

**Ohio Retirement Study Council  
30 East Broad Street, 2<sup>nd</sup> Floor  
Columbus, Ohio 43215**

**Minutes  
April 11, 2024**

The meeting was called to order by Chairman Romanchuk at approximately 10:15 a.m. in Room 116, the Ohio Statehouse, Columbus, Ohio.

The following members attended the meeting:

**Voting members**

Adam Bird  
Bill Blessing  
Beryl Brown Piccolantonio  
Paula Hicks-Hudson  
Lora Miller  
Ed Montgomery  
Phil Plummer, Vice-Chairman  
Dr. Anthony Podojil  
Mark Romanchuk, Chairman

**Non-voting members**

Karen Carraher, PERS  
Mary Beth Foley, OP&F  
Scott Helkowski, Attorney General  
Lynn Hoover, STRS  
Carl Roark, HPRS  
Richard Stensrud, SERS

**Absent**

**Staff**

Jeff Bernard  
Bethany Rhodes

With a quorum present, the meeting was called to order at 10:15 a.m.

Chairman Romanchuk moved that the minutes of the previous ORSC meeting be approved. The minutes were approved without objection.

Chairman Romanchuk moved to the SERS Actuarial Audit Subcommittee RFP and called on Senator Hicks-Hudson. Senator Hicks-Hudson delivered the report of her subcommittee and explained the RFP. Dr. Podojil moved that the ORSC approve the RFP and directed the ORSC staff to act forthwith. Vice-Chairman Plummer seconded the motion. The roll was called and the motion was approved unanimously.

Chairman Romanchuk moved to the PERS 2023 Disability Report. Director Carraher presented the report. Chairman Romanchuk asked about the general definitions for “Psychiatric” and “Neurological.” Director Carraher responded that she was not a medical doctor and could not speak to the nuances, but that she understood the categories to include any conditions considered either “Psychiatric” or “Neurological.” Chairman Romanchuk thanked Director Carraher for her answer.

Chairman Romanchuk moved to the OP&F 2023 Disability Report. Director Foley presented the report. Vice Chairman Plummer commented that Dayton’s numbers had increased and asked Director Foley if she could explain the reason for the increase. Director Foley said that it was difficult to explain drivers for increased rates, but historically, Dayton has been higher as a percentage of overall active membership. She commented that perhaps it was harder to work in Dayton and Vice Chairman Plummer said he would concur.

Chairman Romanchuk commented that the Dayton numbers were interesting in that they moved back and forth between high to low and asked Director Foley to what, if anything, she might attribute that phenomenon. Director Foley responded that it is based on how many people apply in a year and very difficult to predict. Director Foley said one could try to apply theories, but they would not be borne out by hard evidence. Chairman Romanchuk thanked Director Foley for her answer.

Chairman Romanchuk moved to the HPRS 2023 Disability Report. Director Roark presented the report. There were no questions and Chairman Romanchuk thanked Director Roark for his report.

Chairman Romanchuk moved to the ORSC History Report and called on Jeff Bernard. Chairman Romanchuk commented that he had read the report and found it very helpful and thanked him for his work. Mr. Bernard then presented the history report.

Rep. Bird asked why the statement, “At no point in between 1998 and 2022 have any of the five state retirement systems failed to provide a statutory monthly benefit due to insufficient funds,” did not extend to 2024. Mr. Bernard clarified that this is a data issue in that the data only runs through 2022. Mr. Bernard stated they haven’t missed payments, but that ORSC staff were basing the statement off the completed valuations and 2024 valuations would not be received until 2025.

When Mr. Bernard concluded his presentation, Chairman Romanchuk stated he would call on each of the systems’ directors to make any comments regarding the report. Chairman Romanchuk called on Director Carraher to make her comments. Director Carraher thanked the ORSC and its staff for the report and stated that while she had no disputes with the report, she did appreciate the opportunity to provide more context to the report from the PERS viewpoint. Director Carraher stated she agreed with the rationale of selecting the 1998 starting point, but did want to point out that some of the activities and decisions, specifically benefits increases, prior to 1998 significantly influenced the subsequent behavior/decisions of PERS. Director Carraher pointed out

the changes to PERS active to retiree ratio and the impact that has on paying unfunded liability especially in a fixed contribution system. Director Carraher emphasized the importance of investment income, especially in light of the previous mentioned subjects, which became even more challenging during the GFC when PERS lost 27%. Director Carraher pointed out the assumed rate of return is supposed to be what they actually expect to earn based on the market, not what they hope to earn or what they have historically earned; this was further emphasized by the evolution of PERS' assumed rate of return as PERS had reduced their assumed rate of return by .85%, which is the equivalent of a \$7 billion increase in unfunded liabilities. Director Carraher pointed out PERS' commitment to health care was demonstrated by their taking the lead in designing the new health care reimbursement arrangement model, which has seen the annual healthcare expenditures go from a high of \$1.8 billion to \$600 million. Finally, Director Carraher addressed the idea of closing or reducing the 30-year amortization period and pointed out that the PERS Board has no authority and would need significant tools to do so; they cannot rely on investment returns alone to achieve this. Director Carraher said they had twice in recent history asked the General Assembly for board authority relative to the COLA and were denied. Chairman Romanchuk thanked Director Carraher for her comments and asked if there were any questions and there were none.

