

# Protect Ohio Pensions 2nd Quarter 2023

*Retirees & Current Employees Working Together to Preserve Ohio's Public Pensions*

## Insight From the Administrator

By Maryfrances Kamyar



People ask me what I do throughout the day to keep up with pension activity. When I tell them I read newspapers, blogs and research about other states then people say to me “why do you look at public pensions in other states?” and “how does it affect the pensions in our state?” Sometimes people say to me “I do not care what is going on in other states, I only care about Ohio”. I

have often looked at pension systems in other states and communities to see how they are doing and what actions they have taken to cope with their stressed pension systems and unfunded liabilities or to see what is working for them and what decisions they have made to increase their funding and offer a strong retirement. Decisions that affect both current workers and retirees.

When attending pension board meetings, I hear reports given on pension systems in other states who are comparable in size both financially and in membership. These reports are asked for by the boards and have information and concepts the boards consider to guide decisions and bring ideas.

Why would POP5 want to know what is going on in other states and communities? If you understand others decisions and motivations you can then be prepared for decisions and motivations in your community. Sometimes the stories are amazing at what other states are doing and it makes a person thankful for what we are working for in Ohio.

Administrator Continued on Pg. 2:

## The Legislative Report

By Steve Buehrer, Esq.



The busiest time of any two-year Ohio General Assembly cycle is at hand with a full agenda of floor sessions and committee hearings taking place. Although a number of bills and ideas are under consideration, the principal reason for the hectic pace at the Statehouse is the need to pass Ohio's various budget bills before the end of the state fiscal year on June 30<sup>th</sup>.

Once these bills are finalized and passed, it is the tradition of the General Assembly to recess over the summer months and resume formal sessions in the fall. With June 30<sup>th</sup> fast approaching, much activity will take place over the coming weeks as the budget and other priorities are finalized.

The main operating budget bill this session is House Bill 33 which proposes to spend nearly \$95 billion dollars annually over the next two years to fund education, health care, prisons and a host of other state programs. The Governor introduced his version of the state operating budget in February and the House passed its version in April. By mid-June, the Senate will make changes and pass its version. In the remaining days of the month, House and Senate negotiators will meet in a conference committee to hash out the differences. In most years, this work is completed in time for the governor to veto any provisions he does not wish to approve and sign the bill to keep the state running beginning July 1st.

Legislative Continued on Pg. 2:

## Lee Armstrong-POP5 Board Member-Ohio Public Employees Retirement System



I retired from the U.S. Navy after serving 22 years on active duty and two years in the reserves. Serving from the end of Vietnam to the Gulf war. Upon my retirement I tried my hand at various occupations when I found my second calling at the Lucas County Veterans Service Commission as their Executive Director and retired from there in 2021. My degrees are in Business and Workforce Education and Development. In addition, I have served on several boards: President/Board Chair for Honor Flight Northwest Ohio, Toledo/Lucas County Homeless board and the Toledo/Lucas County Civic Center Mall commission. I look forward to serving the membership and my fellow board members.

## RETIREES & WORKERS

Administrator Continued from Pg. 1:

There are two examples I would like to share with you, both of which I have been following for years.

The first is Palm Beach Florida:

Issue Brief Retirement Reform Lessons: The Experience of Palm Beach Public Safety Pensions By Diane Oakley 2018

“Since 2009, fiscal constraints pushed state and local governments to reduce costs in ways that impacted employees such as layoffs, salary freezes or benefit reductions. Nearly every state modified its retirement systems to ensure long-term sustainability, most often by increasing employee contributions, reducing benefits or both. During these deliberations, some retirement systems faced pressure to move from defined benefit (DB) pension plans to defined contribution (DC) 401(k)-type individual accounts, in part or whole.

In 2012, the Palm Beach Town Council closed its existing DB pension systems for all employees, including police and fire. Going forward “combined” retirement systems offered police officers and firefighters dramatically lower DB pensions and new individual DC retirement accounts.”

In her article, Ms. Oakley covered four key points:

- Dismantling the DB pension benefit caused a mass exodus of public safety officers.
- Neighboring towns benefitted from the changes that Palm Beach implemented to its retirement plans.
- The shift away from the DB pension increased costs in other areas.
- The DC switch proved a failed experiment in Palm Beach. The Town Council voted in 2016 to abandon the DC plans and improve the DB pensions for police officers and firefighters by raising benefits substantially and lowering the retirement age.

