

OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF MAY 23, 2023

Meeting called to order at 9:30 a.m. in Columbus.

The Minutes from March 21, 2023 OCHER meeting were approved with no changes.

OCHER Treasurer, Jim Lapp (Univ. of Toledo). The current ending balance of the organization is \$5,294.05. Motion was approved for \$500 contribution to HPA (Health and Pension Advocates).

Gerald Newsom (OSU) reported on STRS Board Meeting

- Two members of the STRS Board, Wade Steen (appointed by Gov. Dewine) and Rudy Fichtenbaum asked the STRS Board in November 2021 to invest \$65M of STRS investments into an investment firm called QED. STRS investment staff and two independent consultants argued that QED was a new company with no track record or assets and was staffed by only two people—thus this suggestion was voted down. After this rejection “dark money” was used to campaign against those members who did not support the QED investment. It is believed **that this was the start of the dissension in the Board.**
- Statutes control what the Board can invest in, and investment funds MUST be diversified. So, investing \$65M into QED would be illegal because your funds are no longer diversified.
- Wade Steen was removed from the Board by Gov. Dewine. The Governor stated the reason he removed Steen from the Board was because he was concerned Steen “was viewed as acting as an advocate for a specific investment firm ... {QED}. Dewine added “I am not for tipping the scales in favor of select money management firms.” Supposedly Steen missed several meetings, which was also another reason for his removal. Steen’s account has been deactivated and he has been replaced by C. Brent Bishop. Steen has filed a lawsuit.
- The preliminary investment return was +1.21% in March and +0.86 in April giving a return for the 1st ten months of the fiscal year +5.19% after fees. The 7.0% assumed rate of return for the year can still be reached.
- The STRS CFO and internal actuary proposed a formal procedure called SBEP (Sustainable Benefit Enhancement Plan) to spell out how the external actuary (Cheiron) could calculate each year how much money, if any, the Board could put towards “benefit enhancements” (i.e. COLA’s) and still meet the “fiscal integrity” required by the legislature. The available cash called “the budget” in the Plan could be distributed towards COLA’s, changes in retirement eligibility, or member contribution rate. **The STRS website has a video of the Board meeting from Thursday, May 18th that shows live models of how the actuary calculates the different scenarios for the SBEP. The Board Meetings are archived on the website for one year.**
- Board opponents like Rudy Fichtenbaum and new candidates are promising members that if they vote for them, they’ll bring back the COLA. These are promises they just can’t make.
- Pennsylvania General Assembly granting a COLA to their state and public-school employee retirees. They haven’t had a COLA approved in 20 years. Other states are also considering the same thing, **BUT in many states’ employer contributions are automatically increased to cover financial shortfalls.**
- ASOP4 is complicating things. The underlying philosophy is that if pensions are guaranteed, the investment returns that fund the pensions should also be guaranteed. ASOP4 suggests investing in short-term government bonds, but no pension fund would consider putting all their assets into such low yielding instruments. However, retirees may receive information on

ASOP4 and hear scary stories in the months ahead as attacks on public pension plans continue.

Greg Nickell (STRS) 2023 Health Care Update:

Currently working on Health Care for 2024:

- **Greg wanted to remind everyone that CVS will be the new Administrator for prescriptions in 2024.** STRS knows there will be some disruption in changing administrators, but they feel more members will be positively impacted, than negatively impacted. STRS will save over \$214M over the next three years by changing to CVS.

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

- At the May meeting the Board approved two benefit enhancements for both active and retired teachers. **1) Retirees who started receiving benefits on June 1, 2019 or earlier will receive a 1.0% cost-of-living adjustment in FY 2024 beginning July 1, 2023. The increase will be added to the base benefit on the retirement date anniversary and each month thereafter. 2) For active teachers, retirement eligibility will require 34 years of service for an unreduced benefit instead of 35 years of service.**
- The Board and its actuary will review benefits again, no later than Spring 2024 to evaluate whether additional benefit enhancements can be made in accordance with the laws in effect at that time. For the foreseeable future, the Board and Cheiron will devise a plan of action for each year.
- Aon/McLagan, the industry leader in compensation analysis provided STRS an in-depth review of their performance-based incentive plan (PBI) for eligible associates in the Investment Department. The firm finds STRS Ohio's plan generally aligned with competitive market practice and that STRS competes with a broad range of firms for investment talent. The PBI plan is designed to attract, motivate, and retain top-caliber professionals to drive strong investment returns.
- H.C.R. 6- House Concurrent Resolution. This resolution urges Congress to repeal WEP (Windfall Elimination Provision). STRS Director, Bill Neville sent a letter of support for H.C.R. 6.
- Senate Bill 6 – requires statewide pension systems, Workers Compensation, and state institutions of higher education to make investment decisions with the sole purpose of maximizing the return on investments.
- HB 78 – allowing re-employed STRS retirees to seek election on the Retirement Board with the amendment specifying that re-employed retirees are eligible to seek election **only** as a retired member of the Board.

