



SERS Retirement Board
Special Compensation Committee
Meeting Agenda
Wednesday, June 18, 2025
7:30 A.M

To Join Zoom Meeting:

<https://ohsers.zoom.us/j/94087531196?pwd=lcZ9KkbYsXn5dUs4ZOFINB3MnOzAiY.1>

Meeting ID: 940 8753 1196 Password: 12345

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **940 8753 1196** and password: **12345** when prompted.

1. Roll Call
2. Approval of **April 17, 2024**, Compensation Committee Meeting Minutes (R)
3. Discussion of Changes to Employee Leave Time Program
4. Executive session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)
5. Adjournment (R)

SCHOOL EMPLOYEES RETIREMENT SYSTEM

COMPENSATION COMMITTEE

June 18, 2025

_____ A.M.

Roll Call:

Daniel Wilson - Chair	_____
Jeffrey DeLeone	_____
James Haller	_____
Catherine Moss	_____
Aimee Russell	_____

Guests in Attendance:

APPROVAL OF MINUTES OF THE COMPENSATION COMMITTEE MEETING

_____ moved and _____ seconded the motion to approve the minutes of the Compensation Committee meeting held on April 17, 2025.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____

School Employees Retirement System		SPECIAL COMPENSATION COMMITTEE MEETING MINUTES	
Preparer	Vatina Gray		Meeting Date: April 17, 2025
Committee Chair	Daniel Wilson	Committee roll call was as follows: Present: Jeffrey DeLeone, James Haller, Aimee Russell, and Daniel Wilson. Attending remotely: Catherine Moss. Also in Attendance: Lisa Reid, representative from the Ohio Attorney General's Office. Also in attendance were SERS Staff: Richard Stensrud, Joe Marotta, and Vatina Gray.	
Agenda	1. Roll Call 2. Approval of March 20, 2025, Compensation Committee Minutes (R) 3. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R) 4. Adjournment		
Discussion	<p>The SERS Special Compensation Committee meeting began in open session at 7:30 a.m.</p> <p><u>ROLL CALL</u> The SERS Special Compensation Committee roll call was as follows: In-Person: Jeffrey DeLeone, James Haller, Aimee Russell, and Daniel Wilson. Attending remotely: Catherine Moss.</p> <p><u>APPROVAL OF MINUTES</u> James Haller moved and Aimee Russell seconded the motion to approve the minutes of the Compensation Committee meeting held on March 20, 2025. Upon roll call the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Catherine Moss, Aimee Russell, and Daniel Wilson. The motion carried.</p> <p><u>EXECUTIVE SESSION</u> James Haller moved and Aimee Russell seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Catherine Moss, Aimee Russell, and Daniel Wilson. The motion carried.</p> <p>The committee convened in executive session at 7:33 a.m. The committee returned to open session at 8:30 a.m.</p> <p><u>ADJOURNMENT</u> Daniel Wilson moved to adjourn the meeting at 8:32 a.m.</p>		

	Action Items	Assigned Person	Due Date
Action Items			

Memo

To: SERS Compensation Committee
From: Richard Stensrud
cc: Michelle Miller and Karen Roggenkamp
Date: June 9, 2025
Re: Leave Program Changes

Annually, the Executive Director, with input and guidance from the Deputy Executive Director and the Directors of Human Resources, Health Care Services, and Finance, reviews and considers potential adjustments to the non-salary benefits provided to SERS employees. The primary goal is to assure that we are being fiscally prudent while providing a benefits package that supports our overall compensation objective of being able to attract and retain well-qualified personnel.

Examples of the benefits reviewed and adjusted annually include the elements of the employee health care plan such as:

- Premiums
- Co-pays
- Co-insurance
- Deductibles
- Out-of-pocket maximums
- Prescription formulary changes
- Wellness and disease management programs
- Flexible Spending Account vendors

Other benefits that have been reviewed and adjusted over the last several years include:

- Provisions of the life insurance offered to retired SERS employees
- The length of the SERS work week
- Parental leave
- The tuition reimbursement program
- The cell phone reimbursement program
- Short term disability benefit levels
- Expanding 'stop loss' coverage to employee prescription claims
- Sick leave accrual and cash out
- Vacation leave accrual and cash out

A chronological list of these latter benefit changes is attached to this memorandum for reference.

