

Testimony on HCR19
Before the House Committee on Health & Aging
By
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Chairman Wachtmann, ranking member Antonio, members of the Committee, my name is Karen Carraher, and I am the Executive Director of the Ohio Public Employees Retirement System (OPERS). I am pleased to have the opportunity to testify on behalf of Ohio's five statewide retirement systems in support of House Concurrent Resolution 19.

As many of you know, Ohio is and always has been a non-Social Security state. Instead, Ohio's public employees contribute into an established and mature system of pension plans including OPERS, as well as the State Teachers Retirement System, School Employees Retirement System, Ohio Police and Fire Pension Fund, and the Highway Patrol Retirement System. Ohio has a national reputation for adequately funding and prudently managing these plans.

Working in partnership, the Ohio General Assembly, the Ohio Retirement Study Council, the Boards of the systems and staff have provided Ohio's public employees with retirement security, not only for previous generations but for generations to come. Nowhere was this partnership more evident than in last year's historic pension reform process when the Systems, legislators, members, retirees and stakeholder representatives came together to ensure that Ohio's Retirement Systems would remain strong and sustainable into the future.

Ohio is not alone in its decision years ago to provide retirement benefits to its public employees. Several other states, from across the geographic and political spectrum, also decided that local or state control of public workers' retirement security was preferable to the federal model of Social Security.

Some members of Congress, from states where public employees pay into Social Security, have attempted over the years to require that Ohio's public employees participate in Social Security. Most recently, a report from the National Commission on Fiscal Responsibility and Reform (referred to as "Bowles-Simpson") recommended mandatory coverage for all public workers as part of several proposals to stabilize and sustain Social Security. The members of Ohio's Congressional Delegation have been a powerful force in resisting such recommendations.

Although there is currently no pending federal legislation on the issue, mandatory coverage is a significant threat to the health of Ohio's Retirement Systems. Diverting

limited resources to Social Security would increase our Funds' unfunded liabilities, and would make it all but impossible to fund discretionary benefits, such as retiree health care coverage. The impact on Ohio would be immediate. While we all recognize that Congress will need to address Social Security in the future, we believe that it should not come at the expense of Ohio's systems and our members and employers who have paid into these systems for many years and who also have been subject to the GPO-WEP offset. Such an act would thwart the will of the General Assembly, which over 80 years ago began the creation of Ohio's pension systems.

This resolution is a reaffirmation of Ohio's opposition to mandatory Social Security for its public workers and sends an important message to our delegation to keep up their important work. It also serves as a reminder to those who support mandatory coverage of Ohio's resolve and support for its public retirement systems.

Your support in opposing this and other threats to our Systems is very necessary and greatly appreciated.

Thank you for the opportunity to testify before you. I would be pleased to respond to any questions you may have.