

## OHIO COUNCIL HIGHER EDUCATION RETIREES MINUTES MARCH 26, 2024

Meeting called to order at 9:30 a.m. on ZOOM.

The Minutes from November 28, 2023, OCHER meeting were approved.

**OCHER Treasurer, Jim Albert (Bowling Green State University)**. The current ending balance of the organization is \$6,276.25.

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

- Governor DeWine appointed Brian Perera to the STRS Board. Perera told Gerry Newsom that within 5 minutes of his appointment he got a call from someone who wanted to meet with him concerning handling some of the STRS investments. This leads to suspicion that QED investments may be behind some of the STRS turmoil.
- If Michele Flanagan wins the Board seat vacated by Dale Price in May, STRS critics will control the Board in September.
- At the March 2024 meeting, Cheiron (the actuary for STRS) went through their Sustainable Benefits Enhancement Plan. Cheiron conducted several tests to determine any benefit enhancements for the upcoming year. The assets in the DB fund this year was \$850 million. The STRS Board unanimously voted to put the entire de minimis amount towards making 34 years of service permanent, **therefore no 1% one-time COLA for the upcoming year.**
- Given good investment returns so far thru March 2024, STRS will reach the assumed rate of return of 7% for this fiscal year.
- Various consultants reported to the Board producing a series of positive comments about STRS:
  1. Albourne reported that fees STRS paid for advice on Alternative and real estate investing were correctly charged.
  2. CEM Benchmarking reported that the 7.0% rate of return for the period 2018-22 was higher than the U.S. median of 5.9%.
  3. Meketa (the new general investment advisor to STRS) compared STRS to many pensions funds and stated that STRS kept coming out as higher in return and lower in risk than the great majority of other funds with the final comment being that STRS was about the best they've seen.
  4. Crowe reported on their audit of the STRS financial statement and their bottom line was that they found "no significant deficiencies or material weaknesses."
- On the other hand, Aon conducted an assessment on the **Board Members** and not one Board member agreed with the statement that members of the Board "trust each other, staff and the existing processes" and 70% of the Board said meetings were not conducted in a way to encourage communication and healthy debate. Lots of problems within the Board!!!!
- Unfortunately, these types of problems extend beyond the Board, Lynn Hoover (acting Director) stated that senior staff and their families have been getting threats, obviously from STRS critics. This type of behavior does not bode well for STRS to continue to receive such high marks for its operations in the future.

## Greg Nickell (STRS) 2023 Health Care Update

- Greg said that the next couple of years **DO NOT** look as good as the past 6 years have been.
- Greg is terming it the **PANDEMIC RESIDUAL**. During COVID there was a decline in doctor's visits, medical treatments, etc. They are now seeing double digit cost increase trends.
- Also, on the Medicare side the government is changing the methodology used to calculate the subsidy, triggering higher costs to STRS. The 2025 Medicare subsidy is likely insufficient to match medical trends.
- The Inflation Reduction Act (IRA) will see the greatest Part D (prescription) changes since its inception. There will be a complete overhaul of Part D subsidies.
- In catastrophic situations, government is only paying 20% of costs (used to pay 80%) and pharmaceutical also only paying 20%. STRS will be paying the other 60% which means premiums will go up. **The Health Care Fund is still well funded but these changes will definitely have an impact.**
- **Further information will be available to STRS in late July or early August so NO DECISIONS can be made on health care plan designs until STRS has more definitive numbers to work with.**
- **They can't provide right now what premiums will be. They are trying not to focus on changing coverage in the actual health care plans, but if premiums get out of hand, they may actually have to make changes in the plans' coverage as well.**
- There will be a new program called **The Medicare Prescription Payment Plan** that anyone can sign up for. If you sign up for the plan, you don't have to pay at the time of picking up the drug. It essentially turns it into a no-interest credit card. (i.e. if you pick up a prescription in January that costs \$1,200, then you will be billed \$100/month for the rest of the year). However, there are a lot of logistics to be worked out with this plan, for instance if you pick up the drug in the middle of the year—will it need to be paid for by the end of that calendar year, also if people just quit paying their monthly charge—will STRS be responsible for the remaining cost? All of these scenarios are currently being worked on.
- Greg wasn't sure how much interest there would be in the above plan unless someone had high dollar prescriptions???