The longstanding practice at SERS has been that benefit adjustments such as those referenced above are made pursuant to the operational authority granted to the Executive Director, with no Board approval required. However, in situations where adjustments are more widespread and/or substantial, it has been my practice to advise the Compensation Committee about what is being done and why. This can be seen in the chronology, where in December 2017, I reported to the Committee on a package of benefit adjustments that would be implemented beginning in 2018. A copy of the memorandum to the Compensation Committee describing those changes is attached for your reference.

This memorandum is being presented for a similar reason: To advise the Committee about a package of adjustments to the employee sick and vacation leave accrual and cash out program that will be implemented over the next year.

Re-assessing sick and vacation leave accrual and cash out has become more important in recent years. Those adjustments (which for past years are described in the chronology and memorandum referenced above) are largely for three reasons: (1) GASB has issued directives requiring that more accumulated leave time must be reported on SERS' financial statements as an expense accrual, which places a strain on current and future operating budgets; (2) Leave usage by employees has declined, causing leave balances to increase and financial statement reporting levels to increase, and further resulting in the potential for larger leave cash outs before retirement/separation from service; and (3) A difference between some of SERS' leave accrual and cash out caps and those at the other Ohio retirement systems.

As of December 2024, there was \$1.6 million in vacation leave liability and \$2.1 million in sick leave liability that must be reported on the financial statements.

The discussion that follows will outline SERS' current vacation and sick leave accrual and cash out provisions and the adjustments that will be made to the program.

Current Vacation Leave Accrual and Cash Out Provisions

- SERS employees earn 4,5,6,7, or 8 hours of vacation leave per pay period depending on seniority.
- All employees are required to use at least 40 hours of vacation leave time per year.
- Accrued vacation leave over 80 hours can be cashed in up to 3 times per year at the employee's current rate of pay.
- Vacation leave maxes out at 2 years' worth of accruals (208 – 416 hours).
- All vacation leave is paid out at time of separation.
- As of December 2024, 75% of SERS' employees have 80 or more hours of accrued vacation leave and 35% have more than 200 hours.

Vacation Leave Accrual and Cash Out Changes

- The accrual rates and maximum accrual levels will not change, and employees with more than 80 hours will still be able to cash in up to three times a year.
- However, there will be an annual 120 hour cap on vacation leave cash ins effective July 1, 2026.
 - This is intended to help alleviate large cash in spikes which are hard to plan and budget for.
 - The 120 hour cash in cap should also encourage employees to use more leave time on an annual basis without instituting a mandate for all employees to use more hours in a year. If more people use leave time within the year, it will reduce the leave expense assumption over time for budgeting purposes.

- The 40 hour vacation leave usage requirement will remain in effect for all staff except Executive level staff who earn more than 8 hours of vacation leave per pay period. Given their higher vacation accrual rate, those individuals will be required to use 80 hours of vacation leave per year.

Current Sick Leave Accrual and Cash Out Provisions

- SERS employees earn 4 hours of sick leave per pay period regardless of seniority.
- There is currently no cap on the number of sick leave hours that can be accrued, however a maximum of 960 hours is payable upon separation from service.
- Employees with over 500 sick leave hours in January of each year have the option to cash in one half of the sick leave hours they earned over the year and did not use. The other half is carried forward. The maximum annual cash in is 52 hours.
- As of December 2024, 32% of SERS employees have 500+ hours of sick leave, 22% have 720+ hours, and 11% have 1000+ hours.

Sick Leave Accrual and Cash Out Changes (effective January 2026)

- A hard cap of 960 hours will be established for sick leave accrual.
- Employees can voluntarily cash in sick leave if they have at least 480 hours of accrued sick leave.
- Sick leave cash in will be mandatory for employees with at least 720 hours of accrued sick leave.
- The cash in will be for all hours earned but not used in the past year and will be paid out at a 50% rate. The dollar amount paid out under the former and new provisions would be the same, the difference is that the half of the hours that used to be carried over will no longer carry over.

