



## FRATERNAL ORDER OF POLICE OF OHIO, INC.

222 East Town Street, Columbus, Ohio 43215-4611  
(614) 224-5700 Fax (614) 224-5775  
www.fopohio.org



### 132<sup>nd</sup> General Assembly

#### Aging and Long Term Care Committee

#### Testimony on H.B. 413

February 6, 2018

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**GWEN CALLENDER**

Good afternoon, Chairman Arndt, Vice Chair Pelanda, Ranking Member Howse, and all members of the House Aging and Long Term Care Committee. My name is Eric Lehnhart (Lane-Hart) and I stand before you today testifying in opposition to H.B. 413 on behalf of the Fraternal Order of Police of Ohio. Currently, I am a Sr. Special Agent for the Ohio Bureau of Criminal Identification and Investigations, who also serves as the tenth (10) district trustee for the FOP. I am proud to represent over 24,000 full time and retired law enforcement professionals who have dedicated their lives to the citizens of Ohio. Although we represent a large demographic in law enforcement, today I am here specifically for those who are active and retired members of the Ohio Public Employees Retirement System (OPERS).

As you are aware, H.B. 413 proposes to modify the annual cost of living adjustment for current and future OPERS retirees. You have also heard proponent testimony from OPERS Executive Director where OPERS believes a “moderate step now” is a “prudent action” to “avoid making more dramatic changes later.” Please keep in mind, that both of OPERS Board of Trustee retiree representatives voted against this proposal. Although we appreciate OPERS position, the Fraternal Order of Police opposes such changes as unnecessary.

I believe we can all agree that the Ohio Public Employees Retirement System is financially strong. 80% funded and boasting a 19 to 21 year amortization period, this puts OPERS near the top of public sector pension funds, not just here in Ohio but nationwide. In fact in 2017, OPERS saw a rate of 16% return on their investments, further strengthening their financial position. We can also agree that OPERS retiree’s cost of living adjustments (COLA) are simple and not compounding like social security.

Proponent testimony only mentions the Consumer Price Index (CPI) as a means to an end. We submit that the Experimental Price Index for the Elderly (CPI-E) would be a more accurate indicator, as the inflation rate experienced by seniors is higher than that experienced by the rest of the economy. For a point of reference, the CPI-E increased at an annual average of not less than 3.1% between 1984 and 2011. This index represents goods and services used by consumers 62 years or

older. Increased medical cost and housing expenses are a significant part of that equation.

Many of our retirees believed that the current COLA was installed to help offset inflation and the significant changes to their healthcare. Retirees made the decision to retire based on the information they received from OPERS. Those counseling sessions instilled confidence in members that they were making the right financial choices for their family for years to come. This compiled with the significant increase in covering their spouses healthcare have caused in many cases, financial crisis. Additionally, many senior citizens do not have the capacity to return to the workforce to supplement their incomes.

And finally, as OPERS is not experiencing an economic crisis, we strongly believe the authority just does not exist to alter a vested benefit per R.C 145.561. The codes provision applies to the COLA and this can be demonstrated by the fact that when the provision was amended by S.B. 343 in December of 2012, the amendment specified that the vesting provisions would not apply to the cost of living adjustments granted to members who retire on or after January 7, 2013. We also submit that the vesting right was reaffirmed in the U.S. Court of Appeals, Sixth Circuit case Mascio v. Public Employees Retirement System of Ohio. That alone should cause this committee to pause.

Chairman Arndt, and members of the House Aging and Long Term Care Committee. It has been an honor to stand before you this afternoon and offer opponent testimony to H.B. 413. I appreciate your time and the thought you have put into this extremely important issue and ask that you be a champion for the working and retired members of the Ohio Public Employees Retirement System.

I'll stand for questions.