

Voices of Experience

Newsletter for OEA-Retired

Omaha Education Association–Retired is an affiliate of NSEA-Retired and NEA-Retired
Roger Rea, Editor – email: rrea68154@yahoo.com www.oearthired.org February 2018

BOE updates and NEA Member Benefits are focus of Feb. 15 meeting

OPS School Board President Marque Snow will come to the February 15 meeting for OEA-Retired members to discuss a number of matters that affect the Omaha Public Schools. OPS recently selected a new superintendent, and Marque will give some background on the selection process, background on the successful candidate, and comment on how the transition between superintendents is planned. (At the time this newsletter went to press, the final selection had not been made.) OPS is considering a second major bond issue to build new schools and repair existing schools that will complete the projects that were started a few years ago. An update on the new bond issue will be part of the discussion. Finally, OPS is facing a potential shortfall in funding from State Aid to Education (TEEOSA funding) next year. A special OPS committee has been established to set budget priorities for next year regarding class size and school programs. Updates on the work of that committee will round out Marque's comments.

NEA Member Benefits (NEAMB) was founded

in 1967 to administer quality member benefit programs that are available only to members of the National Education Association. The programs include ones that provide long-term financial security, special discounts on purchases, various insurance products, and travel discounts and exclusive deals. Susan Estes, one of the NEAMB agents who works with Nebraska NEA members, will come to the February 15 meeting to explain the details of the new NEA Vacation program. NEA members can save on airfare, hotels, resorts, cruises, and more! Susan will give details on how you can access this exclusive benefit for NEA and NEA-Retired members.

A short summary of legislative bills that have been introduced this session and how they will impact educators will also be on the agenda for February 15.

The Thursday, February 15th meeting will be held at the OEA Office, 4202 S. 57th Street, from 10:00 a.m. to 11:30 a.m. If you need driving directions, please call the OEA office at 402-346-0400.

OPS Budget Advisory Committee gets underway

By: Cheryl Richardson, OEA-Retired President

Nebraska provides state tax money to all public school districts in the state as part of the state commitment to providing a free public education for all Nebraska students. The amount of state money that is provided to each school district comes under a program known as TEEOSA. TEEOSA is an acronym for the Tax Equity and Educational Opportunities Support Act. TEEOSA was originally enacted by the Legislature in 1990, and has been modified several times since then.

The amount of TEEOSA state aid that is sent to any school district depends on the needs of the school district vs. the resources that are available to the district. The higher the needs (which include things like the number of students in poverty, the number of special needs students, and the number of special programs that are required to serve the student body), the higher the state aid will be. However, the actual amount of state aid also depends on the local property tax that is available as well as other resources the school district might have. Having more potential resources will lower the actual

dollar amount of state aid.

The Legislature has imposed caps on the levy that can be used to fund schools. Districts that are below the levy cap have more potential "resources" and receive proportionately less state aid. Districts that are at their levy cap typically receive proportionately more state aid. There is also a cap of 2.5% growth in the school budget from year to year (with limited exceptions allowed). The cost-per-pupil for educating students in Nebraska varies from \$9,200 to \$32,200. OPS has a per-pupil cost of about \$10,800, and is currently at the levy cap of \$1.05 per \$100 of property value.

While state aid to education is a major expense for Nebraska, the amount of state money used to support the public schools is far below national averages. The table on the next page shows a comparison of the percentage of Nebraska school funding coming from various sources with the US average for school funding. The data comes from the 2013 US Census Bureau Survey of School System Finances.

Nebraska is projecting that tax revenues will not meet the anticipated expenditures for 2018. As a result, the legislature is considering reducing the amount of money they put into the TEEOSA formula. To mitigate the potential impact of reduced state aid, OPS Superintendent Mark Evans has formed a Budget Advisory Committee to make recommendations on possible changes in expenditures.

On Thursday, January 18, 2018 the Budget Advisory Committee met for the first time. The committee is made up of TAC personnel, community members, OPS School Board Members, and representatives of the various employee unions (including the Omaha Education Association, OEA-Retired, and SEIU Local 226).

OPS is facing a potential loss of \$11 million in state aid. In addition, there is a need to provide additional money for the retirement system to cover the actuarial required contribution for the plan (known as the ARC). The actuary for the retirement plan projects that \$15.8 million will be needed next year to satisfy the ARC. This payment keeps the plan on target to become fully funded

Source of Funds	Nebraska (ranking)	US Average
Local property tax	47.9% (2 nd)	29.5%
Other local sources	10.3%	15.0%
Federal sources	9.7% (23 rd)	9.1%
State aid	23.7% (43 rd)	30.8%
Other state sources	8.4%	14.8%
Total state sources	32.1% (49th)	45.6%

within 30 years.

The Budget Advisory Committee's goal is to keep any budget cuts as far from the classroom as possible. OPS educates 52,304 students and District officials have indicated that they intend to continue the tradition of providing an excellent education for all of their students.

