

RETIREMENT

2012 Resolutions

MEMBERS IN ATTENDANCE

CHAIR - Melissa Cropper, Georgetown #4903

Vikki Bell, Arlington #4564

Theresa Hahn, Berea #1699

Steve Holecko, Berea #1699

Bob Buerkle, Cincinnati #1520

Dan Neeley, Cincinnati #1520

Robert Sturdevant, Cincinnati #1520

Derry Hooks, Cincinnati #1520-R

Tamar Gray, Cleveland Heights #795

Kurt Richards, Cleveland #279

Raymond D. Kikta, Cleveland #279-R

Toni Harper, New Lexington #4186

Bev Lucas, New Lexington #4186

Dave Shafer, Oregon #1080

Jeff Straka, Oregon #1080

Laurene Markis, Owens Support #6325

Gail Swartz, Owens Support #6325

Dale Price, Toledo #250

C.J. Washington, Toledo #250

Ruth Curry, Cleveland #279-R (Alternate)

Teresa Green, Cleveland #279-R (Observer)

Dan MacDonald, Cleveland #279-R (Observer)

Mary Ann Cervantes, OFT Staff

RESOLUTION TO OPPOSE THE SHIFT IN PENSION CONTRIBUTIONS FROM 14%-10% TO 12%-12%

1
2
3
4 WHEREAS the State Teachers Retirement System of Ohio, created in 1920 by an act of
5 the Ohio General Assembly, is defined in Chapter 3307 of the Ohio Revised Code, and

6
7 WHEREAS Chapter 3307.26 has stated “. . . the State Teachers Retirement System
8 Board may raise the contribution rate to a rate not greater than ten percent of the
9 teacher’s earned compensation”, and

10
11 WHEREAS any current and future changes in contributions by members of STRS Ohio
12 are therefore controlled by future legislated acts of the Ohio General Assembly, and

13
14 WHEREAS currently the STRS contribution is structured so that employers pay 14%
15 and employees pay 10% of the member’s teaching income into the STRS system, and

16
17 WHEREAS that employer contribution has historically been part of the teacher’s actual
18 compensation, but

19
20 WHEREAS future legislation could change those percentages to a contribution of 12%

21 from the employers and 12% from employees, and

22
23 WHEREAS current reform strategy approved by STRS already includes an increase of
24 3% with an option to go to 4%, if needed, of the employee's teaching income, but

25
26 WHEREAS the total increases to active teachers would then become a total of 5-6% to
27 thus produce the total contribution of 15-16% of the active teacher's income, and

28
29 WHEREAS increases that altogether produce a contribution of 15-16% to the active
30 teacher would impact the net pay of the active teacher during an existing trend of wage
31 cuts, zero salary increases, and licensure mandates for expensive education and
32 additional college course-work, therefore

33
34 BE IT RESOLVED that the Ohio Federation of Teachers strongly opposes ANY change
35 to the contribution structure that shifts any part of the employer's contribution to the
36 employee, and,

37
38 BE IT FURTHER RESOLVED that the Ohio Federation of Teachers is committed to
39 protect the current employer contribution of 14%, which has been historically, part of the
40 employee's deferred compensation, and

41
42 BE IT FINALLY RESOLVED that OFT thereby would oppose any recommendation from
43 the Ohio General Assembly, to shift the employer's contribution from 14% to 12% and
44 thereby shift that reduced 2% from the employer to the employee.

45
46
47 **RESOLUTION TO EXPEDITE PENSION REFORM LEGISLATION**
48 **ACTION TAKEN: Refer to Executive Committee for further action, if needed.**

49
50 WHEREAS the State Teachers Retirement System of Ohio contributes over \$4 billion
51 annually to the Ohio economy, and

52
53 WHEREAS the five state pensions in Ohio have witnessed lower than expected
54 investment returns, longer life expectancy of their members, and lower than expected
55 contributions from active members, and

56
57 WHEREAS the State Teachers Retirement System of Ohio in September of 2009,
58 complied with a directive from the Ohio Retirement Study Council to submit a reform
59 plan for financial solvency of the STRS pension, and

60
61 WHEREAS that plan was then modified in January of 2010, but

62
63 WHEREAS the STRS solvency plan, along with plans from the other four state
64 pensions, remains stalled as it awaits legislative action critical to the State Teachers
65 Retirement System, and

66

67 WHEREAS the Ohio Retirement Study Council's decision to hire its own actuary as a
68 source of information continues to take additional time when time is limited, and
69

70 WHEREAS after two years after delivery of five Ohio pension reform plans this action is
71 expected to take another year of study before a final decision is made, and
72

73 WHEREAS delays in pension reform manifest an increase in the unfunded liability for
74 the State Teachers Retirement System of Ohio, therefore
75

76 BE IT RESOLVED that the Ohio Federation of Teachers calls upon the Ohio General
77 Assembly to act on behalf of the State Teachers Retirement System, an economic
78 driver of over \$4 billion into the Ohio economy, and
79

80 BE IT FUTHER RESOLVED that the Ohio Federation of Teachers urges the Ohio
81 Retirement Study Council and the Ohio General Assembly to act with all deliberate
82 speed to pass pension reform legislation this year.
83
84

85 **RESOLUTION ON ADVERSE SELECTION**
86

87 WHEREAS the State Teachers Retirement System of Ohio provides health care to
88 STRS retired benefit receivers, and
89

90 WHEREAS the STRS Health Care Stabilization Fund with limited funding capabilities
91 was expected to run out of money in the year 2024, but
92

93 WHEREAS efforts to expand the life of the health care stabilization fund through higher
94 premiums, out of pocket costs, and higher deductibles have improved the solvency of
95 the fund, yet have placed additional financial burdens on members in the health care
96 plans, and
97

98 WHEREAS those additional financial burdens have produced "adverse selection",
99 meaning members leave STRS healthcare as healthy people but return to STRS health
100 care with il condition, and
101

102 WHEREAS this adverse selection has accelerated in recent years and has manifested a
103 higher percentage of chronically ill members in the current STRS health care plans, and
104

105 WHEREAS this dynamic of adverse selection has produced higher costs from the
106 higher percentage of ill members that cannot be offset by a higher number of healthy
107 people who do not add costs to the fund, and
108

109 WHEREAS the continued effects of adverse selection, unchecked, will continue to
110 jeopardize the STRS Health Care Stabilization Fund, therefore
111

112 BE IT RESOLVED that OFT expects affordable health care to be part of future

113 retirement benefits, and

114
115 BE IT FURTHER RESOLVED the Ohio Federation of Teachers calls upon the State
116 Teachers Retirement System of Ohio to proceed with caution as it develops the strategy
117 plan to extend the life of the STRS HealthCare Stabilization Fund, and
118

119 BE IT FURTHER RESOLVED that OFT expects STRS to do whatever possible to
120 reduce adverse selection in the STRS health care plans.