



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSRUD
Executive Director

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Deputy Executive Director

March 13, 2023

The Honorable Matt Dolan
Chairman
Senate Finance Committee
Ohio Statehouse, Room 127
Columbus, OH 43215

Dear Chairman Dolan:

The School Employees Retirement System of Ohio (SERS) is pleased to provide interested party testimony on SB6, which prohibits the state retirement system boards, Administrator of Workers' Compensation, and boards of trustees of state institutions of higher education from making an investment decision with the primary purpose of influencing any social or environmental policy or the governance of any corporation (ESG).

We are a defined benefit public pension fund that provides retirement allowances, disability and survivor benefits, and access to health care coverage for the people who serve our schools. SERS' members are administrative assistants, bus drivers, food service workers, librarians, maintenance personnel, teacher aides, treasurers, and other school employees who are vital to the operation of Ohio's schools. SERS' membership consists of 155,000 active members and 81,000 retirees. As of the close of the last fiscal year (June 30, 2022), our diversified investment portfolio held \$17.9 billion in assets.

The policies and practices of SERS' investment program are fully in accordance with the provisions of SB6. Under the Ohio Revised Code, SERS is required to discharge its duties solely in the interests of SERS' participants and beneficiaries, for the exclusive purpose of providing benefits to participants and their beneficiaries, and defraying the reasonable expenses of administering the retirement system. To that end, our focus is on achieving the highest possible return on our investments with a reasonable level of risk, and we do not subordinate this objective to any other consideration. SERS does not invest in any ESG-driven investment strategies or funds, nor do we direct our investment managers to make investment decisions for the purpose of achieving ESG objectives. Similarly, we do not exclude any industries or individual companies from investment consideration based on factors unrelated to increasing the value of our investment portfolio. And we expect our investment managers to prudently assess possible sources of risk that could diminish the value of our investments.

RETIREMENT BOARD

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Appointed Member

We believe that the success of our investment program validates this approach. Our investment performance over the last 1, 3, 5 and 10 years is in the top 5% of public retirement systems in the country. Maintaining strong investment performance is essential because nearly two thirds of the pension and health care benefits SERS pays out are funded through the investment program.

While SERS believes that SB6, in its current form, will not impair SERS' ability to continue to operate a successful investment program, we would respectfully caution against any legislative investment mandates that would require consideration of non-financial factors or force divestment from or investment in any company based on non-pecuniary factors. We would respectfully submit that such measures could impede our ability to maintain the success of our investment program and its important role in achieving our mission.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Richard Stensrud".

Richard Stensrud
Executive Director