Long Term Impact

The changes to the leave time program will allow SERS to maintain our current sick and vacation accruals and continue to provide the opportunity for an annual cash-in of unused leave time. With the phase-in of the provisions being changed, those employees closest to retirement will be the least impacted by the changes.

The leave accrual rate, the leave accrual caps, and the leave accrual cash in opportunities will be on par with those at the other retirement systems and will help enable SERS to attract and retain high quality employees. At the same time, SERS will benefit by reducing cash in volatility and reducing the rate of growth of the future leave liability over time. It is estimated that the future leave liability will be reduced by over 10% within 5 years.

I hope this information is helpful. I will be happy to answer any questions you might have.

EMPLOYEE BENEFITS DISCUSSION**School Employees
Retirement System**

Memo

To: SERS' Compensation Committee
From: Richard Stensrud
Date: December 18, 2017
Re: Employee Benefit Changes

As SERS has asked our members and retirees to embrace changes in pension reform, we have also asked our employees to embrace some changes.

Staff completed a review of SERS' employee benefit package and determined that a few adjustments were needed to be made in our current benefit offering. This review did not focus solely on cost-saving measures, but an overall view of the value added by each benefit in the package, and how SERS' benefits compare to other Ohio retirement systems for the purpose of attracting and retaining high quality employees.

Through this process Senior Leadership acknowledged that change can be difficult and spent many hours discussing these modifications and how it will impact employees and our business.

Despite the changes, we strive to continue to support a great work environment at SERS not only because of the competitive benefits package and positive work environment that is provided, but also because of the great staff we employ.

The changes include:

1. Adoption of a 40 hour work week
2. The addition of paid parental leave
3. Elimination of the tuition assistance payment "carryover"
4. Reductions to retiree life insurance for SERS employees
5. Sick leave program alterations

1. 40-Hour Work Week

When STRS switched from a 38.75 hour work week to a 40 hour work week several years ago, it left SERS as the only Ohio retirement system with less than a 40 hour work week. Moreover, very few non-retirement system organizations have work weeks less than 40 hours. It is important to align ourselves with other retirement systems and within our business community.

This change will allow SERS to avoid the risk of negative scrutiny of our organization as an outlier. At times, it is appropriate for SERS to be unique, but being an outlier for a 38.75 hour work week is something we do not want to defend.

Therefore, we will be adopting a 40 hour work week starting on March 5, 2018. This change will mean all full-time staff will be working 15 minutes more each day. Hourly (Non-Exempt) employees will be compensated for working the additional 1.25 hours per week. Salaried (Exempt) employees' bi-weekly salary will remain the same and not receive any additional compensation for the extra time worked. In many cases, exempt staff are already working over 38.75 hours a week.

While planning for the transition to the 40 hour work week, it was decided that SERS will not adjust the vacation or sick leave accruals to account for employees being required to use 8 hours of leave time vs. 7.75 hours of leave time for a day off. Increasing vacation or sick accruals would have a budget impact since vacation and sick leave hold a cash value.

Therefore, it was decided that SERS would offer an additional personal day to slightly offset the negative impacts of not changing the leave accrual rates or exempt employees' salaries. Personal days hold no cash value and are a "use it or lose it" calendar year benefit.

2. Paid Parental Leave

Starting January 1, 2018, SERS will offer a two-week paid parental leave benefit for all new parents for the birth, adoption, or foster care placement of a child.

There are several reasons SERS is adding this benefit:

- A competitive labor market has prompted more organizations to adopt paid parental leave policies in order to attract workers. The investment in paid parental leave makes sense -- especially if it encourages talented people to come back to work after the birth of a child.
- Our current voluntary Short-Term Disability (STD) program only covers the birth mother. Other parents besides the birth mother or adoptive/foster parents are not eligible for STD benefits. Therefore, these individuals are left with no additional benefit. In some cases, parents are forced to come back to work sooner than they wish due to personal financial hardship.

