make recommendations on the State Teachers Retirement Board's authority to do the following:

(1) For compensation earned on or after July 1, 2017, reduce the employee contribution rate to less than fourteen per cent in accordance with division (A)(6) of section 3307.26 of the Revised Code;

(2) Adjust eligibility requirements for retirement in accordance with division (B)(3) of section 3307.58 of the Revised Code;

(3) Adjust the cost-of-living adjustment in accordance with division (E) of section 3307.67 of the Revised Code.

(B) Not later than ninety days after the effective date of this section, the Council shall prepare and submit to the President of the Senate and the Speaker of the House of Representatives a report of its findings and recommendations.

SECTION 7. The General Assembly makes the following statement of findings and intent:

The General Assembly finds the following:

Current funding for the STRS defined benefit plan in the State Teachers Retirement System is inadequate to pay benefits over the long term and, if no changes are made to the plan, the retirement system will eventually be unable to pay benefits. The General Assembly bases this finding on the following:

Section 3307.512 of the Revised Code requires the State Teachers Retirement Board to establish a period of not more than thirty years to amortize its unfunded pension liabilities for benefits paid under the STRS defined benefit plan.

A five-year actuarial experience study conducted in 2008 showed an amortization period of 41.2 years as of June 30, 2008, exceeding the thirty-year amortization period. This increase in the amortization period was caused by a variety of economic and demographic factors, including an increase in the life expectancy of retirement system members and prior increases in the retirement benefit formula.

Due to the historic decline in the global investment markets and accompanying recession that followed, the amortization period for the retirement system's unfunded pension liabilities under the STRS defined benefit plan became infinite.

There is a legitimate and important state interest in maintaining the solvency of the STRS defined benefit plan, maintaining public confidence in the plan, and ensuring that funding is available to pay the monthly pensions of future retirees under the plan.

The General Assembly finds that certain changes to the STRS defined benefit plan, including changes to member contribution rates, retirement eligibility, benefit formulas, the number of years used to calculate final average salary, and future cost-of-living adjustments, are reasonable and necessary to further these legitimate and important state interests. The General Assembly bases this finding on all of the following:

In March 2009, the State Teachers Retirement Board began a long-term contingency planning process. As part of that process, the Board conducted an asset allocation study showing that the retirement system could not eliminate the shortfall in funding through increased returns on investments.

In May 2009, the Ohio Retirement Study Council directed each public retirement system, including the State Teachers Retirement System, to prepare, for presentation to the Council in September 2009, board-approved plans for achieving or maintaining the 30-year funding period.

In preparing the September 2009 plan, the State Teachers Retirement Board and its actuary evaluated potential changes to numerous plan components designed to improve the long-term solvency of the STRS defined benefit plan.

The September 2009 plan adopted by the State Teachers Retirement Board included proposed changes to member contribution rates, eligibility for retirement, the benefit formula for future retirees, the number of years used to calculate final average salary, and cost-of-living adjustments for current and future retirees.

Over time, the State Teachers Retirement Board modified its long-term pension reform plan. With each modification, the plan adopted by the Board included proposed changes to member contribution rates, retirement eligibility, benefit formulas for future retirees, the number of years used to calculate final average salary, and cost-of-living adjustments for both current and future retirees.

In April 2012, the State Teachers Retirement Board unanimously approved a new long-term pension reform plan following the results of a three-year actuarial experience study. That study resulted in changes to certain actuarial assumptions, including lowering the expected long-term rate of return on investment assets.

The April 2012 plan, like prior pension reform plans adopted by the State Teachers Retirement Board, includes proposed changes to member contribution rates, retirement eligibility, benefit formulas for future retirees, the number of years used to calculate final average salary, and cost-of-living adjustments for current and future retirees.

The General Assembly finds that the changes proposed by the State

Teachers Retirement Board in its April 2012 plan are reasonable and necessary to maintain the solvency of the STRS defined benefit plan, maintain public confidence in the plan, and help ensure that funds will be available to pay the monthly pensions of current and future retirees.

In amending section 3307.67 of the Revised Code, it is the intent of the General Assembly to do all of the following:

To recognize that no member has a legitimate expectation of any particular future cost-of-living adjustment, or payment of future cost-of-living adjustments at any particular time, under Ohio law;

To declare that the modifications to future cost-of-living adjustments under section 3307.67 of the Revised Code are reasonable;

To recognize that the funding crisis exacerbated by the historic decline in the global investment markets and accompanying recession was unforeseen;

To recognize that cost-of-living adjustments under the STRS defined benefit plan were never intended to undermine the solvency of the STRS defined benefit plan, or to put at risk the monthly pensions of current and future retirees under the plan;

To declare that the modifications to future cost-of-living adjustments under the STRS defined benefit plan under section 3307.67 of the Revised Code, strike a reasonable balance between current and future retirees;

To declare that the modifications to future cost-of-living adjustments under section 3307.67 of the Revised Code are necessary;

To recognize that the retirement system cannot eliminate its funding crisis through increased returns on investments;

To declare that modifying future cost-of-living adjustments is the most effective means for restoring the long-term solvency of the STRS defined benefit plan;

To declare that modifications to future cost-of-living adjustments under section 3307.67 of the Revised Code are necessary to improve the long-term solvency and actuarial soundness of the STRS defined benefit plan.