

OHIO COUNCIL OF HIGHER EDUCATION RETIREES, MEETING OF MARCH 17, 2015

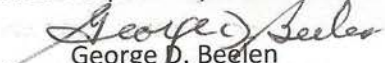
After acceptance of the minutes and the treasurer's report (all member universities are current in their payments), Michelle Hobbs gave a brief OPERS report: the market value of OPERS is now more than \$89 billion; the average yearly benefit for retirees is \$24,000; OPERS is actively publicizing the new health care benefits connector plan, including a video y-tube explanation. She also reviewed Public Employee Retirees, Inc. (PERI) that was covered extensively during the last OCHER meeting, at which YSU was not represented. It is a political influence group, actually a lobbying group representing OPERS members. Three members are paid; every county has a volunteer organization. It is similar to Ohio Retired Teachers Organization (ORTA) but, we were told, is more user friendly and more effective. Furthermore, ORTA is more focused on K-12.

Dick Hill gave his usual informative legislative report: the market value of STRS is \$74 billion, 55% of income is from investments; we are solvent to 2034; we are increasingly dependent upon these investment returns; a recent study shows STRS internal management of assets is more cost effective than externally managed; about 2 of 3 state university faculty members participate in defined benefit plans (YSU numbers are: 857 are enrolled in defined benefit plans; 27 in combined plans; 67 in defined contribution plans; 92 in ARP plans). Dick also reminded us, and by implication that all of us should remind others, of the huge economic impact of Ohio's defined benefit pensions. Two other statistics that Hill shared with us were: Ohio ranks among the lowest in Gallup's Well-Being poll; life expectancy in the U.S. is now 81.1 years for females and 76.4 for males. He also said males should not be so concerned about taking medications for low testosterone, as there could be serious side effects.

Marla Bump, STRS, Director of Government Relations, reported that neither Washington nor Columbus has pensions or mandatory Social Security on the front burner at this time. They seem to be more concerned about money issues. She did say that Senator Orin Hatch, of Utah, is working with legislation to permit state legislatures to pass state annuities plans instead of defined benefits-has not gotten far with this scheme. Other issues the state is dealing with are education deregulation legislation, permitting non-licensed teachers for "high performing" schools and slowing down and monitoring charter schools more closely.

Dr. Joan Leitzel, Ohio State University, Emeritus Professor, spoke of a newly formed OSU Emeritus Academy. It consists of a five person selection committee (they selected 70 of the first 120 applicants); OSU appropriated \$40,000; the mission is to support continuing scholarly works of retirees; members must have emeritus status, among other criteria; members will be called Academy Professors; OSU believe that the group is good for retirees, as well as current professors.

Jim Kweder, Cleveland State University, prepared a list of OCHER possible issues, with some discussion of each and whether or not OCHER should consider/support them. They include defined contributions/benefits; enacting stricter requirements on brokers; cutting costs of higher education; grants and tax credits for students; revising policies of the college credit hour; adjunct faculty; and how much should we consider each and how much should we support these issues. Respectfully submitted,


George P. Beelen

OCHER ISSUES: A PROPOSAL

SPRING, 2015

Retirement Issues

DEFINED CONTRIBUTIONS/BENEFITS

--When the Ohio General Assembly was critically reviewing the state retirement systems some legislators wanted to replace our defined benefits plans and replace them with defined contribution plans. A major justification was the fact that many private sector defined-benefits pension plans had been replaced by 401K and other defined contribution plans. The question was posed as to why public sector employees should be treated differently than private sector employees (suffering from pension envy). That question resonated with many legislators and undoubtedly many Ohio taxpayers. That attitude remains a continuing threat to our system.

Many persuasive arguments were forthcoming about what was good about defined benefits plans. Not much was said about what was bad about defined contributions plans. But recent published research indicates that the country is facing a retirement crisis as retirees on defined contribution plans, which have replaced traditional defined benefits plans in most businesses, retire into poverty and dependency.

Question: Does OCHER have an interest in considering and supporting private sector pension reform?

ENACTING STRICTER REQUIREMENTS ON BROKERS

--The U.S. Labor Department has proposed that brokers who sell stocks, bonds, annuities and other investments disclose any fees or other payments they receive for recommending a certain investment. Presently, they are only required to recommend "suitable" investments based on the client's finances, age and appropriate risk. But brokers can nudge clients toward a mutual fund or variable annuity that pays the broker a higher commission—without telling the client. The Labor Department proposal would put brokers under the stricter requirements of fiduciaries and oblige them to put the client's interest first and to disclose potential conflicts of interest as well as fees they receive.

Question: Does OCHER have an interest in considering and supporting the enactment of stricter federal requirements on brokers who handle retiree investment accounts?

Higher Education Issues

CUTTING THE COSTS OF HIGHER EDUCATION

Ohio Senate President Keith Faber has raised the possibility of requiring public colleges and universities to cut costs for students by 5 per cent. The cuts could come from tuition, fees, textbooks and other costs. Governor Kasich has proposed limiting tuition increases to no more than 2 per cent in 2016 and no increases in 2017, and he has created a task force on college affordability and efficiency to study how to hold down costs.

Question: Does OCHER have an interest in considering and supporting ways of cutting costs for students at our member schools?

GRANTS AND TAX CREDITS FOR STUDENTS

Ohio House Bill 1 would offer grants up to \$5,000 per year to Ohio students pursuing certification or degrees for in-demand jobs in fields ranging from accountants to electricians. Sen. Tom Sawyer proposes \$20 million in state funding annually for grants to attend community college. President Obama has proposed making associate degrees tuition free. Governor Kasich has proposed creating a \$120 million debt-relief fund to help college students pay off their loans if they graduate from Ohio's public colleges and take in-demand jobs in the state.

Question: Does OCHER have an interest in considering and supporting or opposing student grants and/or free tuition for associate degrees, or for four-year college degrees tied to specific job-related fields?

THE COLLEGE CREDIT HOUR

A report of a committee of the Carnegie Foundation for the Advancement of Teaching suggests that the college credit hour is obsolete. "It masks the quality of student learning. And by promoting standardized instructional systems based on consistent amounts of student-teacher contact, it discourages more flexible educational designs." The foundation said it plans to work with educators to revise policies and develop new standards.

Question: Does OCHER have an interest in considering and supporting revised learning standards for college credits?

ADJUNCT FACULTY

Adjunct faculty constitute about half of all professors (about 75% at community colleges), are paid less (about \$3,000 or so per course) and rarely have health insurance or other benefits. Adjuncts in many areas are joining unions to bargain for improved working conditions. Ohio law does not prevent adjunct faculty from organizing or joining a union, but it stipulates that public colleges and universities are not required to bargain collectively with the faculty.

Question: Does OCHER have an interest in considering and supporting efforts to improve the working conditions of adjunct faculty including unionizing and collective bargaining?

Definition of: "Considering and Supporting"

CONSIDERING

"Considering" would ordinarily entail hearing a presentation, perhaps with some suggested prior reading material, from a knowledgeable source (or sources with differing views) to learn about the substance of the issue, followed by questions and answers and a discussion among the OCHER representatives. Becoming informed about the issue might be enough to satisfy the membership. Or, a motion might be introduced in favor or against a position on the issue requiring debate among the representatives and a vote.

SUPPORTING

"Supporting" would ordinarily, after consideration, entail discussing whether the OCHER reps wished to take action to show their support (or opposition) to a position on an issue. If action were favored, then an examination of and discussion of the merits of different courses of action would follow with a choice decided by a vote. Possibilities might include as little as issuing a press release to as much as mobilizing retirees and actives on our member campuses to pressure decision makers to endorse our position.