

## OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF SEPTEMBER 26, 2023

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

The Minutes from May 23, 2023 OCHER meeting were approved with no changes.

**OCHER Treasurer, Jim Albert (Bowling Green State University).** The current ending balance of the organization is \$5,375.25. YSU's dues of \$100.00 for 2023-24 are paid in full.

It's possible that HPA (the Healthcare and Pension Advocates) organization is defunct (it's not official yet, but the head of the organization is gone). OCHER sends \$500.00 in support of HPA each year. Fortunately, Jim Albert had not yet sent the check to HPA for 2023-24, so OCHER majority ruled for him not to send it.

### Gerald Newsom (OSU) reported on STRS Board Meeting

- **A BIT OF STRS HISTORY:** After the Great Recession, STRS assets lost about 40% of their value. For STRS to continue to pay pensions, the DC (Defined Contribution) Plan was developed in addition to the DB (Defined Benefit). With the DC Plan, teachers were now responsible for their investments and if their account ran dry, employers and the state would have no responsibility. However, Legislature agreed to give STRS some limited increased authority to manage their funding, and if they failed then all new hires and active teachers who had less than some number of years of service would be moved to a DC plan and the DB (Defined Benefit) Plan would die. The STRS Board got more authority than other Ohio retirement plans, and in return STRS was expected to make the system work. It was now up to STRS and not the legislature to make the hard decisions.
- **A BIT OF STRS HISTORY (CON'T):** The funding period was mandated to stay under the 30 years. Actuaries consulted at the time felt that this could be accomplished by changes in the years of service needed for full pension, increased employee contributions from 10% to 14% and a change in the Final Average Salary calculation from 3 years to 5 years. Unfortunately, the actuary had a bad formula in their spreadsheet and these changes adopted in **2012** were not enough to keep the funding period under 30 years. **The only thing left to cut was the COLA** which was the start of the intense criticism that continues to this day. STRS is concerned that if retirees continue to make enough complaints to the legislature, then lawmakers just might go back to their original threat converting the DB Plan to the DC Plan??????????
- STRS finances have shown improvement as the years go by but for retirees to get annual COLA's anytime soon, an additional source of money will be needed. The best bet would be to convince the legislature to increase the employer contribution above 14%, but the current legislature has shown little interest in this route. It's hard to see how repeated claims by critics that STRS is badly managed and corrupt would convince lawmakers to give STRS more money by increasing employer contributions.
- Wade Steen who was removed from the STRS Board by Gov. DeWine is suing the governor. Not sure what he's suing over because the Board position is unpaid. Many people think his case is weak, but you never know???
- The net return for FY 2023 was +7.55% (higher than the 7.00% assumption). All the fiscal year gains came in the second half of the year. Investment assets were \$91.1B at the end of July 2023.
- In an earlier report I wrote about the STRS critics complaining about the high fees that are attached to some asset classes, especially with alternative investments, and that STRS was going

to contact the SEC about these high fees. The SEC Chair responded by saying they hope “to bring down fees and expenses that cost hundreds of billions of dollars a year.” **However**, the **investment firms** opposed the new rules and they sued to block them, claiming they are “arbitrary, capricious, and abuse of discretion and contrary to law.” The SEC promises to “vigorously defend” the rule in court.

- Another point of contention has been the bonuses paid to the investment staff. Many ideas have been tossed around and the consulting firm Aon has suggested a bonus reduction that was proportional to the total fund loss. Other changes to the PBI (Performance Based Incentives) included removing 30 positions that were eligible for PBI, reducing the maximum bonus, removing the step-function in deciding bonuses in years with a negative return, and reducing bonuses by 10% in years where the external actuary determines that STRS cannot afford to enhance member benefits (i.e. grant a COLA). Some Board members felt the changes were a major improvement. The motion passed 6-4.
- Board critics have long complained that the STRS building is larger than needed and could either be sold or part of it could be rented out. Executive Director, Bill Neville announced that the part of the building that used to house the computers is no longer needed, so STRS is considering renting that space out.
- Critics also want STRS to raise their prices in the cafeteria to more competitive levels and they should end their child-care program. In August, STRS announced their child-care program will end at the year’s end. (years ago STRS had many younger employees who needed child care. Now the average age of STRS employees is 50+ so it’s no longer needed, plus some associates work from home a few days).
- STRS continues to work on the 172 recommendations Funston made in its fiduciary audit last year.
- The critics, many of them ORTA members, who complain at each Board meeting sit in the back and are incredibly rude. They make snide comments or loud laughter when someone says something they don’t like. These same people probably wouldn’t have allowed this behavior in their classrooms. As an educator, Gerry Newsom finds this an embarrassment to the profession.

