



H.B. 283

125th General Assembly
(As Introduced)

Reps. J. Stewart, Aslanides, Carano, Cirelli, Daniels, Fessler, Gibbs, Gilb, Husted, Kearns, Setzer, Taylor, Webster, Willamowski

BILL SUMMARY

- Removes the Attorney General and Auditor of State from each of the following: the Public Employees Retirement Board, School Employees Retirement Board, State Teachers Retirement Board, and Ohio Police and Fire Pension Fund Board of Trustees.
- Removes the Auditor of State from the State Highway Patrol Retirement Board.
- Requires the Ohio Retirement Study Council (ORSC) to have an independent fiduciary performance audit of each state retirement system conducted at least once every five years.
- Requires ORSC to commence on the bill's effective date the process of having conducted an independent fiduciary performance audit of the State Teachers Retirement System.
- Requires each member of a state retirement board to file an annual financial disclosure statement with the Ohio Ethics Commission.

CONTENT AND OPERATION

State retirement boards--membership

(R.C. 145.04, 145.05, 742.03, 3307.05, 3307.06, 3309.05, 3309.07, 3309.09, and 5505.04)

There are five state retirement systems: the Public Employees Retirement System (PERS), School Employees Retirement System (SERS), State Teachers Retirement System (STRS), State Highway Patrol Retirement System (SHPRS),

and Ohio Police and Fire Pension Fund (OP&F). Under current law, in addition to employee and retiree members, each of the retirement system boards includes the Auditor of State as a member. Except for the State Highway Patrol Retirement Board, each of the boards also includes the Attorney General. The bill removes the Auditor of State from each of the retirement boards and removes the Attorney General from the boards of PERS, SERS, STRS, and OP&F. (See **COMMENT 1.**) The bill also specifies that a majority of the board members, rather than four members, must be present to constitute a quorum of the SERS Board.

Ohio Retirement Study Council--audits

(R.C. 171.04; Section 6)

The bill provides that, at least once every five years, ORSC must have conducted an independent fiduciary performance audit of each of the five state retirement systems. One audit must be conducted each year so that each system is audited once every five years. The bill requires the five-year audits cycle to begin on the bill's effective date with ORSC commencing the process of having an audit conducted of STRS.

Each audit must include a review of the retirement system's investment policies and procedures, management functions, hiring policies and procedures, compensation policies and procedures, and any other aspect of the operations of the retirement system that ORSC considers appropriate. The bill does not specify whether ORSC or the retirement system will be responsible for the cost of the audit.

Ethics commission disclosure statements

(R.C. 102.02 and 102.022)

Current law requires that specified public officers and employees file financial disclosure statements with the appropriate ethics commission (the Ohio Ethics Commission, Joint Legislative Ethics Committee, or Board of Commissioners on Grievances, and Discipline of the Supreme Court). The statements must reveal the names under which the filer and members of the filer's immediate family do business, the filer's sources of income, certain types of real property interests the filer has, and other information. The chief executive officers of the state retirement systems must file statements with the Ohio Ethics Commission. The bill requires the members of each of the state retirement boards

to file an annual financial disclosure statement with the Ohio Ethics Commission.¹
(See **COMMENT 2**.)

COMMENT

1. The bill retains provisions of current law that give the Attorney General and the Auditor of State duties regarding the state retirement systems. The Attorney General serves as legal advisor or counsel to each of the retirement boards² and is required to prescribe procedures for adoption of rules by three of the boards.³ The Auditor is charged with auditing all public officials.⁴ According to Glen Kacic of the Ohio Retirement Study Council, due to the size of the retirement systems, the Auditor contracts with outside auditors for annual audits of the state retirement systems.

2. The disclosure statements of persons required by administrative rules to file financial disclosure statements with the Ohio Ethics Commission are confidential. (O.A.C. 102-5-02.) Under the bill, retirement board members' financial disclosure statements will no longer be confidential.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-18-03	p. 1074-1075

¹ Pursuant to R.C. 102.02, the Ohio Ethics Commission has adopted a rule authorizing the Commission, by vote of the Commission, to require additional public officials and employees to file financial disclosure statements. (O.A.C. 102-5-02.) The Commission currently requires state retirement system board members to file.

² R.C. 145.10, 742.09, 3307.13, 3309.13, and 5505.23.

³ OP&F (§742.10), STRS (§3307.04), and SHPRS (§5505.04).

⁴ R.C. 117.01 and 117.10.