OSURA Executive Board Meeting Minutes

Tuesday, August 10, 2021

Zoom Conference Meeting

Present: Sandra Bell, Lynne Bonenberger, Karen Bruns, Sue Burge, David Crawford, Jerry Dare, Sally Dellinger, Evie Freeman, Rai Goerler, Michele Hobbs, Nancy Ingold, Gemma McLuckie, Harold Moellering, Jerry Newsom, Hallan Noltimier, Marie Taris, Darian Torrance, Elenore Zeller. This constitutes a quorum of the Board. Also attending was Michele Bondurant

The meeting was called to order by President Gemma McLuckie at 9:45 AM.

Gemma reported that the sister of Marie Taris passed away due to Covid.

Approval of the June 8, 2021 Minutes: A motion was made by Hal Noltimier and seconded by Sue Burge to approve the June 8, 2021 minutes. Motion passed.

**Treasurer’s Report** – No report.

Results of the 2021-22 election. Introduction of new board members:

Hal Noltimier was elected as Vice President. Nancy Ingold was elected as treasurer. Members at Large are Lynne Bonenberger, Karen Bruns and Evie Freeman. A fourth candidate, Sue Burge, will fill a one-year vacancy.

Review of Committees:

**Benefits Committee**: Marie Taris reported the following:

**Update from Chair Newcomb-Alutto—**Carol Newcomb briefly introduced a new member of the the Benefits Committee, Donna Hobart, and asked her to say a few words about her background.

**Update from President Gemma McLuckie—**Marilyn Blackwell has been suggested as a candidate for the open Faculty Compensation and Benefits Committee (FCBC) position. Gemma also indicated that our past president, Jerry Dare, had not been successful in identifying a member of OSURA to be the representative to OPERS.

**OPERS** – Although Bev Maselli has resigned from the position of representative to OPERS, she sent one final report to the Benefits Committee. The report included a communication from OPERS’ Michael Pramik stating that the freeze on cost-of-living adjustments (COLA’s) for OPERS retirees will not occur next year as was previously projected. For various reasons this freeze will be delayed beyond 2022.

**Elder Care –** Meg Teaford’s report focused on the shortage of health care workers in nursing homes which has only gotten worse during the pandemic. The major problems are that the jobs are very demanding coupled with low compensation especially as other entry level jobs are increasing in base pay. Plus, there are not enough people trained in gerontology. More individuals need to be encouraged/recruited to these positions/professions. Meg noted that home health care is more economical for the State. It is estimated that 3 people can be cared for at home at the same cost as one in a facility.

**Financial Matters** – Doug Jones’ report indicated that evidence of a broad economic surge continues with a record 9.2 job openings were posted in recent months, employers added 850,000 jobs last month, weekly unemployment applications are mostly falling, and hourly pay is rising. Still, the jobless do number 6.8 million below pre-pandemic times. Debate about how serious the inflation threat is continues in policy circles and the economics profession. Overall, forecasts of likely growth for the U.S. economy this year center around a hefty 7%. The chip shortage is real and lasting; so many consumer goods besides cars will have price hikes during the year. Population growth in the U.S. of 7.4% is only half the rate of the 1990’s and is the slowest since the Great depression. Also, in the past decade the population has aged at a rapid pace with the percentage of people who are 65 and older growing by 35%. Life expectancy in the U.S. dropped by 1.5 years in recent times, however. Forecasts for the COLA for Social Security next year are about 4.5%. A poll on public support for increased taxing of the wealthy, not surprisingly, found 57% in favor and 43% against. Regarding increased taxing of corporations the numbers were 59% in favor and 41% against. Reasons turned on fairness vs. reduced growth. The message that delaying taking Social Security to as close to full retirement age as possible has become increasingly persuasive. The percentage of women claiming benefits at age 62 declined from 60% in 2005 to 34% in 2019; for men it fell from 55% to 31%. A 2021 insurance company survey revealed that almost three-fourths of respondents had not set aside enough money to cover the cost ($7,360) of an average funeral. An industry study on data security considered how long it takes a skilled fraudster to figure out a password based on its length and composition. The least secure is one with numbers only – if 13 characters, then 4 minutes. If, say, a password of 9 characters comprised of lower case letters, then 2 minutes; of upper and lower case letters, then 19 hours; and of numbers, upper and lower case letters, then 3 days

**SRA Working Group** – Hal Moellering reported that the SRA Working Group discovered in late June that the OSU/HR brochures for new faculty and staff, including “Retirement Program Choices for faculty” and “Retirement Program Choices for Staff” were badly out of sync with what was stated on the main OSU/HR Retirement website. The WG quickly set about reviewing these two brochures and recommending corrections to ensure that they are consistent with the main OSU/HR Retirement website and these recommendations were sent to OSU/HR in late July.