Monthly updates to the work of the Budget Advisory Committee as well as all materials that the committee considers can be found on the OPS website, www.openbook.ops.org. The next meeting of the Committee will be February 15 at 6:00 p.m. in the Board Room at TAC. The meetings are open to the public.

NSEA-Retired Lobby Day is Feb. 13

Each year NSEA-Retired holds a Lobby Day in Lincoln to allow time for retired members to connect with their state senators and talk with them about issues important to both public education and to retirees. Lobby Day will be Tuesday, February 13, 2018, beginning with registration and coffee at 8:15 a.m. at the NSEA Building; the full program will begin at 9 a.m.

Registration for Lobby Day is now open through the NSEA-Retired web page, www.nsea.org/retired. After an orientation session at the NSEA Building, NSEA-Retired members will visit the State Capitol to talk with state senators about bills that affect public education and/or educators. The luncheon speaker will be Ann Hunter Pirtle, Executive Director of Stand for Schools. Stand for Schools is a non-profit organization dedicated to Nebraska's ongoing tradition of educational excellence. This organization supports policies that further strengthen Nebraska's public schools and allow every Nebraskan the skills they need to survive.

There is no cost for NSEA-Retired members to attend Lobby Day. Guests pay \$10 at the door. The deadline for registration is Tuesday, February 6.

NSEA-Retired Elections held in March

The Metro District Director position on the NSEA-Retired Board of Directors will be up for election this spring. The current Metro District Director is Carol Krejci. Carol is ending her first three-year term on the board and is eligible for re-election if she chooses to run. Delegates to NSEA Delegate Assembly (to be held in

Lincoln on April 27 – 28) and NEA Representative Assembly (to be held in Minneapolis June 30 – July 5) will also be elected this spring.

OEA-Retired members who wish to be a candidate for one or more of these positions will need to file for election through the NSEA-Retired web site, www.nsea.org/retired. The nomination process is open now. The filing deadline is Tuesday, February 13th. Ballots will be mailed to members about February 22, and must be returned to NSEA by March 16.

OEA-Retired meeting calendar

OEA-Retired will have two more general meetings this year. Unless otherwise noted, the meetings will be held at the OEA office, 4202 South 57th Street, from 10:00 – 11:30 a.m. The meeting dates and tentative programs as well as NSEA-Retired meetings of note are:

- Feb. 13, Tues.** – NSEA-Retired Lobby Day in Lincoln, 9 a.m. – 2 p.m.
- Feb. 15, Thurs.** – NEA Member Benefits and OPS Board of Education update
- April 26, Thurs.** – NSEA-Retired Spring Conference at Mahoney State Park
- May 10, Thurs.** – Nebraska State Tourism (no OEA-Retired elections this year!)

If OPS schools are closed due to inclement weather on the date of our meeting, the OEA-Retired meeting will be canceled. Notice will be sent out if the session is re-scheduled for a later date.

What is the “Nebraska Investment Council”?

All Nebraska state money is managed by the Nebraska Investment Council (NIC). The mission of NIC is, “...to prudently manage the funds entrusted to us by the people of the State of Nebraska. We deliver investment management services to provide direct financial benefit exclusively to the owners of these funds. We are committed to thorough, sound, and informed analysis in order to achieve superior returns while maintaining prudent levels of risk.”

NIC manages \$23 billion in state funds for 33 different investment programs:

- \$10.6 billion in 5 defined-benefit retirement plans
- \$2.9 billion in 7 other retirement plans
- \$1.2 billion in 11 public endowments
- \$3.8 billion in the Operating Investment Pool (the state’s checkbook), managed internally
- \$294 million in State funds managed by the University of Nebraska Foundation
- \$75 million in 3 State trusts
- \$5.2 billion in 5 savings plans

The funds that are invested are spread among 58 investment firms and include more than 150 investments.

Two years ago the Legislature transferred investment authority for the \$1.2 billion Omaha School Employees’ Retirement System (OSERS) to NIC. OSERS utilized a variety of independent money managers and adopted an asset allocation that targeted a long-term return of 8%. NIC uses a more conservative investment philosophy and considers acceptable risk before looking at long-term returns. NIC invests the money for the Nebraska Public Employees Retirement System (NPERS) as well as for OSERS. Three years ago NPERS lowered

its assumed rate of return from 8% to 7.5% to be more in line with the investment approach that NIC uses. When the OSERS assets were transferred to NIC, the OSERS Trustees lowered their assumed rate of return to 7.5% to match the NIC target. The lower assumed rate of return created an additional unfunded liability for OSERS that is amortized over the next 30 years.

The NIC Board is headed by Executive Director Michael Walden-Newman. The governing body consists of five private citizens appointed by the Governor and confirmed by the Legislature, and three ex-officio members: the State Treasurer and the Directors of the Nebraska Public Employees Retirement System and the Omaha School Employees’ Retirement System. The appointed members of NIC are: Chairwoman Gail Werner-Robinson (President of GWR Wealth Management, LLC in Omaha); John Conley (Senior Vice President of D.A. Davidson Company of Omaha); Dr. Richard DeFusco (Professor of Finance at UNL); John Dinkel (President of Dinkel Implement Company of Norfolk); and Keith A. Olson (Professor of Economics and Finance at Creighton University in Omaha). The ex-officio members are: Don Stenberg (Nebraska State Treasurer); Randy Gerke (NPERS Director, and a non-voting member of NIC); and Cecelia Carter (OSERS Director, and a non-voting member of NIC).

