

OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF SEPTEMBER 25, 2018

New OCHER President, Steve Howe (University of Cincinnati) called the meeting to order at 9:30 a.m.

The Minutes of the May 22, 2018 meeting were challenged. It appeared that Page 1 of the Minutes were duplicated from the September 2017 meeting. It was agreed that the May meeting Minutes would be updated correctly and Members would approve both May and September Minutes at the November 27, 2018 meeting.

OCHER Treasurer, Jim Lapp (Univ. of Toledo) handed out the OCHER Statement of Revenues and Expenditures as of 9/25/2018 and it was approved with no changes. The current ending balance of the organization is \$6,106.67. Jim wanted us to extend thanks to all the folks responsible for sending their 2018-19 dues in a timely fashion.

Michele Hobbs (OSU) reported on OPERS: still not much going on with OPERS. As of May 2018, Defined Benefits (DB) are funded at 85.6 Billion; Health Care is funded at 12.6 Billion.

One OCHER member suggested that as a team we should review OPERS administrative costs over the years. Her reasoning was to ensure that OPERS wasn't giving their **employees** larger raises than OPERS **members** were receiving in their 3% COLA. Her point was well taken, but another OCHER member contended that OPERS has to offer competitive salaries or they would have a hard time keeping valuable employees. OCHER President saw both sides of the coin, and agreed a review of OPERS financial statements (admin costs) may be informative.

Gerry Newsom (OSU) reported on STRS:

- A 2003-2016 study showed that Ohio had the 5th lowest growth in state pension payouts. The upside, this is good news if you are concerned about the financial future of the states' pension system; The downside, this is bad news if you are looking for growth in your pension.
- Investment returns continue to be healthy. The return for FY 2018 was 9.57%.
- Even though recent returns have been healthy, Actuaries are wanting pension systems to reduce the assumed rate of return to between 6.5%-7.2%. However, lowering the assumed rate will increase the pension liabilities. There are still a lot of unknowns in keeping the systems healthy.
- Cheiron is the new actuary for STRS. They have replaced Segal.
- Mitigation Rates were not mentioned at the STRS Board meeting--they seem to be off the radar.

2019 STRS Health Care Update: Greg Nickell (STRS)

- Open Enrollment starts November 1, 2018 thru November 20, 2018.
- The 2019 deductible for prescriptions will remain \$250.00 (**this amount is unchanged**).
- The 2019 Out-of-Pocket limit for prescriptions will **increase** from \$5,000 to \$5,100 (**\$100 increase**).
- **No changes** for the 2019 Health Care Assistance Program (HCAP).
- **No changes** in the 2019 health care premium for Medicare Enrollees in the Aetna Medicare Advantage and Medical Mutual Basic programs.
- \$9.00 monthly **increase** for Medicare enrollees in AultCare and Paramount.
- **No premium increase** for non-Medicare enrollees in the Basic Plan and having at least 30 years of service.
- **\$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).

- 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).
- **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.**
- There are some **formulary** drug changes. There is a small percentage of members affected by this change, and if you are affected you will receive an initial letter in November so that you have time to talk to your doctor about staying on the medication or changing it. Then STRS will send a follow-up letter.
- The above letters are based on members who have had claims in the last 180 days on the specific formulary drugs that are changing. So, if you took one of these medications 2 years ago, then need to go back on it this year, you will not receive a letter because it is out of the 180 day timeframe.
- Diabetics will be eligible for a new type of meter and test strips.
- As of 2019, STRS is not going to provide health care anymore for people living in foreign countries. This affects about 50 people.
- As of 2019, people traveling out of the country will have limited health care coverage.
- Actuarial reviews for both the pension and health care funds is scheduled for October with a reporting deadline of October 31, 2018.

FUN STRS FACTS: There are 216 STRS members that are 100+ years old; 108 is the oldest service retiree; there are 16 active members with 50+ years of service; 140 active members with 40+ years of service.

