

- Colleges and universities could gain revenues with these reimbursements from PERS, SERS, and STRS.

Local Fiscal Highlights

- No direct fiscal effect on school districts or other political subdivisions. Since SERS is intending to increase the amortization period to cover the costs of the increased benefits, there would be no change to either the employee or the employer contribution rate. However, increasing the amortization period, if combined with other factors affecting financial viability, could increase pressure on future contribution rates.

Detailed Fiscal Analysis

SERS Benefit Changes

The bill increases the benefit accrual rate for SERS members from 2.1% to 2.5% for each year of service over 30 years. If the recalculated allowance is greater than a current retiree's allowance prior to the adjustment, the SERS board would be required to begin payment of the new amount on the first day of the month immediately following recalculation. Should recalculation take place after July 1, 1998, the retiree would also be paid the difference between the allowance paid and the allowance that would have been paid if the recalculation would have been accomplished on that date.

The bill increases the post-retirement death benefit from \$500 to \$1,000 and increases certain benefits. For retirants and survivors of SERS who are receiving the Medicare Part-B reimbursement, the reimbursement amount is increased from the 1988 basic premium amount (\$24.80) to the 1992 basic premium amount (\$31.80). Those retirants receiving Medicare Part-B reimbursements on June 30, 1997 will receive a single, lump sum payment to cover the retroactive application of this provision (retroactive to January 1, 1992).

According to an SERS actuarial report, in order to fund the proposed changes on a level cost basis, the employer contribution rate would need to be increased by .49% or the amortization period would need to be increased to 29 years. The increase in the unfunded actuarial accrued liability for these proposed benefits would be \$98,855,000. This figure includes the one-time lump sum payment of \$21,219,000 for the retroactive Medicare Part-B reimbursement increase. According to a spokesperson for SERS, the system is intending to increase the amortization period of the UAAL from 24 years to 29 years to cover the costs of these benefits.

According to ORC section 3309.21, as enacted by S.B. 82 of the 121st General Assembly, the maximum amortization period for SERS is authorized at 30 years. Thus, increasing the period to 29 years by this bill would still keep SERS under the 30-year maximum.

The bill also changes the date on which the Ohio Retirement Study Council is required to submit its first independent actuarial study of the alternative retirement program to the Board of Regents. This provision would have no fiscal effect.

Miscellaneous Changes to Retirement Systems

This bill also makes miscellaneous changes to PERS, and STRS, as well as SERS. The bill specifies that service in the armed forces, as opposed to other uniformed service, may be considered prior service for PERS benefits. These changes correct terminology used in S.B. 130 of this General Assembly. PERS, as a result, would experience a decrease in revenues, as well as a decrease in expenditures, as fewer aggregate years of service for members would be considered as prior service.

The provision which requires PERS, SERS, and STRS to reimburse employers for payments made just after employees transfer credit to an alternative retirement system could

increase expenditures for the former retirement systems. This provision could also increase revenues for public institutions that receive these reimbursements from PERS, SERS, and STRS.

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