On another front, the OSURA Executive Board heard back last week from the OSU Retirement Oversight Board that the OSURA proposal to add a retired member to the ROC to improve its balance of stakeholder Committee.  In a July 23 letter to the OSURA Board, ROC Committee Chair Pam Doseck, responded that the ROC declined our proposal because retirees are no longer employed by the University, and hence cannot be protected from legal liability that is afforded to university employees.  Hence a retiree member could be held personally liable for decisions made by the ROC.

**Report on the first “Digital Literacy” event—Marie Taris** reported on the first “Digital Literacy” workshop which was coordinated by Meg Teaford and Marie and held on July 23rd at the Whetstone Library. Meg had been approached by a faculty member in the Occupational Therapy Division asking whether she knew of a service-learning project that a small group of students could do this summer. A workshop for our members on using I-phones and Android cell phones seemed like a great idea and a perfect fit with the initiative that the Benefits Committee had agreed to embark-upon with our members. Meg and Marie met with a group of three students several times via ZOOM to plan the workshop. With such a short time-frame, we decided to announce the event to a limited number of our members so we used our existing listservs sending the email just 2 weeks before the event. We immediately found considerable interest. We had 23 attendees and the evaluations very positive. We expect we will continue to offer more of the same and related sessions in the future.

**When will our meetings go face-to-face?** General discussion of the rise in the Delta variant of Covid led to the decision to hold the Sept meeting via zoom and at that time to decide on the Oct. meeting location.

**Budget/Finance**: Jerry Newsom reported that our investments (CDs, endowment market values) have increased from $459 k at the start of FY 2017 to $604 k at the end of May 2021, thanks to a very strong return in endowment earnings in FY 2021..

**FCBC Report**: Harold Moellering reported the following:

The FCBC AY 20-21 Annual Report and the Total Compensation Philosophy for Faculty were only received in July.  Hence, there was no opportunity to report on this until now.  Here is a brief summary of these two reports:

**Annual Conference**: Sally Dellinger reported that there are 123 registrations. Also that everyone needs to wear masks.

**Cultural Arts**: Darian Torrance reported that they met in person and zoom of July 26th. They discussed ideas for future meetings.

**Membership**: Sandra Bell reported that we have 2,436 members. At the Conference they will assist people in how to access the on-line directory.

**Social**: Elenore Zeller reported that the committee will meet on Wednesday, August 11, 2021 The Lunch Bunch will be on August 26th. It will be in-person and by zoom. At the Wednesday meeting they will discuss changing the lunch bunch date from the third Thursday of the month to the fourth Thursday.

**Bucks for Charity**: David Crawford reported the new name for the Bucks for Charity Campaign, is the "Buckeyes" for Charity Campaign. The campaign will start in September and the goal for retirees will be the same as 2020, which was a near record year. New this year is the ability for retirees to pay by credit card

**FCBC**: Harold Moellering reported the following:

**FCBC AY 2020-21 Annual Report**

This is the result of a yearlong effort by FCBC to analyze and discuss the OSU Salary and Benefits structure.  The prime recommendations emerging this year are:

* Finalize and implement the OSU Total Compensation Philosophy.  Please see below for details.
* Evaluate milestone raises between colleges for FY 2020 more deeply and work to achieve a better balance.
* Continue strong oversight on the tiered network of the OSU Health Plan and its effect on plan members.  Accountability should be shared with FCBC.
* Continue a robust review of the OSU ancillary benefits package with a broader scope to include a wider range of activities.

**OSU Total Compensation Philosophy for Faculty Document**

* OSU has not had such a total compensation philosophy in the past, where many other universities have.  This year a major effort was devoted to developing this philosophy in partnership with the OSU Administration.  Now the philosophy needs to be finalized and implemented.
* Its main goal is to: "attract, retain, and motivate highly qualified and talented faculty charged with fulfilling the university’s mission."
* This operates within a framework of several University objectives described in the report.

A perusal of these reports will reveal the richness, depth, and complexity of the thinking of the FCBC Committee on these topics vital to members of the OSU faculty.

**STRS/HPA and legislative Update -** Jerry Newsom reported the following:

Many of us recently received another mailing from POP5, asking for money to help fight for our pensions. I note that OCHER (the Ohio Council of Higher Education Retirees) considered POP5 a couple years ago and could not see what it provides that is not already provided by OCHER, HPA, ORTA, and PERI. OCHER voted to not recognize POP5.

