



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 572 of the 132nd G.A.  
(L\_132\_2455-3)

**Status:** In House Aging and Long Term Care

**Sponsor:** Reps. Scherer and Howse

**Local Impact Statement Procedure Required:** No

**Subject:** Regarding Public Employees Retirement System service credit for services as a nonteaching school employee of a county board of developmental disabilities

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### State & Local Fiscal Highlights

- No direct fiscal effect on the state or political subdivisions. The bill does not make any changes to the existing employer contribution rates to the Public Employees Retirement System (PERS).

### Detailed Fiscal Analysis

The bill requires the PERS Board to grant a full year of service credit to a PERS member if all of the following conditions are met: (1) the member is employed by a county board of developmental disabilities, (2) the member's employment is in a position that would be covered by the School Employees Retirement System (SERS) if the member was employed by an SERS-covered employer, such as a public school district, and (3) the member performs full-time services in the position for at least nine months of the year and is paid earnable salary in each month of that year.<sup>1</sup>

Under existing law, a PERS member receives a full month of service credit for each month in which the member earns at least a specified amount of earnable salary, for example, \$630 per month in 2017. Partial service credit is granted for months in which a member earns less than that amount.

The bill's requirement applies to PERS members who met both of the following conditions for the period between January 1, 2017 and the bill's effective date: (1) the member received less than a full year of service credit for employment that would have qualified the member for a full year of service credit under the bill if it had taken effect January 1, 2017, and (2) not later than 90 days after the bill's effective date, the county board of developmental disabilities that employed such member during that period,

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<sup>1</sup> This provision mirrors current law that grants a full year of service credit to an SERS member who is employed by an SERS-covered employer on a full-time basis for nine or more months of service within a year.

acting through the county auditor, reports the member's name and identifying information to PERS.

### **Fiscal effect**

The bill has no direct fiscal effect on the state or political subdivisions. The bill does not make any changes to the employer contribution rates to PERS. Currently, the state and political subdivisions contribute 14% of pay for each regular employee and 18.1% for each law enforcement or public safety employee.

The bill would enhance benefits for this group of PERS members, thereby minimally increasing PERS's expenditures related to their future pensions and benefits. The estimated number of such members is about 1,300 statewide, according to the testimony of the Superintendent of the Franklin County Board of Developmental Disabilities.<sup>2</sup> The increase in PERS's expenditures and liabilities theoretically could, over a period of years, cause an actuary to determine that an increase in the rates of employer contributions to PERS would be required to cover necessary expenditures to pay future pensions and benefits. That in turn would indirectly increase future expenditures for employers that are currently contributing to PERS. Due to the relatively small number of members involved and the marginal increase in benefits for those members, the increase in liabilities would also be relatively small.

## **Synopsis of Fiscal Effect Changes**

The substitute bill (L\_132\_2455-3) specifies that the requirement applies to PERS members (1) who received less than a full year of service credit for employment that would have qualified the member for a full year of service credit under the bill between January 1, 2017 and the bill's effective date, and (2) whose names and identifying information are reported to PERS, through the county auditor, by the county board of developmental disabilities that employed such members. The bill's fiscal effects remain unchanged under the substitute bill.

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<sup>2</sup> A copy of the testimony by Mr. Jed Morison, Superintendent of the Franklin County Board of Developmental Disabilities, to House Aging and Long Term Care Committee, dated December 13, 2017, is available at <http://www.ohiohouse.gov/committee/aging-and-long-term-care>. The testimony was on a different bill, H.B. 413, which included this provision.