

OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF MAY 22, 2018

President Nancy Wardwell (OSU) called the meeting to order at 9:30 a.m. She reviewed the dates for 2018-2019 meetings: **Tuesday, September 25, 2018; Tuesday, November 27, 2018; Tuesday, March 26, 2019; Tuesday, May 21, 2019.**

Nancy also announced that Steve Howe (University of Cincinnati) is the new OCHER President; Jerry Feezel (Kent State University) is the new Vice President; Jim Lapp (University of Toledo) will remain Treasurer; and Michele Hobbs (Ohio State University) will remain Secretary.

The Minutes of the March 27, 2018 meeting were read and accepted.

OCHER Treasurer, Jim Lapp (Univ. of Toledo) handed out the OCHER Statement of Revenues and Expenditures as of 5/22/2018 and it was approved with no changes. The current ending balance of the organization is \$5,621.02. Jim asked the OCHER members if they would again approve the yearly \$500.00 contribution to HPA (Health and Pension Advocates). He continued to explain that HPA is a coalition of STRS unions and STRS employers who have a lot of influence and power to support the STRS pension system (HPA is not involved with OPERS). Everyone present was in favor of continuing the yearly contribution of \$500.00.

Michele Hobbs (OSU) reported on OPERS: not much going on right now with OPERS. Michele talked a bit about the Actuarial Methods and the Assumptions Adopted by the OPERS Retirement Board after consulting with an Actuary. The methods are used as a method of valuation and determining liabilities, but the methods are a bit complicated to truly understand, so her report was short.

Gerry Newsom (OSU) and Greg Nickell (STRS) combined report for the STRS Board and HPA:

- A) STRS Public Pension funds are steadily reducing their assumed rate on investments. They are now using the rate of 7.45%. Time will tell how realistic this rate will be.
- B) At the end of March 2018, STRS investments beat their benchmark by 0.87% (they had better returns within asset classes).
- C) The STRS Health Care Fund is enjoying a refreshing turnaround
 1. 2017 Plan changes in the formula for the health insurance subsidy saved \$1,656 billion--this included the freeze of the non-Medicare subsidy and limiting the trend to 6% on Medicare subsidy.
 2. favorable health care claims (inflation, utilization and enrollment) saved \$587 million.
 3. a stronger 15.8% investment return added \$473 million.
 4. changes to the Affordable Care Act saved STRS \$167 million.
- D) Between now and year end, STRS will discuss at their monthly meetings the possibility of de-risking the Health Care Fund investment assets. De-risking is a trade-off between greed and fear---is it better to lower the chances of increased health subsidies for members in return for lowering the chances of further cuts in the subsidy. De-risking is more advantageous for current retirees, but young, current STRS employees are not worried now, about what will happen 20 years from now.

2019 STRS Health Care Decisions (already approved):

1. The 2019 deductible for prescriptions will remain \$250.00 (**this amount is unchanged**).
2. The 2019 Out-of-Pocket limit for prescriptions will **increase** from \$5,000 to \$5,100 (**\$100 increase**).
3. **No changes** for the 2019 Health Care Assistance Program (HCAP).
4. **No changes** in the 2019 health care premium for Medicare Enrollees in the Aetna Medicare Advantage and Medical Mutual Basic programs.

5. \$9.00 monthly **increase** for Medicare enrollees in AultCare and Paramount.
6. **No premium increase** for non-Medicare enrollees in the Basic Plan and having at least 30 years of service.
7. **\$1.00 to \$10.00 increase per month** for non-Medicare enrollees with less than 30 years of service (this affects about 12% of the members).
8. The Vision Plan went down by .03 cents, and the Dental Plan went up by .03 cents--so basically no changes in these plans for the next 2 years of the contract (2019 and 2020).
9. **For at least 2019, members will continue to be reimbursed the \$29.90 per month to offset a portion of the Medicare Part B premium.**

CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES

University of Toledo- **1)** Their retiree association is under their Alumni Office and it works very well for them. Benefits of being under the Alumni Office is that members enjoy the benefits of alumni such as restaurant coupons, etc., plus whatever benefits offered by the University. **2)** Their retiree membership is open to all faculty and staff. **3)** There are 800 total members; 566 are life members; 190 are comp members--first year retirees; and 44 are annual members. **4)** Of this membership, 150 are spousal members--spouses cannot be members now, but these 150 were grandfathered in. **5)** Their Treasury balance has \$34,000. **6)** Their scholarship value is \$100,000. They awarded six \$1,000 scholarships and they hope to give out a little more next year. **7)** The association held lectures on subjects such as climate change, Ancient Silk Road to China, genealogy 101 (this was very popular); they have joint lunches with retirees from Bowling Green State University, bus trip to Washington, DC, monthly breakfasts, lunches, etc.

Last September the University received its largest gift in history donated by the Toledo firm, Well Tower, Inc. They donated an office building plus 100 acres of land--approximately worth \$30 million.

The University of Toledo has adopted a new strategic plan for Student Success.

They also adopted a guaranteed tuition plan. It is similar to the YSU's Penguin Promise which promises incoming freshmen 4 years of no increases in tuition (the tuition plan does not apply to graduate students, out of state fees, or current students).

In 2022, the University of Toledo will be celebrating their 150th anniversary.

2018 Spring enrollment is 19,236, up from last spring.

Toledo Transit Authority is taking over transportation for the University and students can ride for free.

Their football team won a conference championship (the first since 2004) and both their basketball team and women's soccer team won MAC championships. The overall athlete GPA is 3.245.

Wright State University- **1)** Retiree association was founded in 1993 by 22 retirees. It is open to all retirees who were full time employees. **2)** They have 279 members. **3)** The University supports the retiree association giving them office space, a stipend and an assistant. **4)** Dues are \$25.00 per year and \$100 for life time membership. **5)** They award three \$1,500 scholarships each year. **6)** They have an ongoing Historic Preservation Project and it works in conjunction with video interviewing of early faculty and staff. **7)** Have a program that hosts International Students during holidays and such. **8)** Their association has visited racino with horseracing and slots, attended a university production of Fiddler on the Roof, attended lots of basketball games (team won the Horizon League), also host Live and Learn workshops on genealogy, etc.

In June 2017, Wright State University Board of Trustees cut the 2018 budget by \$30.8 million (7 1/2% cut). The University kept projecting enrollment increases which never happened and projected lots of grant money, etc. that also never happened. Consequently, the previous President (David Hopkins) was "pushed out" due to this budget problem. As of July 1, 2017 Cheryl Schrader became the new President.

To make matters worse, in February 2018 Wright State discovered an additional \$6 million in employee health care costs which had to be repaired. Then in April 2018 the deficit went up to \$10 million--the \$4 million difference was a change in the mix of students reports, i.e. out of state, etc. Each department was asked to cut their budgets by 66%. There is also a freeze on hiring and there are 200 vacant positions. Currently the University is really trying to avoid being put on Fiscal Watch.

The faculty union has been without a contract since last year because of these budget problems. Wright State wants the opportunity to furlough both faculty and staff (work but not get paid). Obviously, the unions are not happy about this proposition. There is a possibility of a faculty strike.

Marla Bump, STRS Legislative Liaison, reported that due to the fact that elections are coming up in November 2018, not much discussion is going on right now with the **public pensions plans** in Congress. Marla mentioned that many **private pension plans** are in dire straits.

People want to know if STRS had a legal basis for taking away the COLA and Marla stated that the STRS Board was acting within its statutory abilities. Their Board has the ability to make this change.

Future 2018 meetings of OCHER are September 25 and November 27.

Respectively submitted by
Marianne Anderson