NIC employs a ten-member investment team to manage some money in-house and recommend and monitor outside consultants who manage the bulk of the \$23 billion fund. More information about NIC, as well as recent investment performance for the various funds, can be found on the NIC website, www.nic.nebraska.gov.

OPS committed to funding OSERS

The Nebraska Legislative Retirement Committee holds a hearing each year to receive reports from public pension plans in the state. At the December 15, 2017 hearing, OPS School Board member Lou Ann Goding told the Committee that OPS is “...committed to paying the unfunded liability [for OSERS]...” and asked that the Committee continue to work with OPS to find a long-term solution for the funding issues facing OSERS. LB 548, introduced by Senator Brett Lindstrom last year, may be used this session as a shell bill or vehicle to pass statute(s) that implement a long-term solution for paying the existing unfunded liability for the retirement plan.

On January 10, 2018, Senator Mark Kolterman, Retirement Committee Chair, introduced Amendment AM 1506 to LB 548. This Amendment would direct the Nebraska Department of Education to deduct a percentage of the state aid to OPS, and send that money to the OSERS investment portfolio at NIC to directly fund the actuarially required contributions for OSERS. There are various provisions in the Amendment that determine the amount

of the deduction. This “state aid interceptor bill” is similar in nature to laws in New York State that require part of the state aid to the New York schools to be used to maintain the actuarial soundness of the New York State Teachers Retirement System.

On January 24, 2018, Senator Lindstrom introduced Amendment 1529 to LB 548. This Amendment would allow any school district in the state to issue pension obligation bonds to pay for certain district pension obligations by a majority vote of the school district board of education.

Pension obligation bonds are taxable bonds that some state and local governments have issued as part of an overall strategy to fund the unfunded portion of their pension liabilities by creating debt. The use of POBs rests on the assumption that the bond proceeds, when invested with pension assets, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds. POBs have been used by state and local governments in at least 26 states over the past fifteen

years. However, POBs have a number of risks, and there are multiple documented cases in which POBs did not perform as anticipated.

There may be other alternative approaches considered before this 60-day legislative session is complete. Any changes will be accompanied by public hearings and public debate before the full Legislature. The status of the bills can be found at www.nebraskalegislature.gov.

OEA-Retired

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NSEA-Retired Spring Conference to be held in Mahoney State Park

The annual Spring Conference for NSEA-Retired will be held Thursday, April 26 at Mahoney State Park. Mahoney State Park is

located at 28500 W. Park Hwy, Ashland, NE, just off Interstate 80. Conference registration begins at 8:30 a.m. Keynote presentations include the Seeds of Hope film produced through the efforts of Nebraska Loves Public Schools and Senator Adam Morfeld on how volunteerism can help local school communities.

The popular table talks will return and include topics ranging from Getting Fit Through Martial Arts to Learning About Recycling. A full agenda and a link to register for the conference will be available on the NSEA-Retired web page, www.nsea.org/retired, near the end of March. Additional information will also be printed in the NSEA Voice magazine.

Entry to Mahoney State Park will be provided for those who need a one-day pass to enter a state park. Lunch will be included for NSEA-Retired members. The conference will conclude with dessert and a drawing for door prizes at 3:15 p.m. There is no charge for members to attend; guests pay \$10 at the door. Be sure to register for the conference!

Volunteers needed for CORE (Call on Retired Educators)

By: Cheryl Richardson, OEA-Retired President

NSEA-Retired is seeking retired educators to volunteer to help active association members. They are doing this through a new program called CORE, Call on Retired Educators. NSEA-Retired has about 6,000 members (counting pre-retired, annual, and lifetime memberships). NSEA-Retired President De Tonack established the CORE project this year as a way to recruit retired members to provide assistance to active and student members of NSEA.

Several projects that will involve CORE volunteers are being considered. Volunteers are needed to assist in mentoring student members of NSEA (SEAN) at either the local level or on college campuses. Volunteers are also being sought to make legislative contacts; mentor new educators; read in local schools during "Read Across America Week", and to assist local active associations.

To volunteer to join "CORE", just email Cheryl Richardson, cheryl.richardson@cox.net or Walta Sue Dodd at wsdodd@aol.com. I look forward to hearing from you!

Roger Rea is President-elect of NCTR

OSERS Vice President Roger Rea was chosen as President-elect of the National Council on Teacher Retirement at the NCTR annual meeting in October 2017. Princes Moss, NEA Secretary/Treasurer (pictured with Roger), gave one of the keynote speeches at the meeting.

NCTR serves 68 state and local pension systems representing more than 19 million active and retired teachers, non-teaching personnel, and other public employees with a total of more than \$2 trillion in their trust funds. Roger also currently serves as NSEA-Retired Vice President.