## **Greg Nickell (STRS) 2023 Health Care Update**

### **MEDICAL:**

- Open Enrollment period is November 1 through November 21.
- All Medical Mutual, AultCare, Paramount and HCAP enrollees will transition to **Aetna**.
  - Annual Deductible = \$0.00 (in network)
  - PCP Copay = \$0.00 (in network)
  - Hearing Aid Reimbursement Program = \$1,000/36 months (discount program still available)
  - Skilled Nursing Facility Transition = 72 hours
  - Post Discharge Home Support Care = 6 hours at 100%
  - Wigs (under certain circumstances e.g. chemo) = Up to \$400 at 100%
  - Transportation for kidney dialysis = Unlimited
- The SNF 72-hour transition benefit is the 1<sup>st</sup> in the country. If a person is still not prepared to go home, in certain circumstances they can stay an additional 72 hours at no cost.
- Aetna is set to take phone calls on October 2, 2023.
- E-mail notifications for those electing paperless, and letters to all other benefit recipients will be sent out around October 16<sup>th</sup>.

- **Understanding Your Health Care Webinars** will be scheduled during Open Enrollment. 1,000 people can be accommodated in these Webinars sessions. STRS is still working on having a CVS representative and Aetna representative at these webinars.

#### **PHARMACY:**

- All enrollees will transition to CVS Caremark from Express Scripts. Nearly 95% should experience no disruption—any disruption may be in a prescription tier change (either higher or lower tier). If there is any disruption like this, CVS will notify these individuals by mid-December.
- Whoever receives a disruption letter will be given a 90-day transition allowance to speak to their physician for a prescription change. Even if the original drug goes up in price, the member will pay the lower cost for the 90 days.
- There will be no changes to deductibles, co-payments, or out-of-pocket limits from 2023.
- Enrollees can receive a 90-day supply at the retail locations at the same copay as mail order for non-specialty prescriptions.
- A CVS call center has been established with 21 dedicated staff. They began taking calls Sept. 1, 2023.
- Non-Medicare enrollees will be serviced by CVS Caremark and Medicare enrollees will be serviced by an affiliate of CVS, Silverscript.
- Watch your mail for information from Silverscript or CVS Caremark.

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

- The House Pensions Committee in the General Assembly is under a new Chairman.
- HB78 – 9/26/23 was the 4<sup>th</sup> hearing on this bill. Currently, re-employed STRS retirees are not able to serve on the STRS Board. **If passed**, this bill would change the current stance.
- Last year’s legislation a bill was introduced by Mary Lightbody to increase the STRS **employer contribution** to 18%. However, in the same bill, Lightbody wanted to add mandatory COLA’s. The bill did not pass last year. STRS would like Lightbody to re-introduce the bill this year leaving in the increase to employer’s contribution but removing the mandatory COLA requirement. So far this year the bill has not been re-introduced.
- Ohio’s EdChoice Scholarship Program could be a potential problem for STRS. This program allows all Ohio students to receive vouchers to attend private schools. Students from families at or below 450% of the federal poverty level receive a full voucher, while students in higher income brackets receive progressively reduced voucher amounts.
  - Potential problem for STRS is that private school teachers do not pay into STRS, so less membership (Charter Schools **DO** pay into STRS).
  - With the voucher system **it’s possible** more children will go to private schools rather than public.
  - The voucher system is being challenged in Franklin County (Ohio). Their argument is if the state government isn’t funding public education, they shouldn’t be funding private education.
  - STRS has not yet come up with a good solution to this potential problem.

