

OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF NOVEMBER 17, 2020

The second zoom meeting of OCHER was called to order at 9:30. The Treasurer's report of Jim Lapp (University of Toledo) and the Minutes of Michelle Hobbs (OSU) from September 22, 2020 were accepted.

JERRY NEWSOM (OSU) reported on the STRS. He regularly attends the meetings of the STRS and provides a report for OCHER at each meeting. Among the highlights of his report:

-Uncertainty abounds with consumer spending down, but fears of inflation once the pandemic ends and demand surges. So, to try to achieve the assumed rate of return on investments of 7.45%, managers are forced to take more risks. One member of the board pushed for a vehicle with a high return but less risk. Wouldn't we all like that! The consultants are also considering alternative investments other than equities and bonds, such as real estate. There is little chance for a return of the COLA, given such uncertainty.

-The STRS Board considered what would happen if investment returns are much worse than expected. The obvious options to improve the financial condition (increase contributions, suspend COLAs, or lower initial pensions) have already been invoked. The Board considered a variety of ideas that some states have tried or ideas such as bailouts from the Federal Reserve, bridge loans among others.

-The Health Care Fund is in much better shape than the Pension Fund, and with a drop in claims for medical services as a result of the pandemic, Aetna returned sufficient funds to STRS so that participants in the health care plan will each receive \$250.00 in their December pension check (tax free).

-Public pension fund assets in the U.S. reached \$4.65 trillion as of June, 2020.

-A Washington Post article expressed concern that the low interest rates pushed by the Federal Reserve are damaging to pension funds, which in the past depended heavily on bond interest. The article claimed that 70.3% of the net worth of the middle class is in their pension funds, while the upper class has only 2.2% of their wealth in pensions.

-Some states are experiencing more severe problems than Ohio regarding pension plans. Ohio is still pretty well off.

GREG NICKELL (STRS) was happy to report the \$250.00 that all of us will have received (by the YSURA meeting of December 2nd). See above. The reason for this bonus is that members are visiting doctors less frequently and postponing elective surgery. Greg reported that any costs incurred to anything related to Covid-19 will result in no out-of-pocket expenses. Although deaths from Covid-19 are increasing in Ohio, STRS members are doing pretty well compared to other groups.

-About 120,000 STRS members are being covered by our Health Care program.

-Greg believes that the Affordable Care Act (Obama care) will probably stay as is for the near future.

-Greg said that those incessant plans we see on TV are inferior to ours.

ANN ERKMAN (STRS) AND GORDON GATIEN (OPERS) gave the legislative report:

-Not much going on in the Ohio legislature regarding pensions.

-Republicans gained in both the House and Senate in the Ohio legislature - House: Republicans 64, Democrats 35; Senate: Republicans 24, Democrats 9. Even Larry Householder was reelected despite his involvement in the First Energy scam related to Ohio's nuclear plants. Republicans also lead in Ohio's Congress 12-4.

-House Bill 197 provides emergency relief to Ohioans during the Covid-19 pandemic. The bill waives state testing requirements for school children this year. It also allows local governments to hold public meetings remotely and with transparency.

-President Trump is prohibiting purchases by American investors of the securities of certain Chinese companies identified as having ties with the Chinese military. Public pensions, including STRS and OPERS, could be affected.

BRIEF REPORTS FROM OHIO UNIVERSITIES-All of the State universities have experienced a decline in enrollment with exception of Bowling Green, which showed a slight increase. Kent State had a 20% budget cut and Akron had layoffs, including tenured and professors with distinction. My report for YSU included the combinations of several schools and departments, a short faculty strike, a 4% loss of enrollment, initiation of Doctor of Nursing Practice, and growing Honor's College, now up to 1,277 students. Concerning YSURA: virtual meetings of executive board held monthly, suspension of all social events, retirees scholarship fund at nearly \$90,000, and holding at about 200 retired members.

Respectfully submitted,

George D. Beelen