Legislative Report (Marla Bump, Director of Government Relations for STRS Ohio)

- Marla said there's not a whole lot going on that affects the pension systems; 1) because it's an election year; 2) the retirement systems are not advocating or trying to pass anything major right now.
- OPERS Actuary GRS (Gabriel Roeder Smith Company) is pressuring OPERS to change their assumed rate of return on investments from 6.5% to 7.2% (it's now at 7.50%). GRS has mentioned that it won't give OPERS a clean rate of return if they don't lower the assumed rate of return.
- As stated before, lowering the rate of return increases the liabilities for the pension systems. One OCHER member gave his opinion that these suggestions are coming from the "enemies" of public pensions who would like to see people go into the public market for alternative pension plans instead of the defined benefit (DB).

CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES

University of Akron-

- Professor John Green began serving as Interim President on May 1, 2018.
- The University is currently projecting a deficit of \$16 million for the next fiscal year. The deficit is being attributed in part to a drop in enrollment. Fall 2018 enrollment is down 7% from the previous year. Total enrollment is currently 20,554 compared to 30,000 in Fall 2011.
- A review of all academic programs resulted in 80 of the 414 degree tracks will be discontinued as soon as the current students in the programs complete their degrees.
- University of Akron plans to build the world's largest e-sports facility on campus. This has been met with opposition considering that academic programs are being cut. The facility will house online gaming centers and will cost about \$750,000.

- Classes are no longer held on Fridays so students can use their time more wisely on that day. An elective course will be held on Fridays where students can watch movies pertaining to The Biology of Monsters (i.e. The Creature from the Black Lagoon, Godzilla and The Thing).
- Akron is looking at a major academic reorganization by proposing four changes: **1)** creation of Polymer and Chemical Sciences department, **2)** a new school of Computing and Data Sciences, **3)** a new College of Engineering and Technology and **4)** integration of the College of Applied Science and Technology programs.
- Akron's retiree scholarship endowment fund is \$115,420. A new goal of \$125,000 was set to attain in 2023 which would be the 25th anniversary of Akron's retiree association.
- Two \$2500.00 scholarships have been awarded for 2018-19.
- The association has 376 active members.
- They maintain a successful luncheon and speaker series from September thru May, **5)** and continue special events like potluck suppers.

Cleveland State University-

- Appointed a new President, Harlan M. Sands is the university's 7th president. He has a financial and military background.
- Their School of Engineering received a \$20 million gift from the family of Donald Washkewicz for a state-of-the-art update to the engineering building.
- CSU's enrollment seems to be stable or slightly higher, but they have noticed declines in transfer students enrolling, a decline in graduate enrollment and a decrease in the number of international students.
- Their current projection is for a \$1.8 million operating budget deficit, but no cuts in programs are anticipated--the deficit will be covered through carry forward money and vacancy savings.
- Faculty hiring remains bleak.
- CSU developed the first BFA class to the School of Film and Media Arts. This is a new program for the University and the only stand-alone film school in Ohio. The program occupies space that is opposite Playhouse Square. The new BFA program is focusing on the students skills and abilities of writing, critical thinking, problem solving and managing complex operations involved in film and video production.
- Not much information was given on Cleveland State's retiree association, but they continue to have monthly meetings and activities. The new President will speak at one of their meetings.

Bowling Green State University-

- Interim President Dr. Rodney Rogers was appointed President in February 2018.
- In May 2018, University Trustees approved a 5.9% increase in tuition and general fees for incoming in-state undergraduate students. Then for four years, the tuition and general fee costs will remain fixed for these students.
- In July, BGSU was recognized by US News and World Report as a top university for international students.
- In August, Money Magazine placed BGSU on its list of Best Colleges for Your Money based on 26 measures.
- Top Criminal Justice Schools has rated BGSU's online Criminal Justice Master's Program as 15th best in the nation and 1st among Ohio's public institutions.
- 2018 saw a 1% increase in enrollment. Total enrollment is 19,540.
- Mercy College of Ohio will be transferring their operations to BGSU by August 1, 2019. The transfer will provide BGSU with competitive high-quality nursing and allied health programs.

- The BGSU Retirees Association continues to hold luncheons and events such as a tour of an organic farm. Their November luncheon will feature Toraigh, an Irish style musical group.

New Business-

- Steve would like to contact 2 year universities in Ohio to see if they would like to join OCHER.
- Steve would also like to bring in more OPERS speakers to future OCHER meetings (up to this point, we have had more STRS representation at our meetings).

Next meeting of OCHER is November 27, 2018.

Respectively submitted by
Marianne Anderson