### **Legislative Report, Deborah McCarthy (in for Gordon Gatien)**

- HB94 – 9/26/23 was the 2<sup>nd</sup> hearing for this bill. It's a carryover from HB612 last year. The problem is moving service credit and all contributions when a member has service credit in both systems (Police/Firefighters and OPERS).
- HB4 – trying to control the way OPERS deals with ESG investments. OPERS already complies with SB6, but HB4 dialog is much different.
- WEP and GPO repeal – 2 bills have been introduced for full repeal (one is in the House, one is in the Senate). There are also 2 bills for modified repeal. There are enough sponsors to support these bills, but until there is Social Security solvency, there is no money.
- Debbie said OPERS needs to look to the future regarding these potential problems:
  - the current ratio of actives to retirees is 1.2 to 1 (when system started the ratio may have been 6 to 1).
  - baby boomers haven't come to full ranks yet-when they do come thru this will put more pressure on the system.
  - expanding state government positions hasn't been a Republican platform.

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

- Christina is still on her Listening Tour. She's met with quite a few groups, both actives and retirees. She said questions from everyone are generally the same which is good because she can bring back the same kinds of topics to STRS to try and resolve.
- ORTA is running a public campaign of criticism with the public-school teachers.

### **Bill Neville, Executive Director-STRS**

- STRS Ohio Facts – oldest retiree 108 years old (started receiving benefits 50 years ago), longest retiree receiving benefits 66 years, 209 benefit recipients aged 100 or older. There's 8,000 members 25 or younger.
- There's 1 retired member for every 1 active member. This is the definition of a mature retirement system. It's exactly the reason higher contribution rates are necessary. For the employee, a 14% contribution rate is on the high side across the country, however for the employer 14% is low across the country.

### **An OCHER member asked Bill Neville why does STRS have more drama than OPERS?**

He stated this is his opinion only and it is not meant to be a criticism, but he said that STRS is a very homogenous group. It's comprised of teachers and teachers are highly political, well educated and are fully committed to what they believe in. They tend to marry teachers, socialize with teachers and travel with teachers. So, if a few teachers want to spread bad news it travels very fast amongst the group. On the other hand, OPERS is a varied group of people that may not have the same connections as teachers.

### **Neville has also been told that he can't be trusted.**

His answer to this was members don't need to trust him. There has been an actuarial, fiduciary, annual and an Ohio Auditor of State special audit and all of them came back giving STRS very high marks.

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

### **CLEVELAND STATE UNIVERSITY**

- President Laura Bloomberg has been in office for 1 ½ years and seems to have settled into the job.

### **CLEVELAND STATE UNIVERSITY RETIREES' ASSOCIATION**

- The Retirees Association (dormant since COVID) is now rejuvenated and has been christened the CSU Retirees Association (it used to be CSU Faculty and Professional Staff Association).
- The retirees' association is now receiving support from the Administration. The point person from the administration is Mathew Knickman, Director of Alumni Relations, and Corporate Engagement. He has arranged meetings of the Retirees Association Steering Committee and assists in the scheduling of events.
- They are planning events for the coming year, including a meeting with the University President, and renewing their Christmas tradition of attending a local church's celebration of Handel's Messiah.
- Renewing the association's publication of the newsletter (also dormant for 3 years).
- Retiree issues:
  - access to and remuneration for post-retirement teaching. The provision for "phased retirement" is no longer in the CBA and all hiring now is to be negotiated separately.
  - also concerned with the maintenance of faculty web pages after retirement which has been completely ignored.

### **UNIVERSITY OF AKRON**

- Gaining students—6 more students this year than last year. Approaching 15,000. Dan Sheffer said when he was teaching, the student population was close to 30,000.
- Akron hired a corporation to manage the parking facilities. Parking fees are skyrocketing (approx. \$300.00/semester). Retired faculty/staff are losing their free parking benefit.

### **BOWLING GREEN STATE UNIVERSITY**

- Enrollment is holding steady.
- The new President's contract was extended another 4 years.

### **Next Meeting:**

Tuesday, November 28, 2023 (via Zoom)

Respectively submitted by  
Marianne Anderson