*Blessing left at 10:07 a.m.*

*Blessing left at 10:09 a.m.*

*Ms. Miller left at 11:12 a.m.*

Chairman Romanchuk called on Interim Director Hoover to make her comments. Interim Director Hoover began by thanking the ORSC and its staff for the comprehensive report. Interim Director Hoover highlighted that the path to STRS' recovery has been a strategic effort carefully designed to ensure sustainability and resilience and highlighted a number of the steps taken and their direct result. Interim Director Hoover pointed out these were painful decisions for STRS membership and that their current position is contingent upon no future COLA increases or other benefit restoration. Interim Director Hoover stated that STRS will be asking the General Assembly for an employer rate increase from 14 to 18%, which would be phased in over 8 years. Chairman Romanchuk thanked Interim Director Hoover for her comments and asked if there were any questions.

Vice Chairman Plummer thanked Interim Director Hoover and the STRS Board for their diligence and said this report highlighted the need for board parity. Vice Chairman Plummer asked Interim Director Hoover to clarify their upcoming employer rate increase legislation and how they would phase in the increase. Interim Director Hoover stated that STRS planned to phase it in over 8 years, so 0.5% each year for 8 years. Vice Chairman then asked Interim Director Hoover if she had any other suggestions for changes in light of those changes already made. Interim Director Hoover stated STRS has worked very hard to get to a stronger financial position, but emphasized that is only with no future COLA increases. There were no further questions and Chairman Romanchuk thanked Interim Director Hoover for her comments.

Chairman Romanchuk called on Director Stensrud to make his comments. Director Stensrud thanked the ORSC and its staff for the report and said it is a helpful document he knows will prove useful. Director Stensrud stressed SERS' ongoing commitment to sustainability and their actions to that end. Director Stensrud highlighted the importance of stakeholder participation and that all decisions are made only after extensive discussions with stakeholders. Director Stensrud did want to clarify the section of the report specific to the average SERS benefit being lower than the average Social Security benefit; SERS has run the Social Security model with real SERS numbers and found that if the SERS members were part of Social Security, their benefit would be half of what it is under SERS. Therefore, the SERS benefit is more valuable than the Social Security benefit. Chairman Romanchuk thanked Director Stensrud for his comments and asked if there were any questions and there were none.

Chairman Romanchuk called on Director Foley to make her comments. Director Foley thanked the ORSC and staff for their efforts in the report, but stated that the events taking place in 1967 were more significant to the funding impact on OP&F than the events taking place after 1998. Director Foley stated that, upon the creation of OP&F in 1967, only 15% of assets were required to be transferred while 100% of liability was transferred. Director Foley stated there are two bills pending in the General Assembly that would address the disparate rates between police and fire members within OP&F as well as the funding issue and that OP&F would be a fully funded pension fund if the rates were both at 24%. Director Foley stated that she appreciated the attachment of the OP&F addendum and that she would appreciate if members looked at page 49. Director Foley again stated that the impact of underfunding of OP&F at inception and uneven employer rates was more substantial than 1998-2022 events, noting that OP&F would have been at 160% funding in 1998 had they started with 100% funding at its inception. Director Foley stated that an assertion that providing healthcare to a public safety officer disabled in the line of duty, that is no retirement at all; not providing any healthcare to public safety officers disabled in the line of duty would be catastrophic to recruiting and retention. Director Foley said that OP&F members have made all the sacrifices so far, including in pension reform, and asked if it was ever appropriate for the employer to share in the burdens. Director Foley stated that they have seen what happens when there is no COLA as that was an option at OP&F for about 20 years and Director Foley said those members are below the poverty line. Director Foley said she would hope to have a much more robust conversation about board authority and the ORSC should have deep discussions and a lot of thought about transferring the authority of the settlor General Assembly to volunteer public employee's who sit on these pension boards. Chairman Romanchuk thanked Director Foley for her comments and pointed out the paragraph addendum added to the report which summed up Director Foley's comments. Chairman Romanchuk asked if there were any questions and there were none.