Legislative Report, Gordon Gatién, Director of External Relations for OPERS

OPERS PENSION FUND:

- HB94 (identical to HB611 from 2022)-deals with Multiple Service Credit for Police and Firefighters. (Active-duty Policemen pay into Police and Fire Pension; if they retire and get a job at Cleveland Metroparks, they pay into OPERS). This makes it difficult to know which pension system they should get paid under.

Christina Elliott, Deputy Executive Director of Member Benefits and Chief Benefits Office, STRS

- STRS Fun Facts
 - Oldest Retiree-110 years old and started receiving benefits in 1980.
 - 209 benefit recipients are 100 years old or older.
 - Longest time receiving benefits-65 years a 92-year-old disability recipient.
 - The amount of benefits paid annually in Ohio-approximately \$6B.
 - More than \$400M is paid in Health Care annually to 110,000 retirees.
 - STRS serves 528,000 members and benefit recipients.
- These facts serve as reminders of how much teachers in Ohio rely on the benefits provided by STRS and why it's so important that the fiscal integrity of the system be maintained.
- The Actuarial audit, Fiduciary audit, Annual Financial Statement audit, and the Ohio Auditor of State Special audit all came back with good results and no indication of material weaknesses in the STRS pension system.
- Christina said she and her staff are on a Listening Tour. They have met with many people throughout the state educating them on STRS.
- Her staff are also recording their Counseling Sessions with members regarding information that aligns with what currently is the law at that moment. They are also updating all their brochures and any information that's available to members.
- STRS has recently hired a new Chief Communication Officer-Dan Minnich.
- Christina's question to members—is guaranteeing the stability of STRS more important than enhancing the pensions. She stated that benefit enhancements can be made but the longevity of the fund would be jeopardized.

CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES

WRIGHT STATE UNIVERSITY

- A decrease in enrollment has caused major reorganization and consolidation of departments.
- An economic impact study analyzed 2021-22 data and found WSU generated \$2.3B in added income and supports 28,000 jobs in 10 counties.
- *U.S. News* included WSU's graduate programs in medicine, engineering, computer science, public health, public administration, math, and business among the best in the nation for 2023-24.
- Annual ArtsGala raised almost \$200,000 for scholarships for fine and performing art students in 2023. The event has raised over \$3M for art scholarships over the past two decades.
- More than 1,600 students graduated at Spring commencement in April.

WRIGHT STATE UNIVERSITY RETIREES' ASSOCIATION

- Retiree Association formed in 1993-celebrating its 30th anniversary.
- Retiree Association has 285 members.

- Use Constant Contact (email marketing software) for monthly e-newsletters, sent to about 885 retirees.
- A printed newsletter, *The Extension* is sent to paid members 3 times a year.
- Total endowment balance as of Spring 2023 is \$101,600.
- Four \$1,500 Scholarships were awarded to undergraduate students for 2023-24.
- Activities include luncheons, guided tours of Beaver Creek Wetlands, panel discussion on retirement, faculty presentations on varied topics, Wright State theatre plays.
- Have a working relationship with Wright State's Food Pantry to hold food drives.

OCHER Advocacy Committee:

- A proposal was made to write a letter to HPA proposing that investment firms be selected by the STRS Investment staff instead of the Board. The reason for this proposal is because Wade Steen, a former Board member, wanted to change this practice by suggesting the Board invest in QED.
- Senate Bill 83 (has passed the Senate) dictates to teachers what they can teach in the classroom. OCHER Board member, Nancy Wardwell would like OCHER to write a letter to endorse OSU's displeasure with SB83. This is the Bill that Dr. Helen Lafferty talked about at our Spring luncheon about her joining the Inter-University Council announcing their displeasure of the Bill.

New Business:

- The current positions held by OCHER Board members of President (Dan Scheffer), Vice President (Marianne Anderson) and Secretary (Michelle Hobbs) will remain the same for 2023-24.
- Jim Albert, BGSU will be the new Treasurer replacing Jim Lapp (Toledo) who has held the position for several years. Jim Lapp has agreed to work with the new Treasurer for the next year to get him up to speed.

Next Meeting:

Tuesday, September 19, 2023 in Columbus

Respectively submitted by
Marianne Anderson