

## OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF SEPTEMBER 28, 2021

Due to the pandemic, this was the third meeting of 2021 and the fifth meeting held through the Zoom format. Meeting called to order at 9:30 a.m. **NOTE:** The STRS building will not be open until January 10, 2022; so OCHER meetings will continue to be held virtually until further notice.

The Minutes from May 25, 2021 OCHER meeting via Zoom were approved with one change.

**OCHER Treasurer, Jim Lapp (Univ. of Toledo).** The current ending balance of the organization is \$5,680.45. The \$500.00 contribution was paid to HPA (Healthcare and Pension Advocates) and a \$120.00 contribution to AROHE.

### **Jerry Newsom (OSU) reported on STRS Board Meeting (August and September)**

- Emails are being sent to urge retirees to write letters to their legislators protesting the failure by STRS to supply many documents requested for the ORTA forensic audit by Ted Siedle. The forensic investigation of STRS by Siedle sites three categories of inefficiencies by STRS:
  - 1. STRS's lack of transparency.**
  - 2. STRS did not respond to the "serious deficiencies" found in previous audits.**
  - 3. STRS makes bad investment decisions.**
- However, at the August STRS Board Meeting, the Board rebutted all of Siedle's allegations and said they found nothing in Siedle's report that they felt was useful. It appears that neither Siedle nor the STRS Board want to work together for the greater good. At this time, it appears that if ORTA expected to change any practices at STRS, that expectation will not be fulfilled.
- Even funnier, on July 19, 2021 Ted Siedle sent out emails soliciting \$75,000 in donations to perform a forensic audit on OPERS like he is currently doing for STRS, however he didn't come close to raising the money he asked for.
- For years the political right has tried to abolish DB plans and replace with DC plans. If this happened, financial management firms would stand to gain a lot of business from teachers investing their own pension funds. There's no evidence that this is or will happen, but it also doesn't mean it isn't happening.
- Projected STRS total returns for FY2022 are 6.84%. The Board voted to reduce the assumed rate of return for the next decade to 7.0%.
- Health care premiums for participants in the STRS health care program will mostly see reductions in 2022. Medicare enrollees will be paying less, however non-Medicare retirees will see an increase.
- The Ohio Retirement Study Council (OSRC) appointed the STRS actuarial audit to be performed by PTA/KMS for \$99,109.00 and the fiduciary audit to be done by Funston for \$759,000.00.
- Several years ago, 2 retirees brought suit against STRS and the individual Board members in federal court claiming the suspension of COLAS was a violation of the retirees' rights. The court held that the individual Board members had "qualified immunity" so they could not be sued and STRS is a state agency, so federal courts lack jurisdiction.

- STRS' contract with health insurers requires more than 90% of payments STRS makes to the insurers goes to pay claims. Since claims continued to be down since the pandemic began, insurers have to return some of the payments. The Board hopes to approve a \$300 rebate of premiums to those who paid for health insurance through STRS. This will happen in either the November or December pension payments. (This is similar to the \$250 rebate provided last December).
- Pressure continues in the Board to provide some sort of inflationary relief to retirees. Cheiron consultants are supposed to provide some possibilities to help both retirees and active teachers at the October Board meeting.

#### **Greg Nickell (STRS) 2022 Health Care Update:**

- **Interesting STRS Facts:**
  1. There are 216 STRS benefit recipients age 100 or older=181 female and 35 male.
  2. Longest paid service retiree is 108 years old and has received a benefit for 52 years.
  3. Active members still teaching:
    - 50 or more years of service=13 members
    - Most years of service credit=56 years; 77 years old
    - Oldest member (still teaching full-time)=48 years; 89 years old
- **Key Interests of STRS Members and Employers:**
  1. Active members (190,000 including DC participants want lower contribution rates and lower age and service requirements for retirement eligibility.
  2. Retired members (157,000 including beneficiaries) want COLA increase and affordable health care coverage.
  3. Employers (1,115 throughout OHIO) want system to balance actuarial liabilities and assets to mitigate negative impact on credit rating.
- **Health Care Facts:**
  1. Moving to Express Scripts Premier Performance Formulary for Medicare enrollees and National Preferred Formulary for non-Medicare enrollees. It's a 3 tier drug payment structure.
  2. Reducing the specialty copay for prescription drugs to the lesser of 8% of cost or \$450.
  3. Drug maximum out-of-pocket limit is decreasing to \$5,100 from \$6,500 for Medicare plans and maintaining at \$5,100 for non-Medicare enrollees.
  4. Maintaining the current \$275 annual deductible for prescription drugs for Medicare and non-Medicare plans for brand-name and specialty drugs.
  5. Health care premium decrease for about 88% of current enrollees.
  6. 2022 Open Enrollment is November 1 thru November 23.
  7. Late October, health care open-enrollment materials will be sent to current enrollees and an email notification will go to those who requested paperless delivery.
  8. "Understanding Health Care" Webinars will be held November 3, 8 and 11.
  9. Greg encouraging folks to get the booster—he said evidence shows that antibody levels fall after 6 months.