The Issue Brief can be read in its entirety on the National Institute on Retirement Security website:

<https://www.nirsonline.org/>

The second community is the state of Alaska. April 27, 2023

“At a time when many states and communities are experiencing unprecedented teacher shortages, it’s important to understand what can be done to recruit and retain qualified public education employees,” said Dan Doonan, NIRS executive director and report author.

In 2005, the Alaska legislature voted to **close** its two statewide defined benefit pension plans for teachers and public employees in a misguided effort to manage the unfunded liability.

Since July 1, 2006, all new Alaska hires participate in defined contribution plans rather than a pension plan. The retirement plan change did not address the funding shortfall, and it also had the unintended consequence of creating workforce recruitment and retention challenges for public employers. The lack of a defined benefit pension plan and competitive benefits often is directly cited as a major reason why

Administrator continued on Pg. 3:

## STANDING TOGETHER

Legislative Continued from Pg. 1:

POP5 has been monitoring this legislative process very carefully as a state budget bill often becomes a vehicle for other policy changes. As of this writing, no significant pension issues are contained in the bill. We will continue to watch the development of the budget bill in the coming days to ensure that nothing impacting Ohio’s defined contribution retirement systems is included.

Many other issues are also receiving attention in the various legislative committees in addition to the state budget. Some of these bills have impacts on the retirement systems. POP5 gave recent supporting testimony on one of these bills, House Bill 146. This legislation would establish a contribution-based benefit cap in the SERS system. (A similar benefit cap already exists in the OPERS system.) This provision of law would prevent members of the SERS system from having their benefits “spike” because of taking a higher paying job in the final few years of their working career. These types of spikes in pension benefits outside the normal course of a person’s working career cause actuarial imbalance in the system and create a drain on pension funds to the detriment of other system participants. Since our testimony, the House Pensions Committee has favorably recommended the bill for passage.

The House Pensions Committee has also considered and passed a resolution that urges Congress to eliminate the Social Security windfall provisions in federal law. Many public system retirees are painfully aware of the reduction or elimination of social security benefits that occur under federal law because these individuals also receive a public retirement system pension. Although this resolution-House Concurrent Resolution 6- has no power to change actual federal law, it does serve to keep the issue alive and expresses an interest, at least in Ohio, for Congress to reconsider these provisions.

As detailed in the last POP5 newsletter, POP5 is also carefully watching Senate Bill 6 which prohibits public pension systems as well as other state investment entities from using environmental, social and (corporate) governance factors in making investment decisions. This bill, Senate Bill 6, was well debated in the Ohio Senate and was favorably passed in early May. The legislation has now been referred to the House and is awaiting consideration in the House Financial Institutions Committee.

In addition to these bills impacting public pensions in Ohio, other pension related bills are under review. One example, House Bill 78, would allow retired teachers who are rehired to run for a position on the STRS Retirement Board as either a retired teacher or an active teacher.

Legislative Continued on Pg. 3:





## Ohio Retirement Study Council

By Nancy King, Board Chair

The Board members of POP5 are retirees like you. We volunteer to serve on the Board because we care about maintaining strong defined benefit retirement systems in Ohio. We are not experts in finance, defined benefits, or lobbying. But we have an interest in educating ourselves so we can continue to build this organization and make good decisions on behalf of POP5 members. In response to our quest to become more knowledgeable, our Director Mary Frances Kamyar invited representatives from the Ohio Retirement Study Council to attend our board meeting on April 27, 2023.

The Ohio Retirement Study Council (ORSC) provides governmental oversight of the state retirement systems. It is non-partisan, composed of 3 senators, 3 representatives and 3 Governor appointees. They advise and inform the General Assembly and the public on state retirement systems.

Bethany Rhodes, Director and General Counsel, Jeffery Bernard, Senior Research Associate and Alex Strickmaker, Assistant Research Associate presented a comprehensive overview of what they do. Besides the informative presentation and following discussion, they brought issue briefs and pension profiles for us to read and study later. What an opportunity for us to gain knowledge about the legislative process and its impact on the health of the pension systems.

