



Representative Paula Hicks-Hudson

44th House District

Minority Whip Jessica Miranda

28th House District

House Bill 562 Sponsor Testimony

April 6, 2022

Chair Brinkman, Vice Chair Lampton, Ranking Member Miranda and Members of the Insurance Committee:

Thank you for the opportunity to present sponsor testimony on behalf of HB 562, Regards Cost of Living Adjustments by State Teachers Retirement Board. Identical legislation was introduced in the Ohio Senate as Senate Bill 280. Very simply put this bill keeps the promise to Ohio's retired teachers by reinstating the cost of living adjustments.

This bill requires a minimum 2% increase in members' benefits each year. According to LSC's fiscal notes, there is no direct financial cost to the state or political subdivisions because it does not require any increased employer contribution to the State Teachers Retirement System. Under current law, there is provision for a 2% increase, however it gives the STRS Board the authority to adjust the size of the COLA if the Board's actuary determines that an adjustment: (1) does not materially impair the fiscal integrity of the retirement system or (2) is necessary to preserve the fiscal integrity of the system.

Since 2017, the Board has set the COLA, resulting in retirees not receiving any increase. Our retired teachers have had to make ends meet because we all know that the actual cost of living has increased. In speaking with teachers, active and retired, I have been told that they did not enter this profession planning to be millionaires. They understand that having a financial stable retirement entails having a reliable pension and being smart about managing their funds and making wise decisions.

Unfortunately, many of the teachers who retired because of the options offered to them in 2011, now feel that they were sold a bill of goods. Many have returned to the classroom as substitutes. Some have taken other employment. Many are upset because a promise is a promise.

The recent action by the STRS board in granting a 3% COLA and removing the age requirement of 60 years of age does not change the need for this legislation. It is our understanding that the Board still has the ability to annually award the COLA. A promise made must be a promise kept. Without reestablishing an annual COLA, new and active teachers are left with uncertainty and a diminished ability to plan for the future.

Again, members of this Committee, we thank you for the opportunity to offer sponsored testimony and are ready to respond to any questions.