

Should Ohio change its teacher pension board? Lawmakers to consider it

A string of controversies at the State Teachers Retirement System board is prompting lawmakers to take a look at the fund's governance

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State lawmakers are opening the door to consider changing the board make up for the second largest public pension system in Ohio.

The Ohio Retirement Study Council, a bipartisan, bicameral watchdog group, will hear from national experts on May 8 about how other states' teacher pension boards are constituted.

The State Teachers Retirement System of Ohio, which oversees \$95 billion invested for 500,000 teachers and retirees, has been [embroiled in controversies](#) over the past several years.

"I feel there is enough of a concern here that we need to bring somebody else in to take a look," said State Rep. Adam Bird, R-New Richmond, who chairs a subcommittee assigned to oversee STRS.

The 11-member STRS board has three appointed financial experts and the state superintendent of schools as well as elected retirees and active teachers.

Two decades ago, following ethics and spending scandals at two public pension funds, Ohio legislators changed the make-up of the five public retirement boards, adding appointed financial experts.

"It is not radical for us to consider what other states do when it comes to the composition of their teacher pension boards," Bird said. "We're going to start with STRS and see where it goes from there."

A vocal, active group of retirees has been pressing STRS to restore a regular cost of living allowance, cut back on investment staff bonuses

and provide more transparency on the cost of alternative investments. The activists, led through the [Ohio Retirement for Teachers Association](#), took over a majority of the board seats by electing representatives who support their views.

Here is a quick recap of controversies at STRS:

- An anonymous memo accused then Executive Director Bill Neville of misconduct, prompting the board to put him on paid leave and opening an investigation. Investigators said the [allegations were unsubstantiated](#). The board agreed to part ways with Neville, paying him a [\\$1.65 million severance](#).
- Interim executive director [Lynn Hoover opted to retire](#) in December and chief investment officer Matt Worley left in March.
- Gov. Mike DeWine removed his appointee, Wade Steen, from the board. Steen sued and briefly got his seat back.
- A 14-page anonymous memo alleged that STRS is facing "a hostile takeover of a public pension by private interests."
- Ohio Attorney General [Dave Yost sued Steen and STRS Chairman Rudy Fichtenbaum](#), alleging the two men violated their fiduciary duty to the system. They have denied any wrongdoing.
- The Ohio Retirement for Teachers Association has been [paying legal fees](#) for Steen and Fichtenbaum, which has prompted an ethics investigation.
- Steen, Fichtenbaum and others have been pushing STRS to partner with QED Systematic Solutions LLC, formed by former state treasurer official Seth Metcalf and Jonathan Tremmel. STRS investment staff had rejected [QED](#) for an investment opportunity.
- QED and its backers wanted to use \$65 billion, saying they could generate an extra \$4 billion in returns.

STRS is currently conducting [an election](#) for three board seats – one retiree and two teacher posts. Fichtenbaum is running unopposed for the retiree seat. Voting closes May 5.