Organizations like POP5 and other retiree membership groups monitor and lobby on proposed legislative changes to each of the retirement systems. The POP5 Board is advised by Steve Buehrer, our lobbyist, and directs him on action he takes on behalf of our members. His working relationship with entities like the ORSC is instrumental in forwarding POP5's agenda to maintain strong defined benefits for Ohio's public employees.

If you are interested in educating yourself on this topic, you can go to the ORSC website at

Continued on Page 4:

Legislative continued from Pg. 2:

We will continue to monitor this bill as well as all pension related legislation in the days ahead.

When the legislature is in session, the Ohio Statehouse is a whirlwind of activity. News stories, public comments as well as scores of special interests crowd the hallways and airwaves with pronouncements, ideas and opinions. At POP5, we seek to stay on top of all of this activity and remain focused on the things that are set forth in our founding documents- most notably the protection of defined benefit plans for Ohio public employees and retirees. Toward that end, we continue to engage with a variety of other groups and individuals who are also concerned with pension systems and their operations. We will continue to provide you with the best information available in a timely manner when concerns arise. Until then, here's wishing you a great summer and a hasty recess for Ohio's General Assembly.



Administrative continued from Pg. 2:

Alaska struggles to recruit teachers, state troopers, and other public employees.

Given the broad understanding that teacher effectiveness improves significantly after the first few years, teacher retention not only reduces burdens in maintaining an adequate workforce, but also has a positive impact on the quality of education that schools provide.

The experiences of other states provide great insights regarding the tools that other states use to produce more stable pension costs, which include cost sharing, conditional post-retirement benefit increases, funding strategies, and the use of a reserve fund. While few states use all four strategies, all are viable options for consideration.

Dan Doonan's research article can be read in its entirety on the National Institute on Retirement Security website. <https://www.nirsonline.org/>

Traditionally, the larger percent of public workers like a defined benefit plan and look at those benefits as a motivation to work a public job. There are hundreds if not thousands of public jobs, jobs that keep our state up and running.

The National Institute on Retirement Security is a non-profit research and education organization established to contribute to informed policymaking by fostering a deep understanding of the value of retirement security to employees, employers, and the economy as a whole.

Membership of NIRS comprises many groups with different backgrounds and goals. If you look on the NIRS website you will find a lengthy membership list from many states. The list includes OPERS, STRS, SERS, OEA, AFSCME, AARP and the AFT to name a few.

Administration Continued on Page 4:

Continued from Pg. 3:

[www.orsc.org](http://www.orsc.org). There you can find a schedule of their meetings, which are archived on the Ohio Channel, and you can watch them from home. You can access many informative documents on the website as well, categorized by each of the five pension systems, so you can find what is most relevant to you. However, if you prefer to enjoy retirement knowing that POP5 is representing your interests and acting when needed, be assured that we take our duties seriously and strive to have an impact on your behalf.



Continued from Pg. 3:

The goal in following these two communities pension situations is NOT to incite fear of Ohio's pension systems being changed to defined contribution without consideration of our employees and retirees, but instead looking at those who have gone before us, and learning from their decisions.

The goal is to work together for answers when answers are needed. Each pension system in Ohio is independent of the others, just as each advocacy group is independent with its goals and mission statements. However, the goal of all the groups is the continuation of the option for employees to choose defined benefit or investment-defined contribution plans and to continue benefits for each family's needs.



**Protect Ohio Pensions, Inc.**  
**132 Dorchester Sq. S. Ste 101**  
**Westerville, Ohio 43081**

NON-PROFIT ORG.  
U.S. POSTAGE  
**PAID**  
COLUMBUS, OH  
PERMIT NO. 1375

## *Board of Trustees*



Nancy King  
Chair



Candace Shicks  
Vice Chair



Mary Winegarner  
Treasurer



Ed Ciecka  
OPERS  
Representative



Ed Wells  
Secretary,  
STRS Representative



Ron Wilinski  
OPERS  
Representative



Lee Armstrong  
OPERS  
Representative

## *Staff*



Maryfrances Kamyar  
Executive Director



Keith Kleiber  
Data Manager

On the web: [pop5.org](http://pop5.org)  
Email: [popoffice@pop5.org](mailto:popoffice@pop5.org)  
Phone: (614) 426-4333