Public Employee Retirees, Inc.
Proponent Testimony - Ohio Senate Bill 6 (Schuring, K.)
June 17, 2024

Chairman LaRe, Vice Chairman Pizuzli, Ranking Member Dell' Aquilla, and Honorable Members of the Ohio House Financial Institutions Committee:

The Public Employee Retirees, Inc. (PERI) submits this testimony in support of Senate Bill 6, which seeks to clarify and reinforce the prudent investor standard established in Ohio law requiring a fiduciary to act in interest of the trust's beneficiaries.

PERI's mission is to protect and preserve OPERS' pension and benefits programs and advocate for changes that are in the best interest of PERI members while providing value through communications and education of the membership through our districts, local chapters, and external partnerships. The Ohio Public Employee Retirement System (OPERS) is the largest public pension fund in Ohio and the 11th largest in the United States, and proposed legislation addressing the fiduciary practices of Ohio's public pension funds is critically essential to PERI's over 40,000 public employee retiree members and all of those who receive state pensions.

Ohio's public pension fiduciary responsibility and prudent investor standard laws are designed to protect public employees from being taken advantage of by employers and other financial advisors. The laws ensure that public employees receive accurate and timely information about their retirement plans and that their investments are managed responsibly. Additionally, the laws guarantee that public employees have access to a safe and reliable retirement plan tailored to their needs. SB 6 will ensure Ohio's public investing employees have access to trusted, fair, and secure pensions.

As ESG investment considerations have grown for both the public and private sectors in recent years, legislative proposals around the country have sought to adopt laws restricting ESG policies. These proposals, intended, have resulted in overly burdensome regulations and additional costs at the expense of the state's taxpayers due to, among other factors, a lack of competition in the financial market. For example, Texas approved legislation in 2021 prohibiting towns from contracting with banks with ESG policies, causing five of the state's largest municipal bond underwriters to leave the state, leading to increased uncertainty and borrowing costs. to an analysis out of the University of Pennsylvania Wharton School of Business, the decline in competition following the enactment of these proposals, it is estimated that Texas issuers paid an additional $300-$500 million in interest on the $31.8 billion borrowed over the first eight months after passage.

While we caution against overreaching policy proposals with unintended fiscal consequences, such as the Texas example above, that may lead to the erosion of fiduciary practices; PERI supports President Pro Tempore Schuring's practical, responsible, and balanced approach to this issue through the introduction of Senate Bill 6. We urge your support of this proposal and are happy to answer any questions, comments, or concerns you may have. Please do not hesitate to contact us at any time. We sincerely appreciate your consideration of this critical matter for all Ohio public employees and retirees.

Respectfully Submitted,

Richard Ross, Chairman of the Board Public Employee Retirees, Inc.

Lezlie Garcia, Executive Director
Public Employee Retirees, Inc.

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