

OHIO COUNCIL OF HIGHER EDUCATION RETIREES MEETING

NOVEMBER 27, 2012

The OCHER meeting of November 27, 2012, chaired by Nancy Wardell from OSU, (having been vice-president, she assumed the president's position with the death of Lou DiOrio) included legislative updates, health care update, future and focus of OCHER and campus and Association reports.

Legislative update: After nearly five years of study by OCHER, STRS, OPERS, the Ohio Legislature, among other organizations, the matter of long run fiscal solvency of the five Ohio retirement funds has essentially been put to rest. The good news is that the reforms will make significant progress in stabilizing Ohio's public pension systems and will, for the present, maintain the defined benefits component of our pensions and will continue to include relatively good and affordable health care. Another positive outcome for STRS, but not for OPERS, is the reform provision that grants the STRS Board the authority to increase or decrease benefit requirements (the COLA, contribution rate, retirement age and service requirements) without getting prior legislative approval. The news that is not so good includes reduced COLA (no COLA for FY 2014) and gradually increasing costs and co-pays for our health care. The most disturbing outcome of the reform package is the impact on active colleagues in public education. As we have all heard and read they will teach longer, pay more into their retirement program and receive less when they retire.

Health care update: Greg Nickel, STRS Director of Health Care Services, reported that at its November meeting the STRS Retirement Board reviewed the three primary goals of the health care strategic plan: establish Medicare as the health care program's cornerstone, to help the largest number of retirees for the longest period of time; achieve 30 years of solvency for the health care program by 2016; extend forecasted solvency to 65 or more years by 2025. The Board's challenge is to balance solvency and meaningful benefits while continuing to attract and retain healthy members to the plan. Nickel assured us that the Retirement Board is continuing to discuss ways to extend the solvency of the Health Care Stabilization Fund, as health plans around the nation wait to see just how the Affordable Care Act (ACA) will shape the health care industry. Explaining how confusing and complex the evolving ACA is, Nickel related to us what a difficult time he has in working through all of this with his ageing father.

Future and focus of OCHER: This reform package is the beginning, Ocher member, Hal Williams tells us. Continued oversight of the reform changes is required of the STRS and OPERS Boards, Ocher and other interested parties. Thorough study of the benefits and costs of the changes will be necessary to ensure that the package of changes promotes the pensions' funding objectives with the proper blend of efficiency and fairness. Williams says, this is where Ocher's advocacy group can play a continuing role. This is especially true since several legislators have indicated they will be addressing related pension and health care issues, such as double dipping, in the future. In addition, there are other State and National issues that demand watching because changes in them may adversely (or favorably) impact pension and health care systems of Ohio. These include not only the continuing debate over defined benefit vs. defined contribution retirement plans, but also Social Security reform, Medicare reform, Medicaid

reform and overhauling of the entire IRS tax code. And still to be addressed is the issue of funding higher education.

Campus and Association reports: Most of the campus reports included building programs on most of their campuses; some like OSU and Cleveland State are experiencing quite robust activity. OSU successfully transitioned to the semester system; Cincinnati appointed a new president in record time- less than one month; most of those who spoke of the State subsidy offered that they receive less than the 17% that YSU receives-OSU reported their subsidy at 7%.

Concluding items: Complete minutes and other handouts will be available on the YSURA Website soon.

Respectfully submitted,

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