



**OHIO SENATE AGRICULTURE AND
NATURAL RESOURCES COMMITTEE**

May 14, 2025

Interested Party Testimony

Am. Sub. H.B. No. 96 – State Operating Budget

Chairman Schaffer, Vice Chairman Koehler, Ranking Member Hicks-Hudson, and members of the Senate Agriculture and Natural Resources Committee, my name is Gordon Gaten, Director of External Relations for the Ohio Public Employees Retirement System (OPERS). OPERS appreciates the opportunity to provide testimony on a provision within Amended Substitute House Bill 96 (H.B. 96) that defines the Ohio Retirement Systems (Systems) as state agencies.

As a matter of background, OPERS is the largest state retirement system in Ohio and the 14th largest public retirement system in the nation. Currently, we have more than \$115 billion in assets under management, which is held in trust set aside to provide secure retirement benefits for Ohio's public employees. More than 1.2 million active, inactive, and retired public employees – almost one of out every 10 Ohioans – will rely on OPERS in some way for their retirement needs. Last year OPERS paid out more than \$8 billion in pension benefits and health care coverage. Approximately 89 percent of our members remain in Ohio after they retire, so a significant part of these payments flow into local economies throughout the State. Those funds are always there – in good times and bad – helping to sustain businesses and generate economic activity, and reduce reliance on social safety net programs.

Today I am here to testify about a provision in H.B. 96 that compromises the independence of Ohio's retirement systems and we believe sets a bad precedent going forward. To that end, we are respectfully requesting that the Systems be removed from the definition of "state agency" for purposes of reporting remote work policies to the Ohio Department of Administrative Services (DAS).

Like the boards of trustees at state institutions of higher education, which are exempt under the bill, the Systems' boards are charged with the fiduciary responsibility to administer and manage the Systems and should be similarly exempted from this definition. Our boards of trustees are comprised of elected and appointed individuals, all of whom have taken an oath of strict fiduciary responsibility to act in the best interests of the members who depend on us.

From a legal perspective, none of the Systems have ever been considered (or defined) as a state agency. On the contrary, Attorneys General opinions¹ and corresponding case law within those opinions specifically maintain that the Systems are independent entities, intentionally separate from the executive branch of Ohio's government. This separation has benefitted both the state of Ohio *and* the retirement systems – the systems can focus solely on their fiduciary duty to their members, and the state government is free from the responsibility of providing retirement security for Ohio's retired public workers. There is perhaps no better measure of the value of this independence than the fact that the systems have been providing secure, sustainable, and uninterrupted retirement benefits to their retired members for more than 100 years.

Maintaining the Systems' independence is of the utmost importance, as it allows the maintenance of distinct lines of discretion and governance. As an example, OPERS' fiduciary duty extends to every aspect of the organization, from the collection and investment of its members' retirement contributions to the payment of pension benefits, as well as the management of its workforce and efficient administration of its business. Blurring the line between the Systems and the executive branch would compromise our boards' independence and decision-making authority regarding our needs as employers and as providers of retirement security for hundreds of thousands of Ohioans. At best, these types of requirements divert attention from our mission, which is to act solely in our members' best interests.

If the General Assembly believes that the Systems should create remote work policies and be held accountable for those policies, there is already a mechanism in place for reporting such information – the Ohio Retirement Study Council (ORSC). The Council's composition, authority, and role as a legislative oversight body would effectively address the concerns raised regarding the erosion of the Systems' independence and would provide adequate legislative oversight to ensure that the Systems are appropriately serving their members.

Finally, it should be noted that the ORSC recently voted to disapprove the inclusion of the Systems within the definition of "state agency" for purposes of reporting remote work policies to the DAS. OPERS wholeheartedly supports this outcome and asks that House Bill 96 be amended accordingly.

Thank you again for the opportunity to share our concerns with the Committee and for your consideration of our request. I am happy to address any questions you may have.

¹ OAG 96-032, "...the Public Employees Retirement System, R.C. Chapter 145...systems are not state agencies, as that term is defined at R.C. 121.41(D) and R.C. 1.60....", Syllabus.