

# Legislative Update

To: State Board Members
Re: Legislative Update
Date: September 14, 2012

#### **State Update**

#### **House and Senate Approve Pension Bills**

On Wednesday, the House and Senate approved five pension reform bills. The bills received nearly unanimous support with the only vote in opposition to one bill regarding the State Teachers Retirement System. The Governor is supportive of the legislation and is expected to sign them into law. The approved legislation includes:

- Ohio Police & Fire Pension Fund (SB 340): increases the employee contribution rate to 12.25% by July 2015; increases the retirement age to 52 for new hires; and implements anti-salary spiking provisions. It would also grant the board authority to make further adjustments to employee contribution levels, age and retirement eligibility to preserve the fund's fiscal integrity.
- <u>School Employees Retirement System</u> (SB 341): increases retirement eligibility for members with fewer than 25 years of service and grants the board authority to further adjust eligibility and to establish health care coverage.
- State Teachers Retirement System (SB 342): increases the employee contribution rate from the current 8-10% to a maximum of 14%; changes retirement eligibility; increases from three to five years the time used to determine final average salary; revises the cost of living allowance for retirees; eliminates the early retirement incentive program. It would also grant the board of trustees authority to further alter retirement eligibility and set the cost of living adjustment (COLA) amount.
- Ohio Public Employees Retirement System (SB 343): increases retirement eligibility for members more than five years away from retirement; increases from three to five years the time used to calculate the final average salary for employees with less service; changes the COLA; increases the minimum salary eligibility threshold from \$250 to \$600 a month; and implements a contribution based benefit cap that could limit benefits for some retirees.
- <u>State Highway Patrol Retirement System</u> (SB 345): sets the employee contribution rate at 10-14% of members' salaries; raises eligibility to receive a COLA increase to age 60; eliminates the annual COLA except for lower income recipients; sets the final average salary to five years; and alters the Deferred Retirement Option Plan. It would also grant the board authority to further reduce the COLA.

#### **Legislation Introduced**

**SB 372** (Brown, D-Toledo) requires school districts to allow alternative summer meal sponsors to use school facilities to provide food service for summer intervention services regardless of financial reasons

if at least half of the students are federally eligible for free lunches, allows the distribution and consumption of meals on a school bus, and creates a healthy food license for child day-care centers and school child programs.

## **Federal Update**

### **House Approves Six-Month Continuing Resolution to Fund Government Programs**

On Thursday, the House approved H.J. Res. 117, the Continuing Resolution (CR) to fund the federal government programs until March 27, 2013. With few exceptions, the CR funds programs at the federal fiscal year (FY) 2012 levels. The start of federal FY 2013 begins October 1 and the temporary CR provides the House and Senate additional time to approve appropriation bills. Thus far, the House has approved seven of the 12 appropriations bills and the Senate has not approved any appropriations bills. Important to note, the temporary CR does not address the pending sequester, which requires significant automatic spending reductions to defense and other discretionary programs. Without Congressional action to address the sequester, discretionary programs, including education programs, will be reduced starting January 2, 2013.