

Dear Chairman McGregor:

I am writing to bring your attention to a potential conflict with parts of the rule summary and fiscal analysis that has now been re-filed twice by the State Teachers Retirement System (STRS) dealing with Rule Number 3307:1-11-02. The last re-filing of the rule summary and fiscal analysis was on October 12, 2007. The rule is number 25 on the Consent Agenda for Oct. 22, 2007.

The Ohio School Boards Association (OSBA) believes that STRS has failed to provide a complete and accurate rule summary and fiscal analysis to describe the impact of this rule not only upon STRS, but also upon school districts throughout Ohio.

STRS explains the estimated cost of compliance of the proposed rule in question 15 as:

... For STRS Ohio, initial projections show an annual cost of savings of approximately \$2 million being realized by providing secondary rather than primary health care coverage to approximately 1500 retirees reemployed in STRS Ohio covered positions. ... It is possible that employers may experience cost increases in some instances depending upon the insurance programs being offered to employees. ...

However, in question 13, STRS states there will be no impact on revenue or expenditures in this biennium, and in question 16, STRS states there will be no fiscal effect on school districts. OSBA believes there are inherent conflicts with the information being provided by STRS to the JCARR Committee.

This proposed STRS rule will have a significant impact on local school districts that will now have to endure additional costs of providing health care coverage for all reemployed retirees after January 1, 2009. STRS fails to appropriately acknowledge these costs in the rule summary and fiscal analysis.

Thank you for the opportunity to share with you OSBA's concerns with STRS proposed rule 3307:1-11-02 and the rule summary and fiscal analysis. If you should have any questions, please feel free to contact me.

Sincerely,

Richard C. Lewis, CAE
Executive Director

Cc: William L. Hills
JCARR Members

Damon Asbury