

Special Notice

FY2020 Surcharge Recalculation



School Employees Retirement System of Ohio

February 9, 2021

Revised FY2020 Surcharge Invoices

The week of February 15, 2021, all school employers/school districts will receive a *Special Notice* regarding a recalculation of the FY2020 Surcharge collection, how it will affect them, and what they will need to do.

Background

After the FY2020 billing was released in August, SERS noticed that the Surcharge was approximately \$3.7 million under what should have been collected to meet SERS' health care funding objectives. Even though total member salary had increased from FY2019 to FY2020, there were fewer salaries under the \$19,600 minimum compensation estimate than in previous years, and accordingly, the amount collected was below target.

Due to the COVID-19 pandemic, the actual payroll data for the fiscal year was different than the payroll projections. With most schools using remote learning and a hybrid of remote learning, the staffing and payroll was different than a normal year. This explained why the statewide minimum compensation amount used to calculate the Surcharge was not sufficient to reach the Surcharge projection.

Because the full collection of the Surcharge is essential for preserving SERS' ability to provide access to dependable and affordable health care coverage for its retirees, the actuary was directed to determine and recommend a new minimum compensation amount sufficient to meet the statutory target. The actuary determined that a revised minimum compensation amount of \$23,000 would accomplish that objective.

This means that some districts will be billed for more Surcharge contributions than they paid previously, some employers will receive refunds because their new Surcharge calculation will be lower than the contributions they already paid, and some others will have already paid the correct amount.

SERS will work with individual employers to establish a payment arrangement if necessary and desired.

SERS expects all FY2020 Surcharge payments to be made before FY2022 begins on July 1, 2021. If payment is made within this timeframe, no penalties or interest will be applied.

Again, you will be receiving a *Special Notice* the week of February 15, 2021, with further communication concerning this matter.

Please contact Employer Services at employerservices@ohsers.org with any questions.

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<http://www.ohsers.org/employers/employers>