Minutes of the Benefits committee of March 5, 2019 Draft

Attending:, Steve D'Ambrosio, Doug Jones, Joan Leitzel, Gemma McLuckie, Harold Moellering, Gerald Newsom, Hal Noltimier, Marie Taris and Meg Teaford

Absent: Sally E. Dellinger, Debra Henrichs , Richard Hill, Michele B. Hobbs, Carol Newcomb-Alutto, Rachael Turner and Nancy Wardwell

Meeting was **called to order** by Chairperson Hal Noltimier

Minutes of the February 5, 2018 meeting were approved with corrections.

Personals –Hal Noltimier reported that Michele Hobbs is getting better and hopes to attend the meeting in April. Marie agreed to take the minutes for the meeting. We also heard that Diane Whalen is ill.

President's Update –Steve D'Ambrosio reported that he has forwarded to the chairpersons of all committees an email from Craig Little of the Alumni Association that describes how to use the program called "Workfront". It is the interface with the AA for purposes of requesting mailings, modifications to the OSURA website, setting up an event for members to register, requesting data from TAS, and more. Steve also said that there is consideration of holding the Annual meeting of OSURA in June this year, instead of holding it at the Annual conference. This idea will be discussed at the Board meeting in March.

REPORTS

FCBC – Hal Moellering reported on the February 20th meeting where they discussed their January meeting with President Drake and Provost McPheron. Further work with IPEDS data is planned. They discussed the ACS University Senators February 7 presentation to the Faculty Council that included an analysis of the ACS fiscal situation. There was a Salary Subcommittee discussion about recent meetings with Deans to see what they are doing to address gender inequity and other kinds of salary compression. Updates on health and other benefits are expected at future meetings.

OPERS – Gemma McLuckie shared a report from the OPERS Board meeting of February 2019. Among the administrative rule changes that were approved by the General Assembly in December (HB 572) is one that changed the minimum service allowance to qualify for a retirement allowance or disability benefits from 60 months of service to 5 <u>continuous</u> years of service. The Board's investment committee continues to study the optimal investment mix in the Asset allowance. Study will conclude in May. The Board head a report on the number of participants in the health plan from the 2018 Open Enrollment.

STRS/HPA- Jerry Newsom's report from the STRS Board included an update on the investment returns for 2018 which followed fairly closely the assumed rate of return in CY 2018 until October, when it started falling behind. Losses in December caused the CY 2018 return to be

1.75%, a loss to the system of $6.3 B compared to what the assumed rate of return would have delivered. Regarding Financial Plans, the Board continues to hear from members who are advocating the return of COLAs to which the response was that "**The Board is less concerned with reinstating COLAs than they are in avoiding a third major cut in benefits".** This comment refers to changes in 2012 that effected pension of new retirees and the employee contribution rate and the 2017 decision to discontinue the COLA. The Board is reluctant to identify the conditions under which the COLAs could be reinstated given the complexity of the factors involved.

In the category of STRS Data, it was reported that in their fifth year of teaching, teachers who adopted the Defined Contribution (DC) or Combined Plan can convert their funds to the Defined Benefits (DB) plan, and last year 8% chose to do so, likely because they had decided to make teaching their career. And finally, the latest annual phone surveys of active and retired teachers in STRS show that cuts in the pension formula and loss of COLAs have not greatly impacted the opinion of STRS held by both actives and retirees. Retirees' overall impressions of STRS held steady, with 95% having a very favorable or somewhat favorable opinion. Over the last three years, retirees' felt that their pension benefits were an excellent or good value were 84%, 86%, and 77% respectively.

OCHER – Next meeting is March 26

PERI – Next meeting in March 7

Elder Care Report – From Meg Teaford summarized a recent article in the *Gerontologist* on the topic of technology, internet use and aging. Although increasing numbers of older Americans are using the Internet, it is estimated that a third of those 65 and older do not own or use a computer or other devise as a way to stay connected to family and friends as well as obtaining valuable information on health and wellness. The study looked at how to increase computer use among this population by a controlled experiment with a group of 150 older adults who were at risk of social isolation because they lived alone, used the senior center infrequently, did little of no work or volunteering, and were not using a computer. The group was supplied a computer, special software and one-on-one training and phone support. After 12 months, they found that those who used the computer were less likely to be depressed and scored higher on visual attention and executive function. They also found that a perceived ease of use and a perception that using the computer would be useful were important considerations in adopting new technology. So those who felt that the computer and the Internet would be useful to them and also easy to use used them more often. The authors stressed that early support and training are important to facilitating later use.

Financial Matters – Doug Jones report this month covered the distressed financial circumstances in Venezuela. This nice synopsis of the economic and political conditions is attached.to these minutes.

SRA Working Group- Hal Moellering projects that OSU Office of Human Resources might be ready to present their progress on implementation of new 403(b) guidelines to our committee at the May or the June meeting.

