H.B. 499
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. A. Miller

Local Impact Statement Procedure Required: No

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Highlights

- Allowing an Ohio Public Employees Retirement System (OPERS) or a School Employees Retirement System (SERS) disability benefit recipient who is elected to certain offices to continue receiving a disability benefit during the recipient's term of office would have no direct fiscal effect on the state or political subdivisions because the bill does not affect required employer contribution rates.
- These provisions may increase such retirement systems' expenditures and future liabilities.

Detailed Analysis

The bill allows an Ohio Public Employees Retirement System (OPERS) or a School Employees Retirement System (SERS) disability benefit recipient who is elected to certain offices to continue receiving a disability benefit during the recipient's term of office. The bill provision would apply to a disability benefit recipient who is elected as a member of one of the following offices: (1) a board of township trustees, (2) a legislative authority of a village, (3) a board of education of a city, local, or exempted village school district, or (4) a governing board of an educational service center. Under existing law, a disability benefit from OPERS would cease if the recipient is restored to service by, or elected to an office with, an employer covered under OPERS. Similarly, a SERS disability benefit would cease under current law if the recipient is employed by a SERS employer, including a board of education or educational service center.[1]

[1] Information related to OPERS disability benefits for members participating under the Traditional and Combined plans is available in this OPERS informational brochure. Information related to SERS disability

Fiscal effect

Allowing OPERS and SERS disability benefit recipients who are elected to certain offices to continue receiving a disability benefit during the recipient's term of office would have no direct fiscal effect on the state or political subdivisions. The bill does not affect required employer contribution rates, which together with a government entity's payroll determine the cost of providing pension benefits to employees.

The bill may increase OPERS's and SERS's expenditures and future liabilities. The size of any such increase would depend on the number of each system's disability benefit recipients who are elected to eligible offices after the bill's effective date and the amount of such benefits.[2]

Indirect fiscal effect

Any increase in a retirement system's expenditures and future liabilities may indirectly increase public employers' (i.e., the state's, political subdivisions', school districts', etc.) future spending associated with their employees' benefits, including disability benefits provided by the system. Currently, both public employers and the employees of such employers are required to contribute a percentage of the employees' payroll (i.e., an employer share of contribution and an employee share of contribution, respectively) to a state retirement system (e.g., OPERS and SERS) to pay for benefits provided by the system. If an increase in system liabilities resulted in an actuary determining that the percentage needed to pay future benefits is greater than the percentage currently required, the percentage may need to be increased in order to ensure that the system is able to pay promised benefits.

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benefits is available in this SERS brochure. OPERS members who are participating under the Member-Directed Plan (i.e., a defined contribution plan) do not receive disability benefits.

[2] Generally, a member's annual disability benefit amount is calculated using the member's age, final average salary (FAS), and service credit, but the minimum and maximum annual benefits are limited by certain percentages of the member's FAS.