Much has transpired in the last two months. Bob Stein, just re-elected to the Board, resigned for personal reasons. We just lost a lot of institutional memory and a good source of information on what was going on at STRS. In past years, the Board had an annual retreat where, under the guidance of a facilitator, the Board studied how it functioned, how it could improve, etc. The facilitator in recent years commented on how well the Board managed, with members respecting each other even if (on rare occasions) they disagreed on some policy. I’d love to be wrong on this, but this era seems to be ending. Newly elected Rudy Fichtenbaum circulated a report highly critical of some of the Board members, and Wade Steen (governor’s appointee, appointed by Kasich and re-appointed by DeWine) made very unflattering comments about STRS staff at the last Board meeting. Much of the changed atmosphere apparently was triggered by the “forensic investigation” by Ted Siedle, commissioned by ORTA (Ohio Retired Teachers Association). (There’s a new effort to raise funds to pay Siedle to go after OPERS next, so STRS may have company.)

The Siedle report is 127 pages long, claiming to find examples of massive mismanagement that has cost STRS dearly. Many of the claims cannot easily be checked by someone outside the system, but I did see two examples of what looked to me to be significant errors. Siedle met with HPA (Healthcare and Pension Advocates, a “users” group that offers advice to STRS), my chance to ask for clarifications on my two examples. I think it’s fair to say that one important point in Siedle’s report was highly misleading, and the other was just plain wrong. STRS staff is in a much better position to examine the many other accusations. I would not be at all surprised if they found other examples that are not substantiated, but perhaps some of the claims could improve how STRS manages their investments. HPA unanimously felt that the STRS staff and Board need to present a detailed rebuttal to each point in Siedle’s report; they need to either explain why it is not valid or explain how it can be used as a constructive suggestion to improve operations at STRS. The response is expected at the August Board meeting, which could easily spill into a second day as charges are examined in detail. The legislature did not authorize retirement boards to continue with virtual meetings, so we expect to have in-person meetings starting this month. The *Dispatch* had an article (online on 22 July and print edition on 24 July) starting with, “There is trouble in the board room at the State Teachers Retirement System of Ohio ...” The article says that Steen knows how “STRS can reduce its investment fees, dramatically drop the required contribution rates, allow teachers to retire at younger ages and bring back the cost to living allowance.” What does this mean for the future of STRS? Here are two scenarios that seem unlikely to me. (1) Supporters of the challenge to the STRS establishment have urged retirees to write their legislators to protest how the program is being managed. For conservative politicians who don’t like public defined benefit (DB) retirement plans, this could be their chance to convert STRS to a defined contribution (DC) plan. Groups such as ALEC have been pushing for changes that would effectively end STRS as a DB plan. This would not be good for future retirees, but likely would not affect current retirees. Should that happen, investment firms managing accounts for retirees in DC plans could make a lot of money. (2) Perhaps Siedle really is on to something and he could greatly improve finances at STRS.

We are more likely to see a mixture of less momentous changes. Board members in recent months have been commenting more often that they need to provide some inflationary adjustment for retirees, and the big jump in the CPI in July can only add to that pressure. In the first 11 months of FY 2021, STRS investments returned 27.01%, greatly improving their financial position, but the higher stock prices that drove these returns also mean the price to earnings ratios now makes stocks less attractive. On advice of consultants, the STRS Board voted to reduce the assumed rate of return going forward to 7.00% from the previous 7.45%. This change I think precludes the return of the 2% COLA, but at least a one-time increase in pensions would not be surprising. The atmosphere at STRS is likely to become more contentious and less friendly. Whether this makes it harder to keep their top staff remains to be seen, but it’s hard to see morale remaining high when Board members make public claims of low competence among the staff. If the disgruntled members of the Board curtail the performance bonuses given to investment staff, which could lead to lower returns down the road.

The bright spot is that 88% of enrollees in the STRS healthcare plan will see a decrease in their premiums next year. However, non-Medicare enrollees will see an increase, a trend that seems likely to continue in future years.

**Historian**: Rai Goerler requested that members and committee chairs keep the archives informed by including [osuraarchives@gmail.com](mailto:osuraarchives@gmail.com) on your emailings. That way it is easy to keep the archives current.

Darian Torrance has agreed to report on OPERS. Lynne Bonenburger agreed to report on the SIGS.

**Next meeting is by Zoom on September 14, 2021**

Meeting adjourned at 11:30 AM.

Michele Hobbs, Secretary