### **Legislative Report (Ann Erkman, Assistant Director at STRS)**

- Ann said things are still pretty quiet at the legislative level.
- The most activity in Retirement Study Council regarding the actuarial audit and fiduciary audit. Actuarial audit will be overlooking the accuracy of how STRS does things and the fiduciary audit will review investment practices. Right now, STRS is in the process of getting the contracts together. Ann said a fiduciary audit can take a year or two to complete, whereas the actuarial audit will probably take a couple of months.

### **Legislative Report (Gordon Gatién, Director of External Relations for OPERS)**

- Rep. Kelly intends to reintroduce 3 House Bills:
  1. **HB514**-broadcasting/archiving of retirement Board meetings. This is the least offensive Bill, has the most bipartisan support and will probably pass. Gordon says they have no problem with this Bill—the Board meetings are already broadcast, but he says archiving could be a problem because this takes space and the cost is very high with no corresponding funding source.
  2. **HB515**-disclosing fees. OPERS opposes this Bill because it strips the system of the ability to negotiate lower administration fees. This Bill has a long way to go before passing.
  3. **HB516**-doing business with former employees of the system. Currently the systems can't do business with former employees for 3 years; this Bill takes it to infinity. Gordon says he doesn't even know if this is legal.
- OPERS has changed the Assumed Rate of Return from 7.2% to 6.9%. They are taking the risk off of the table. This change took the amortization years from 18 to 21 years and the Unfunded Liabilities had a minimum impact of \$2B. OPERS is still in good shape.
- COLA didn't pass, so no changes for 2022. Gordon said that members of the legislature feel the new COLA proposal (2 year freeze) seems reasonable, but it's a matter of getting momentum to get the proposal through (many members of the legislature are either brand new or this is only their second year).
- Gordon said the return on investments has been good for the past two years, but the upward trend won't continue, so they need to get the COLA changed sooner than later. The two year freeze of the COLA would reduce the unfunded liability by \$3B. Gordon hasn't stopped and will continue to educate and advocate for COLA changes.
- Ohio Senator Brown has introduced a Bill to eliminate WEP (Windfall Elimination Provision) and Government Pension Offset. Gordon said OPERS would not oppose this, but also said full repeal of Bills is extremely unlikely to pass.

## **CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES**

### **WRIGHT STATE UNIVERSITY**

- Most classes are in-person, masks are required indoor, vaccines are not mandated but strongly encouraged and available.
- Enrollment is down 6% to 11,469 (this is not an official number but what was available at this time).
- Retrenchment is proceeding to reduce the faculty by 113 positions. The incentive program to encourage early retirements resulted in 90 faculty accepting the offer. However, so many of them were in Computer Science that two of those faculty were denied. All colleges met their quotas except for Liberal Arts and Education.

#### Retiree Association:

- RA held one in-person meeting but after the meeting one member informed the group that she had tested positive for COVID in spite of being fully vaccinated, so the group returned to ZOOM.
- Trying to plan some outdoor activities for Fall.

### **MISCELLANEOUS ITEMS**

As stated earlier in this report, the STRS building will not be open until January 2022, so our November 2021 meeting will be held virtually.

Next meeting of OCHER is November 16, 2021 (to be held on ZOOM)

Respectively submitted by  
Marianne Anderson