

Ohio Retirement Study Council
30 East Broad Street, 2nd Floor
Columbus, Ohio 43215

Minutes
June 18, 2020

The meeting was called to order by Chairman Schuring at approximately 10:00 a.m. in the Senate Finance Room, the Statehouse, Columbus, Ohio.

The following members attended the meeting:

Voting members

Rick Carfagna, Vice-Chair
Jack Cera
Hearcel Craig
Lora Miller
Angel Mumma
Dr. Anthony Podojil
Kirk Schuring, Chair

Non-voting members

Karen Carraher, PERS
Kevin Miller, HPRS
Scott Miller, OP&F
Karen Roggenkamp, SERS
Nick Treneff, STRS
Trista Turley-Martin, Attorney General

Absent

Jay Hottinger, Excused
Derek Merrin, Excused

Staff

Jeff Bernard
Bethany Rhodes

With a quorum present, Chairman Schuring moved that the minutes of the previous meeting be approved. The minutes were approved without objection.

Chairman Schuring asked that Director Rhodes review the FY2021 ORSC Budget.

Representative Cera arrived at 10:06 a.m.

Representative Carfagna noted that the Director said additional funds may be necessary for the rent and utilities line, but that she believes enough could be moved from other lines to cover this amount. He asked about the recourse should additional funds be necessary and asked if the ORSC would be required to do a supplemental budget should the rent be higher. Director Rhodes noted that she is permitted to shift funds between lines, but in the past and if necessary, the ORSC has passed supplemental budgets. Representative Carfagna responded that he wanted to make sure and be clear, that the Director felt comfortable that she can shift funds as necessary and not cripple that line item. Director Rhodes responded that she was

confident that she could do so. With no further discussion Representative Carfagna moved, and Senator Craig seconded, a motion to approve the FY2021 ORSC Budget. A roll call vote was taken and the motion was approved 7-0.

Chairman Schuring asked Jeff Bernard to review the HB 197 memo. Mr. Bernard reviewed the memo and there were no questions.

Chairman Schuring moved to the questions posed by Representative Cera during the February 13th meeting and systems' responses. He also paused to note that this was Representative Cera's final ORSC meeting and thanked Representative Cera for his service. Representative Cera thanked the systems for their responses. He thanked the ORSC, noting that he has enjoyed his time on the ORSC but wanted his successor to have an opportunity to become acclimated to the ORSC before next year, when he expected more pension legislation.

Chairman Schuring moved to the FY2021 STRS Budget and asked Nick Treneff, STRS communications Director, to review the proposed budget. Ms. Miller asked Mr. Treneff about the large increase in the banking expenses line item. Mr. Treneff noted that, with the decline in interest rates, STRS will receive less in offsetting credits for banking expenses. As a result, this will increase the net cost of banking. Representative Carfagna noted the multiple years of declining staff and asked if there was any reason for that. Mr. Treneff said that there is much more electronic servicing of requests, which reduce staffing needs. He also noted that, after a large increase in retirements after pension reform, retirements have decreased which has also reduced processing and costs.

Chairman Schuring moved to the FY2021 SERS Budget and asked Karen Roggenkamp, SERS Deputy Executive Director, to review the proposed budget. There were no questions.

Chairman Schuring asked ORSC staff to provide the Rules report. Mr. Bernard said that he had two sets of rules to review. He noted that the large packet of rules were in compliance with the Revised Code and had no further comments. He noted a second set of rules in red regarding furlough and full-time status that were approved by the OP&F Board on Tuesday [June 16, 2020], for which he did have concerns. While noting that, per the Revised Code, the OP&F Board was permitted to determine what constituted full-time status, the emergency rule makes possible that similarly situated employees may have different required employment hours to earn full-time service credit. Mr. Bernard noted that staff has only been able to review the rule for one day, but that this possibility raised significant concerns. He noted also that the reduction of hours would also result in an actuarial and funding effect on OP&F, but the extent of that effect depended on how much the larger cities utilized furloughs. He also noted that falling out of full-time status is consequential, as those individuals who are no longer full-time will cease being an OP&F member and instead default to being a PERS member.

Chairman Schuring asked if OP&F had any comments or response to Mr. Bernard's concerns. Mary Beth Foley, OP&F Legal Counsel, noted that OP&F was trying to address concerns brought forward by police unions, and specifically a furlough put in place by the city of Maumee. She highlighted that the allowed period was only 6 months. She said that employees were being treated the same and that she does not anticipate that the larger cities will furlough, as they have not done so in the past. Ms. Mumma asked if, under the rule, it was possible that a member of Toledo and a member of Columbus' police could have different full-time employment hours. Ms. Foley said yes. Representative Carfagna noted a bill allowing furloughs moving through the legislature and confirmed with Ms. Foley that the time period allowed under that rule and the bill were in sync. She said that it was. She also noted that the cities are bound by their collective bargaining agreements and the rule does not interact with those agreements. What the rule is saying is what the hours are that are necessary to be considered full-time. Dr Podiojil asked about the "ad hoc" portion of the rule. He asked if it were possible if one city asks first to reduce full-time hours, if a subsequent city would not be able to get those same reduced hours due to that 2nd city having an actuarial effect. How will it be fair to those cities? Ms. Foley said that she does not expect any of the big cities to furlough and would have to have a net 1% payroll reduction before in effected the system's solvency period. There was no further discussion.

Chairman Schuring wanted to thank Director Nehf for his service as executive director to STRS, noting that he was always a gentleman and he will be missed. He had resolutions on behalf of the Senate and House noting his service. He also noted that STRS was celebrating their 100 years of service this year.

Chairman Schuring announced that the next meeting is scheduled for July 9, 2020, at 10:00 a.m. or at the call of the Chairman.

The meeting adjourned at approximately 10:42 a.m.

Date Approved

Kirk Schuring, Chair

Bethany Rhodes, Secretary

Rick Carfagna, Vice Chair