

OEA Retirement Systems Update **Report to the OEA Board of Directors: March 2011**

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Employees Pay More for Pension under Kasich Budget Proposal

One provision of Governor Kasich's budget proposal would have public employees paying more toward their pension benefits and public employers paying less. The proposal would reduce the employer contribution from 14% of payroll to 12% and shift those costs onto teachers, faculty, education service personnel and other public employees. The employee share in STRS, SERS and OPERS would rise from 10% to 12%. The result is an across-the-board pay cut of 2% that does absolutely nothing to help the long-term funding of the state retirement plans. Additionally, because only employer contributions can be contributed towards the health care funds of the retirement systems, it puts retiree health care at greater risk.

The Governor's budget proposal contains steep cuts in funding for K-12 education, higher education and local government. The proposed reduction in the pension obligation for employers is trumpeted by the administration as a tool for local government and school districts to deal with reduced funding. The costs do not disappear. Under Kasich's proposal, these costs would be borne by the employees.

OEA strongly opposes this proposal. Given the need for changes to address the long-term solvency of the state pension plans, this is not the time for anyone (employees or employers) to pay less towards the pension obligations. OEA supports making changes to pension benefits to shore up the funds for the long-term, but those changes must be a balanced approach that equitably shares the responsibility between employees, employers and retirees. Teachers and other public employees should not be required to pay more into retirement simply so their employers can pay less.

The budget bill (HB 153) is receiving its initial hearings before the House Finance and Appropriations Committee. Official language for the bill has not yet been released. The bill is a two-year budget plan for state government and must be enacted by the end of June.

Tai Hayden for STRS Board

Ballots for the upcoming STRS Board election will be mailed on April 1, 2011. There are two candidates running for one seat on the Board representing contributing (active) members of STRS. OEA has endorsed **Taiya "Tai" Hayden** in this election. Hayden is a teacher in Columbus Public Schools and a current member of the STRS Board. She has also been endorsed by the Ohio Federation of Teachers (OFT).

For Ohio's teachers, the benefits provided by STRS represent economic security in retirement. Yet there are continual attacks in the media and from some public officials aimed at the pension benefits of public employees. In this difficult time, the need for strong and responsible members to serve on the STRS Board is clear.

As a member of the STRS Board, Hayden voted in favor of a plan in October 2010 to make changes to the pension benefit in order to secure the long-term solvency of the pension system. This plan was a balanced approach to a difficult problem and had the consensus support of stakeholder groups including OEA. However, in January 2011, the STRS Board, under pressure from the Governor and legislature, amended its plan to remove any increase in employer contributions and shift still greater benefit reductions and higher contributions onto active teachers. Hayden voted against this proposal.

Tai Hayden has training and experience to deal with investments, pensions and health care issues. She has been a strong and effective advocate for her fellow educators in the important role of an STRS Board member. Her opponent is Martin Miller, a principal from Ayersville Local Schools in Northwest Ohio.

Faragher Re-Elected to SERS Board

Madonna “Dee” Faragher has been elected to a second term on the SERS Board. Faragher was OEA’s endorsed candidate in the election. She serves as the current Vice-Chair of the SERS Board and is a school bus driver and paraprofessional aide with Westlake City Schools.

Faragher defeated Tim Detwiller, a school treasurer in Madison-Plains Local Schools, by a margin of greater than two-to-one. Faragher received 8,433 votes to 4,121 for Detwiller.

OEA would like to congratulate Faragher on her victory and thank all the members and local leaders who helped on the campaign and took the time to vote. Faragher will begin her new four-year term in July 2011.