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

- The State House is relatively quiet.
- All around efforts are focused on increasing the **employer** contribution to 18% from 14%. It has been 14% since 1984. The STRS employer contribution rate is one of the lowest in the country (Texas is the lowest); but the employee rate is one of the highest. Marla said this will be an uphill battle.
- The increase has not been introduced in Bill form yet. They are trying to line up a Republican co-sponsor which has been a challenge. Marla feels in order to make headway this year, they are going to need the support of a Republican.
- Marla and her staff would like to "get on the road" and meet with local legislators throughout the State to push for the employer contribution increase. She would like for STRS members to accompany her in speaking to the legislators in their corresponding areas.
- An OCHER Board member suggested that Marla send out a copy of their "road tour" schedule (when available) and a method for members to sign up and join them. Marla said this was a great idea.

## **Legislative Report, Gordon Gatien, Director External Relations**

- OPERS is also seeking authority to increase the employer contribution rate and knows this will be a difficult task. They would like the increase to be from 14% to 18% and the increases to be phased in over time. This would be the first rate increase in nearly 50 years.

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

### **NEOMED RETIREE ASSOCIATION:**

- Cheryl Hodnichak reported they are basically defunct. She can't even find anyone to help her revive it.

### **OHIO STATE UNIVERSITY:**

- Their new President has a military background and they aren't sure how his experience will fit in with a research university.

### **OHIO STATE UNIVERSITY RETIREE ASSOCIATION:**

- 3,000 paid members.
- Their group just returned from D.C.—cherry blossoms were just perfect.
- OSU is hosting the Big Ten Retiree Associations in July (it rotates each year; 2024 is OSU's turn).

### **UNIVERSITY OF TOLEDO:**

- Decline in student enrollment in both undergraduate and graduate students of 3.8%. Fall 2022=15,603 students; Fall 2023=15,013 students.
- The university will be eliminating almost two dozen undergraduate programs for 2024-25.
- The Honors College has lost its status as a college led by a dean and associate dean, and instead will now be led by a program director.
- A \$300-\$400 million master plan includes building a new Welcome Center and a state-of-the-art Science building.
- U of T is one of many schools that have paused the distribution of scholarships that consider race as a part of the award criteria. This pause affects approximately 6% of the nearly 1,200 donor-supported scholarships available to undergrads and graduate students. The annual dollar amount equates to about \$500,000.
- U of T was named the recipient of the MAC Cartwright Award for its excellence in academics, athletics and citizenship for the 2022-23 school year.
- U of T also won the 2022-23 MAC Institutional Academic Award for the highest overall grade point average in the conference (3.437 GPA).
- The men's basketball team won its 4<sup>th</sup> MAC conference championship and the women captured their 3<sup>rd</sup> consecutive year MAC championship.

**UNIVERSITY OF TOLEDO RETIREE ASSOCIATION:**

- Membership stands at 710, a decline of about 15 members since last year.
- Current dues are \$20.00; \$200.00 for a life membership; new retirees receive a one-year complimentary membership.
- Their two scholarship funds have a combined balance of \$210,820 (as of 1/23/24). Eleven scholarships were awarded for 2023-24 academic year at a total of \$17,500.
- A variety of programs are offered to their membership, holiday brunch; program by a geology professor on the Egyptian deserts; a discussion on the election process by the Board of Elections and League of Women Voters; discussion on the Webb Telescope; presentation by Army Major Lisa Nagy on her experiences during Operation Desert Storm as well as current issues facing women in today's armed services; the how-to's of composting at home; upcoming bus trip to Mackinac Island; walking groups at area Metroparks; and the book club and breakfast group continue to meet monthly.

**NEW BUSINESS:**

Regional Conference to be held on Wednesday, April 3, 2024 at Quaker Station in Akron. As of 3/26/24 there were less than 30 people registered with a mix of retirees and pre-retirees.

**Next Meeting:**

Tuesday, May 28, 2024 (in Columbus)

Respectively submitted by  
Marianne Anderson