

The following information was compiled from two Facebook Groups, *Ohio STRS Member Only Forum* and *STRS Ohio Watchdogs*, to educate ACTIVE TEACHERS regarding:

THE MESS AT STRS

ARE YOU AWARE?

- STRS claims to be “one of the nation’s premier pension systems,” yet **most retired members have gone nearly a decade without a 3% COLA** (Cost of Living Adjustment), guaranteed in writing by STRS in their “Understanding Your STRS Ohio Benefits – Plan Summary” brochure (“A cost-of-living increase of 3% is granted each year once a member retires”).
- **Active teachers receive the least value for their employee contribution upon projected retirement when compared to other educators in the US.** Actives must pay 14% and work additional years, only to receive a reduced retirement benefit based upon five years Final Average Salary (FAS).
- STRS Investment staff are paid millions of dollars annually in bonuses, while our benefits are cut. **STRS’s Chief Investment Officer, Matt Worley, earned a \$446,481 Performance Based Incentive (PBI) last year, in addition to his \$373,000 salary = \$819,481 annual income.**
- The average compensation of **STRS’s 530 employees in FY2022 was \$153,996**, while the average Ohio public school teacher salary is \$54,704 (within an average range of \$45,685 and \$66,711).
- Ohio law requires a fiduciary audit of STRS every ten years; however, **it took 16 years** before the last state audit was completed. Ohio Auditor of State Keith Faber found **that STRS missed out on \$90 Billion** in gains from 2009-2021 due to poor investment strategies by STRS’s Investment staff.
- STRS failed to implement **key findings** from this 2006 fiduciary audit (requiring more auditors, etc.).
- STRS retired members were so upset with the lack of transparency by STRS and the loss of COLA that they crowd-funded \$75,000 of their own money for a forensic audit. OFT contributed \$10,000. Hamilton County Retirees contributed \$15,000. **OEA was asked to donate, but they DECLINED.**
- The 2021 forensic audit found that **STRS overstates performance and understates expenses.**
- It also found that **STRS in-house investment strategies cost members \$400 Million annually.**
- It revealed that **STRS doesn’t know, or won’t tell, the value of its “alternative investments,”** which have hidden fee structures. Berkshire Hathaway CEO Warren Buffet, the world’s 5th wealthiest person, repeatedly warns against alternative investments, preferring simple index fund investing.
- This crowd-funded forensic audit also found that **STRS has issues with transparency in its overall investment practices. This was affirmed by Ohio Auditor of State Keith Faber in his 2022 findings.**
- In one alternative investment alone, Panda Power, **STRS lost \$525 Million** in 2018.
- Information on the Panda Power loss was **withheld by the Board from STRS members for three years** and only came to light due to investigative journalist John Damschroder’s research and documented in the crowd-funded forensic audit.

CONCERNS EXPRESSED TO GOVERNOR DEWINE BY OHIO EDUCATORS:

- **STRS investment practices:** Potential exorbitant expenses include consulting and hidden fund fees, high risk investment practices, losses (e.g., Panda Power, Infinity Q, etc.), and lack of transparency.
- **STRS staff 2022 salary increases and bonuses:** This includes the **controversial 6% raise for all STRS employees and more than \$10 Million in Performance Based Incentives (PBIs)** to Investment staff.
- **PBIs based on questionable Benchmarks:** STRS Investment staff reap Millions of dollars in bonuses each year despite **losing Billions of members’ pension funds**, based on the Benchmark structure.
- **STRS 2006 fiduciary audit findings:** STRS ignored directives from the Ohio Retirement Study Council.

- **STRS Board and staff member travel:** This includes “International and alternative investment due diligence trips to England, Turkey, China, and Japan” (September 2019 STRS Expense Notes) and trips to Japan and India (November 2019 STRS Expense Notes). One Investment Officer left STRS and was hired by a company listed in the STRS Comprehensive Annual Financial Report, which is a potential Revolving Door Violation (reported to the Ohio Ethics Commission).
- **Denying access to records:** Wade Steen, STRS Board Member/Appointee of the Governor’s office, has been **denied access to records by STRS**, which would allow him to meet his fiduciary obligation. Wade Steen requested a special meeting of the Board to discuss restoration of the COLA and reduction in active teacher contributions. The requested meeting still has not taken place.
- **Additional denial of access:** Benchmark Financial Services Forensic Auditor Ed Siedle and attorney Marc Dann have been **denied access** to STRS public files to review fund management practices.
- **STRS has Regional Real Estate Offices in San Francisco, Atlanta, Chicago, and New York, staffed with numerous STRS employees.** How well are these investors doing for us? Here is an example: STRS paid the highest amount per square footage ever recorded in Dallas history (\$700 per sq. ft.) in 2019 for a downtown high rise, at \$180M; in 2018, that same building had been sold for \$46M.

PLEASE NOTE:

- **Active teachers are faced with increased years of service to become eligible for unreduced retirement benefits** (35 years of service at any age or 5 years of service at 65 years of age).
- **STRS active members contribute 14%**, among the highest contribution rate for teachers **in the nation**. The combined 14% from active teachers and matching 14% from schools is the **third highest rate** in the nation. Missouri and Nevada are both slightly higher, but both only require 30 years of service to receive full retirement benefits, and both provide a 5% COLA for 2023. **This makes Ohio STRS the WORST PENSION SYSTEM IN THE NATION.**
- Newly retired Ohio teachers must wait five years to receive a COLA. Former retirees’ lifetime 3% COLA was frozen in 2013, reduced to 2% in 2014-2016, and eliminated in 2017. In 2022, they were provided a **one-year only** 3% COLA with no guarantee for any future COLAs. **Active teachers (Contributing Members) have no guarantee that they will ever receive a COLA in retirement.**
- STRS has a fiduciary responsibility to approximately 500,000 members who provide years of service to Ohio schools and who may be entirely financially dependent on their STRS pension and COLA.
- **The Ohio Auditor of State**, in a December 2022 special audit, recognized that **STRS did not keep up with the S&P 500 from 2009-2021, which could have generated \$90 billion dollars for the fund.**

BRING ABOUT CHANGE BY VOTING FOR BETTER REPRESENTATION ON THE STRS BOARD!

The next Board election is Spring, 2023 and incumbent Arthur Lard needs to be shown the door. He has voted for annual multimillion-dollar bonuses for STRS staff, annual pay increases for employees (6% in 2022) and NO COLA. He has not imposed ONE SACRIFICE for STRS. If you do not vote, we will all continue to suffer. The Spring 2023 election is for Active teachers only.

VOTE FOR PATRICK DAVIDSON, REFORM CANDIDATE, FOR THE STRS BOARD!

Join the [Ohio STRS Member Only Forum](#) and [STRS Ohio Watchdogs](#) on [Facebook](#) (STRS Ohio Watchdogs also has a website). Join [ORTA](#) (Ohio Retirement for Teachers Association; ACTIVE TEACHERS can join for a mere \$10). These groups provide valuable information to keep you apprised of **THE MESS AT STRS!**