employer practice of allowing these employees to spread out salary and receive service credit in months in which they do not work would be permitted, subject to the restrictions detailed above.

## ORSC Staff Comments

A general principle of participation in any retirement system is that all similarly situated individuals be treated as equally as feasible. This is one organizational reason the state has five retirement systems: membership is roughly organized by

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<sup>1</sup> In 2018, the minimum monthly salary is \$660 per month. Prior to January 1, 2014, the minimum monthly earnings was \$250 per month.

employment. However, there will inevitably be gray zones in properly organizing membership and employment. H.B. 572 is an attempt to clarify one of these gray zones.

County DD Board employees are PERS members, but employed in an “SERS-like” position. SERS members working at the same school with the same work schedule as County DD employees would receive a full year of service credit, whereas the County DD employees who are member of PERS would not. Ultimately, the bill is a judgement on whether these employees should be treated more like similarly situated employees (as an “SERS-like” employee) or as other PERS members.

The bill provides that these employees should be treated similarly to other *employees* rather than *PERS members*. This is consistent with a wide variety of retirement law in Ohio that organizes membership by employment. Sometimes this can result in membership being moved from one system to another; the most recent example of which is the transfer of University of Akron employees from SERS to PERS. Because it is only a *subset* of County DD employees working in a school setting, that type of transfer is not possible in this situation.

ORSC staff recommend approval of H.B. 572 to clarify the treatment of employment done in an educational setting by County DD Board employees.

## **Actuarial Impact**

As discussed above, employers of County DD employees working full-time in a school setting are permitting their employees to spread out pay over a year, allowing them to receive full credit in months that they do not work. As a result, the bill is conforming law to employer practice. Since the bill is standardizing an already existing practice, it is expected to have minimal to no actuarial impact.

## **ORSC Staff Recommendation**

ORSC staff recommend that H.B. 572 be approved by the ORSC to treat County DD Board employees employed in an educational setting similar to other employees employed in that educational setting.