Dinner Series – The next Dinner Series events is scheduled for March 28. The topic is the "Power of a Pet"

Continuing Business: The Benefits Committee section of the OSURA Operating Manual
Meg discussed the latest draft of the section of the Manual that details the charge and the structure of the Benefits Committee. Other than a few editorials this section is nearly complete. Meg indicated that the Records Retention area is still under review. We agreed that we could use more clarity as to how we maintain our archived records.

Special Presentation: Seth Dunn and Lyric Fields from the Office of Annual Giving in the Alumni Association described to the committee how their office in the Longaberger House works to encourage donations to OSU. Most of their work is with individuals that would be interested in making smaller gifts. It was determined that they might be helpful to the Executive Board as we discuss how to set up an endowment for the sesquicentennial celebration at OSU in 2020.
Their contact information is: dunn.428@osu.edu and fields.556@osu.edu

The next meeting of the Benefits Committee is scheduled for April 2, 2019

Minutes compiled by Marie Taris

Addendum

Financial Report to the Benefits Committee of March 5, 2019 prepared by Doug Jones

I. **ECONOMIC**

Venezuela's economy has shrunk by half since 2014. Hyper-inflation began in the Fall of 2017, and prices have risen since then by 1.4million%. Recently the government stopped publishing such data. Since wages are shredded by this kind of inflation, demand has plunged, and many companies are closing down entirely or, like Goodyear Tire, are operating at about 10 %capacity. Since 2014 2.5 million Venezuelans have emigrated, mostly to Columbia and some to Brazil. It is estimated that as many as 5 million more may go. The country has a total population of 32 million people.
The economy's collapse was not the result of low oil prices nor because of U.S. sanctions (mainly on individuals, increased just today).The main cause is seen as colossal mismanagement and massive looting by its rulers where crooked oligarchs control the oil industry, gold mining, and cocaine smuggling. Venezuela has partially defaulted on its government bonds, avoiding full default by mortgaging its oil, gas, and gold fields to Chinese and Russian state-controlled firms. China has extended $60billion in loans over the past 20

year; Russia $17billion to finance oil projects and arm sales. Both now are reluctant to lend more, and investments in oil and gas exploration have suffered greatly. (The country now produces less oil than it did in the 1950's.) To pay international creditors Venezuela slashed its imports which lead to shortages and hunger. It began just printing money to finance its huge budget deficits.

II. POLITICAL

Hugo Chavez was an army officer who became president of Venezuela 19 years ago. Despite governing with major financial mismanagement high oil prices at the time tended to cover for this .Chavez's chosen heir, Nicolas Maduro was elected for a six-year term last May in what was widely seen as a rigged election. Maduro's support comes mainly from poor Venezuelans and leftists abroad (see China, Russia, and Cuba). While a polling firm last month found that 80% of the citizenry wants Maduro out, his staying power derives from banning opposition parties, exiling or jailing leaders, ignoring the National assembly, and employing Cuban operatives to disrupt coup plots by spying on senior military officers. As usual, army loyalty is the key, and Maduro has appointed over 2000 officers to rank of general, allowed the army to run companies in 20 industries making money off corruption. These include insurance, rubber, petrol, gold, diamond, weapons, and food industries.

III. **PROSPECTS**

The Venezuela Constitution says that if the presidency is vacant, the head of the National Assembly becomes president. Juan Guaido, a 35-year old politician of "Popular Will party became National assembly head in January. Eighteen days later amid national demonstrations he announced himself as Acting President arguing that since the election was rigged, the presidency was effectively vacant. The U.S. and Canada immediately recognized him as head of the country, and 34 other countries followed suit. So, Guaido has rather widespread diplomatic and popular support, Maduro still controls the army (only a few lower ranking air force generals have defected.) Meantime the head of his party is under house arrest and the party's international coordinator is hiding in the Chilean embassy.

No one wants military action over the standoff, but tensions are high at the Columbia and Brazilian borders as humanitarian shipments of food and medical supplies (400 tons) are blocked from entering the country by the Venezuela army. The international approach taken so far is carrot and stick, i.e., amnesty and sanctions. The U.S. , besides implementing travel sanctions on Maduro regime members, has set April 28 as the last time cash oil payments will be made to the state oil monopoly by way of a holding account intended for the Post-Maduro government. The "Lima Group" comprised of the biggest Latin American countries and Canada (but not Mexico) together with the EU are restricting financial transactions with the Maduro regime.

A group of Harvard University consultants have announced "A Morning-After Plan" which is a blueprint to rehab the Venezuelan economy after Maduro leaves. The plan points to two "binding constraints" that must be removed: (1) price controls and expropriation –restoring private property rights, (2) greater export earnings in dollars and debt relief, including through the IMF. (Editorial comment---Considering how poorly the Russian and Chilean cases worked out when using Harvard professors to advise on privatization initiatives for government assets some caution may be appropriate here.)

In any event counting on the hardships visited on the Venezuelan people to finally topple the regime is a painful way to go about it.