The paid parental leave will be required to be used within the 12-week period following the birth, adoption, or foster care placement of a child. Any unused time would be forfeited at the end of the 12 week period.

3. Tuition Assistance Program

SERS has had an education and certification assistance program since the 1990s. The program has proven to attract, develop, and retain quality employees.

The tuition reimbursement program has continually evolved and under the current policy, SERS pays for one undergraduate and/or graduate degree with payment up to \$7,500 per fiscal year. Since before 2008, SERS has paid up to \$7,500 and "carried over" any expenses that exceed \$7,500 to the next fiscal year for payment. For example, if an employee has \$8,000 in expenses in FY17, \$500 would be paid in FY18.

Starting in FY19, the payment of carryover expenses will be discontinued. SERS will only pay up to \$7,500 per fiscal year. Employees will be responsible for any expenses above \$7,500 in a fiscal year. Employees who currently are actively participating in the program will be grandfathered under the old policy until they complete their degree.

It should be noted that the current policy does contain a payback provision. Employees must pay back any tuition reimbursement paid to them within 24 months of their separation of employment.

4. SERS Employee Retiree Life Insurance

For several decades, SERS employees, who retire from SERS receive a life insurance benefit paid by SERS while in retirement. The other Ohio retirement systems also offer the benefit, but at lesser values.

SERS has two classes of retiree life insurance that affect current employees. The first class offers a policy that can range from \$25,000 to \$75,000 depending upon final salary. Employees who were hired prior to 12/31/2009 are eligible for this policy. The second class is for employees hired between 1/1/2010 – 1/31/2017 who are eligible for a flat \$15,000 policy at SERS' expense. Any employee hired on or after 2/1/2017 is not eligible for this benefit.

This benefit does not completely align with the goal of the employee benefits package. We find applicants are surprised that we offer such benefit. We also find that most employees are unaware of the benefit until they approach retirement. It appears SERS is not getting the value from the benefit compared to the cost.

Beginning 1/1/2020, for those in the first class, the benefit will be reduced to a flat \$25,000. This amount was chosen because it is the minimum amount they would have received under the previous policy and is more fiscally manageable for SERS. The 2020 implementation date was chosen to allow staff time to adjust their retirement planning, if needed and this date is also the start of our next renewal period.

5. Sick Leave

Compensation for Unused Leave Time during Employment

Employees who have sick leave balances over 500 hours are automatically compensated in January for one half of the sick leave they accrued, but did not use in the previous year (maximum payout is 52 hours). The policy will change to allow employees the choice of cashing in their leave time or saving it for future use.

Compensation for Unused Leave Time at end of Employment

Currently, when an employee retires from SERS, becomes disabled, or passes away while employed with at least 5 years of SERS service he or she is eligible for payment for unused sick leave. These employees are paid 100% of their sick leave for up to the first 120 days and 50% of the remaining balance. SERS policy does not currently have a cap. Sick leave is forfeited when separating employment for any other reason.

The other Ohio retirement systems offer similar benefits. Two of the three other systems have caps at 1000 hours. SERS will continue to pay 100% of sick leave for up to the first 120 days (960 hours based on an 8-hour work day) and eliminate payment for the 50% of the remaining hours.

Some employees will be grandfathered for time accrued through June 30, 2018. Those retiring, disabled, or deceased employees with at least five years of SERS service who have unused sick leave balances greater than 120 days as of June 30, 2018 will be compensated following the current policy for all unused sick time at their current rate of pay for the first 120 days of unused sick leave and 50% of the remaining balance up to the total balance as of June 30, 2018.

Granting Sick Leave at Time of Hire

SERS current policy allows a new employee to be granted up to 200 hours of sick leave, if the new employee has a sick leave balance from their previous Ohio public service position which they are leaving to come work for SERS. This is an unusual benefit; however, SERS sees value in recognizing prior public service. Therefore, the effective January 2018, the amount of leave time granted will be reduced from up to 200 hours to up to 80 hours. Two weeks of sick leave

appears more reasonable than five weeks of sick leave to be granted to the new employee with prior public service.

