

Attacks on Ohio's Defined Benefit Pension Plans

Starting in the fall of 2009 our publicly employed retirees have been portrayed in Ohio's newspapers as a greedy and useless group of people, who are being treated to huge-undeserved public pensions with golden-egg benefits at the expense of Ohio's taxpayers.

After thwarting the legislative efforts of State Representative Josh Mandel to manipulate the sale of certain OPERS investments, Ohio's public retirees were maligned by being accused of being more concerned over their pension earnings than they were for our men and women in the military.

Over the past 10 years, Ohio's newspapers have had a field day in criticizing the pension systems' investments, Executive Directors, and Trustees. Following each newspaper assault was a legislative endeavor to use or divert the funds in our pension system to further someone's personal or political agenda.

Let's review a few of these:

1997 HB 586: A rather innocent bill on the surface that established an alternative retirement program (defined contribution) for certain college professors and top executive university employees.

1998 HB 199: A bill to create a defined contribution program, offered by private vendors, which workers could select rather than the established defined benefit program offered by OPERS.

1999 HB 628: Last minute amendment to insert defined contributions into the pension program.

2000 HB 691 and 2001 HB 171: Bills to require OPERS to invest a set amount of pension fund reserves in the very risky high tech venture capital markets.

2002 SB 289: A bill to force OPERS to use OHIO stockbrokers to invest their funds; and SB 180: an amendment to create a "Legislator-appointed Public Fund Investment Study Committee."

2003: Ohio newspapers concentrate on demonizing the leaders of all of the pension systems.

2004 HB 227: Amendments to place the State Treasurer as overseer of the pension system administration, and the so-called "Buy Ohio" amendments to force investments through local stockbrokers, causing an estimated 100 million dollar yearly loss of benefits to retirees.

2005 SB 66: Amendment to allow municipal safety directors to transfer into OPERS-LE (Law Enforcement);

HB 270: To allow prison officers to join the Law Enforcement division; HB 71: To allow up to 5 years of inactive military service to be purchased; HB 286: To allow municipal rangers and township cadets to transfer into OPERS-LE. All of these bills create large un-funded liabilities on the pension system and reward select individuals with political favors.

2007 & 2008 H.B. 151: An attempt to impose politically motivated investment decisions on the retirement system, by preempting federal regulations on international stock trading.

2009 & 2010 HB 645 legislation that would require all of Ohio workers to first join a defined contribution plan, before switching to the defined benefit program.

In June of 2009, Governor Strickland proposes to cut the employer contributions to OPERS from 14% to 8% of salaries, as one step in balancing the state budget. (See “Regardless of Party” button for details.)

Throughout 2010 eight of Ohio’s largest Newspapers wage a war of words in an attempt to create pension envy between state workers and non-state workers. Underlying their attacks, was the continuing nationwide effort, by corporations, banks, and stockbrokers to eliminate defined benefit pension plans and replace them with a defined contribution 401K type plan.

When one follows the introduction of legislation, and time compare each to a newspaper pension system exposé, it doesn’t take a rocket scientist to see the correlation between political agendas and the press.

2011 & 2012 Governor Kasich’s budget bill (HB 153) was introduced. In it was a proposal to alter the pension contribution amounts made by employees and employers. (See the “Regardless of Party” button for details.)

2013 & 2014 A major issue that arose during this session, even though it wasn’t legislative, it did have a major impact on painting defined benefit pension system in the worst possible light. The Governmental Accounting Standards Board, referred to as GASB, made major changes on the way pensions would have to report. The changes required each political subdivision to list pension health care benefits as a liability or debt on its financial report giving the impression that health care benefits are excessive and impose a burden on the employers.

Even though GASB is an independent, non-governmental organization, and their standards are not federal laws or regulations, their standards are used nationwide by states and local government.

We recognize that certain special interest groups, who want our defined benefit plans converted to defined contribution plans, were probably behind these changes as one more tool in advocating for defined contribution plans.

In mid-2015, Josh Mandel, who is now the state treasurer, proposes a constitutional amendment to force Ohio pension board members to breach their fiduciary responsibilities to act solely in the best interest of members and their beneficiaries, by dictating certain investments they would not be allowed to make.

It is becoming very apparent that Treasurer Mandel’s long running actions to manipulate pension board decisions, are beginning to move into the realm of vindictiveness.

Also, we can reasonably identify aspects of the national effort by stockbrokers and large corporations to break up the defined benefit pension systems and replace them with 401K type retirement packages, and

We can also reasonably identify the efforts of some politicians to use our pension funds to reward their political allies, or to further their personal political agendas.

Thank God for the dedicated men and women who have stayed the course by remaining informed, prepared for action, and willing to communicate with their local legislators.