



Representative Mary Lightbody, 19th House District
Representative Adam Miller, 17th House District

Testimony to the Insurance Committee
House Bill 601
April 6, 2022

Chair Brinkman, Vice Chair Lampton, Ranking Member Miranda, and members of the House Insurance Committee, thank you for inviting us to testify in support of House Bill 601. This legislation would slowly increase employer contributions to the State Teachers Retirement System (STRS) and School Employees Retirement System (SERS), establish minimum amounts for certain STRS cost-of-living adjustments (COLA), and eliminate an age-related eligibility criterion for retirement in STRS.

In full transparency I (Rep. Lightbody) want to let you know that I have been contributing to my own retirement with STRS for the past 30 years, and have received and read the annual reports sent to active members by STRS. I followed and worried about the significant changes taken some years ago during the pension reforms. I have voted for STRS Board members, and have attended both STRS Board meetings and retirement planning sessions. I am not an actuary nor a CPA, but do have some inherited retirement accounts that I managed until recently, so I do understand both the benefits and risks to be found in investing.

There are thousands of hardworking teachers in the state of Ohio. Those who are still teaching are among the essential workers who kept working during the months when COVID threatened so many. They adapted the delivery mode of their instruction and went above and beyond to meet the needs of their students. We contribute 14% of our salaries to STRS for our retirements; when I started teaching the contribution was 10%.

Other teachers were promised a COLA when they elected to retire, and now retired, they have not received a single COLA payment in the past five years. Since I (Rep. Lightbody) started my first term in 2019 many of the teachers in my House district and in my circles of friends and colleagues have contacted me about education-related legislation under consideration, about the lack of the COLA, and about the reports listing the salaries and bonuses given to those who manage the STRS investments. As a result, I started researching the pension reform that brought us to this situation. I attended a recent STRS Board meeting and met with leaders in the teacher unions, government relations individuals with STRS and SERS, and members of the STRS board and others to discuss this proposed legislation.

HB 601 has three elements. First it would offset the cost of restoring the COLA for retired teachers without burdening current teachers or creating an unfunded mandate. The bill would do so by increasing employer contributions to STRS and SERS. The current employer contribution rate is 14%. STRS has not increased the employer

contribution since 1988¹ and SERS has not increased the employer contribution since 1990.² This bill would increase the employer contribution rate to STRS and SERS from 14% to 18% by 0.5% a year over eight years. This is the only way the bill impacts SERS.

Second, the bill will remove the minimum retirement age (currently set at age 60) for teachers who have completed thirty five years of teaching. This would primarily affect those who start teaching prior to the age of 25.

Third, this legislation restores a COLA for retired teachers who are receiving benefits from STRS. The proposed legislation would restore a 2% COLA on the first thirty thousand dollars of annual benefit; that amount is set at the floor not the ceiling, so the benefit could be provided for more or all of the benefit teachers receive. And finally the STRS Board would be required to provide an annual COLA of at least 1%.

There are two additional COLA bills that have been introduced in this GA: one by Senator Fedor on January 26 (SB280), and another by Representatives Hicks-Hudson and Miranda on February 7 (HB562). The bill that we are presenting to you today is the third COLA bill, but the only one that provides a revenue stream to support the restoration of the COLA and other changes. As a future beneficiary of STRS retirement benefits I (Rep. Lightbody) have no desire to threaten the fiscal stability of the STRS retirement fund.

A few weeks ago the STRS Board took action that partially addresses our goals. At their March Board Meeting, they approved a one-time 3% COLA and eliminated the age 60 requirement for educators who have taught for 35 years. We are glad to see these updates, but think that House Bill 601 will more permanently address this issue and provide predictability and fidelity to agreements for future retirement benefits that were made to teachers during their active years.

Thank you for the opportunity to testify today. We hope that you will support this legislation and schedule another hearing soon to hear from others with information and personal perspectives to share with you. We welcome your questions.

¹ <https://www.strsoh.org/employer/reporting/compensation/rates.html>

² <https://www.ohsers.org/about-sers/sers-history/>