Annual Items

- Annual employee health care plan review – Executive Director reviews HR/HC recommendations for employee health plan. Changes include, but are not limited to co-pays, co-insurance, deductibles, out-of-pocket maximums, prescription formulary changes, wellness and disease management programs, FSA program carriers/vendors, premiums, etc.

2015

- Added access to employee-paid pet insurance program, available through payroll deduction.

2017

- Closed retiree life insurance program to new employees due to the rising cost of providing the benefit relative to the value. The program did not contribute to attracting and retaining employees.

2018 – Shared with Comp Committee in a memo from a full review of benefits package.

- Adoption of 40-hour work week and additional personal day to offset the negative impacts of not changing the leave accrual rates or exempt employee salaries when we moved to a 40-hour work week.
- Parental leave program was created by granting 2 weeks of leave for new parents. A competitive labor market has prompted more organizations to adopt paid parental leave policies in order to attract workers.
- Ended rollover provision for tuition reimbursement program. Tuition assistance programs are very common. However, allowing employees to “rollover” additional expenses above the annual maximum of \$7,500 is an uncommon practice and can be very costly to the organization.
- Changes to sick leave cash-in program. Cash in policies for sick leave are not uncommon. However, those policies typically have caps or reduced payouts for a portion of the total balance. There were three changes to the sick leave program.
 - Addition of a sick leave cash-in cap at retirement, disability, or death
 - Annual sick leave cash in to be voluntary for those who have over 500 hours
 - Reduction of sick leave granted to new employees with prior public service.
 - If a new employee leaves an Ohio public service position to come work for SERS and they leave a sick leave balance with their previous public employer, SERS will grant up to two weeks (down from 200 hours) of sick leave to the new employee when they start at SERS. This benefit is an unusual benefit. However, SERS sees value in recognizing prior public service and incentivizes candidates to leave DAS covered positions.

2020 – This was announced in the 2018 package, but not implemented until 2020.

- Reduced retiree life insurance benefit for those who had not retired, but remained eligible for the benefit in 2020. Retiree life insurance is not a common benefit. The retiree life insurance program is an expensive benefit relative to the perceived value. The benefit's impact on SERS' ability to attract and retain quality employees is minimal when compared to other benefits SERS offers.

2021

- Addition of Juneteenth as a recognized holiday after Governor DeWine issued a statement acknowledging Juneteenth as a state holiday and aligning with the federal recognition. SERS first observed the holiday in June 2022.

2022

- Stoploss coverage expanded to include Rx claims. Prescription claims have become one of the fastest growing components of healthcare spending in recent years. Excluding prescription drugs from stop loss coverage leaves a major category of financial risk uncovered.

2024

- Updated vacation leave accrual structure from three buckets (4/6/8) to five (4/5/6/7/8). The goal of the change was to build in more steps without impacting total leave accrued for long-term employees. This was done to promote retention. If a person starts employment with SERS with no prior service, over the 15-year period, they will have the opportunity to accrue the same number of hours under the old and new plans.
- Reduction of cell phone reimbursement program. Right sized the cell phone reimbursement program due to implementation of new phone system and falling prices of unlimited call, text, and data phone plans.
- Increase short-term disability weekly maximum benefit from \$1,500 to \$2,000 to realign with wage growth and benefit benchmarks. Weekly max had not been updated since the program was established in 2010.

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Compensation Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

Upon roll call, the vote was as follows:

ROLL CALL

	YEA	NAY	ABSTAIN
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____

CONVENE IN EXECUTIVE SESSION AT _____ A.M./P.M.

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

ADJOURNMENT

_____ moved that the Compensation Committee adjourn to meet on _____
or the next compensation committee meeting.

The meeting adjourned at _____ a.m.

Daniel Wilson, Compensation Committee Chair