Chairman Romanchuk called on Director Roark to make his comments. Director Roark thanked the ORSC and its staff for the report and said it has already proved helpful to their staff and will certainly be useful to their board in the future. Director Roark said it

provides an illustration of what they have done well and not so well. Director Roark pointed the example of how HPRS made allocations to healthcare despite exceeding the 30-year amortization period. He reiterated the board's aggressive work to resolve a solvency issue with the healthcare fund, which also included increases in premiums, plan design changes, and costs passed onto members. Director Roark stated their confidence in the latest changes, the transition to a health reimbursement arrangement, will solve the issue of solvency for the HPRS health care fund. Director Roark outlined the complex funding policy the HPRS Board enacted to use as an important tool to make decisions regarding employee rates, COLA, and health care funding and to make sure HPRS lives within its means. Chairman Romanchuk thanked Director Roark for his comments and asked if there were any questions.

Mr. Montgomery stated he did not have any questions, but he did have comments. Chairman Romanchuk directed Mr. Montgomery to proceed. Mr. Montgomery thanked the systems' directors for their input and for working with ORSC staff on this report. Mr. Montgomery reminded the legislators present that whenever there is a financial problem and the remedy is delayed, the financial problem does not get cheaper to solve, but it gets worse. Everyone in Ohio has done their best to navigate through a financial crisis that was brought on by them. Mr. Montgomery said LIBOR was a rate everyone relied upon and set, but later, despite being said it could not be manipulated, it was shown that LIBOR was manipulated. Mr. Montgomery said the greed from Wall Street's very big bad actors created a lot of financial pain for all the systems and members and nobody received a bail out. Mr. Montgomery reiterated the faster you can help the systems to weather the storm, the sooner the problems can go away. Mr. Montgomery stated then we can go back to a more sensical COLA being given to members, because if you don't have COLA, you eventually erode into poverty and he personally knows individuals from OP&F who are in that position and there is nothing to be done. Mr. Montgomery then again urged the legislative members of the Council to work to help the funds to get back on their feet.

Dr. Podojil thanked ORSC staff for the comprehensive report and asked about the change in ratios between active and retiree members and said there may be merit in further investigation into this. Additionally, Dr. Podojil raised the issue of length of an active career versus length of time in retirement and particularly at STRS, this has been the topic of conversation. Dr. Podojil stated this was not really considered when these systems were established and can be a stressor on the system, particularly as we are living longer. Dr. Podojil also commented on the section of the report dealing with the COLA, and that the patchwork and uneven COLAs and the issues this creates. Dr. Podojil said moving forward as if everyone is at the same starting point may not be a realistic approach. Mr. Bernard answered that, in regard to the active versus retirees ratios, ORSC staff found during this report that each of the systems categorizes people differently, so ORSC staff will be working further on that issue.

Representative Bird asked Mr. Bernard to clarify page 19 of the power point, whether those are board decisions or statute. Mr. Bernard answered that it is the statute structure, but because some of the systems have been granted statutory board

authority, that is when the board decisions would apply. Mr. Bernard outlined the difference between PERS with no board authority and SERS who uses board authority annually. Rep. Bird asked if waiting periods and age requirements were in statute and Mr. Bernard said that was correct. Rep. Bird said he could not remember which page it was on, but asked Mr. Bernard to clarify the limited or no board authority issue. Mr. Bernard responded page 14 of the power point contained the information and Mr. Bernard outlined what types of authority systems were and were not granted and said board authority is not uniform and was very scattered. Rep. Bird asked if it says “no board authority,” does that mean that is because statute covers it or is that because the power is in the director’s hands? Mr. Bernard answered that PERS Board does not have the statutory authority to adjust the COLA as of now and for PERS Groups B and C, their COLAs are CPI-W, so those COLAs are statutory. Mr. Bernard said for STRS, any adjustment requires that the adjustment must preserve or not materially impair the fiscal integrity of the fund. If that is found, the STRS Board may adjust the COLA on an annual basis, per statute. Rep. Bird commented that there is a great difference in COLAs and, as Mr. Montgomery commented, members of the General Assembly are just going to have to decide philosophically on the issue of COLAs and whether it is the responsibility of taxpayers to continue to fund even more in order to provide the COLAs.

Chairman Romanchuk moved to the ORSC 2023 Annual Report. Mr. Bernard stated the report had been completed and distributed in March.

Chairman Romanchuk moved to the Rules. Mr. Bernard stated that ORSC staff had reviewed the rules, that they are in line with the Revised Code, and that staff had no further comments.

Chairman Romanchuk stated that the next ORSC meeting will take place on Thursday, May 9<sup>th</sup>, 2024, or at the call of the Chair.

The meeting adjourned at approximately 11:52 a.m.

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Date Approved

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Mark Romanchuk, Chairman

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Bethany Rhodes, Secretary

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Phil Plummer, Vice-Chairman