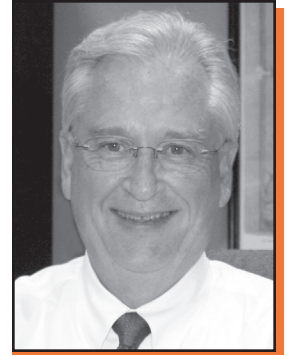


“Education Retirees Face Threats to Retirement and Health Insurance Programs in 2016 Legislature”

Gerald W. Johnson, AU Emeritus Professor of Political Science



The Alabama Legislature will convene on February 2 for the second year of the quadrennium.

The first year included a regular session and two special sessions, none of which solved the ongoing funding problems of the state. The 2016 session will be a continuation of the three 2015 sessions.

Given the expected agenda and budgetary challenges that will require new taxes, program and service cuts, further raiding of education dollars, or some of all the above, this will be difficult to accomplish within the 30 meeting days within a period of 105 calendar days allotted for the session.

While the Legislature will address a wide range of topics, the focus will again be on adoption of the state's two major budgets—the General Fund (GF) and Education Trust Fund (ETF).

The proposals to provide balanced budgets, required by law, include a lottery, maybe accepting federal funding for Medicaid, combining the GF and ETF budgets, a variety of taxes and cutting funding and programs for public service employees and retirees, including education retiree and health insurance programs.

An Interim Joint Committee on Alabama Public Pensions will give its final report to the Legislature in January. The Committee, working with Pew Charitable Trusts, was charged to review the state's public pension plans and to make recommendations to the Legislature for the 2016 session. Most discussed was changing the public education retirement program from a pension plan with defined benefits to a market employee investment plan with defined contributions, at least for future retirees.

The argument is made that large sums of taxpayer dollars are used each year to fund public retirement programs and that these funds could be used “to fully fund State parks, put more State troopers on the road...avoid tax increases, fully staff Alabama's circuit clerk's office and modernize Alabama's troubled prison system.”

“Last year the Legislature took some \$70 million dollars from the ETF to fund state government...”

PEEHIP, the public employee and retiree health insurance program, will face a \$150 million deficit in the next budget and double that in the following year. Depending on the level of legislative funding, PEEHIP participants will face premium increases, out-of-pocket increases and reduction in services.

Last year the Legislature took some \$70 million dollars from the ETF to fund state government and further attempts to do so are expected in 2016. To help fight this continuing raid of education dollars to fund state programs, Dr. Robert E. Witt, Chancellor of The University of Alabama System, recently announced the formation of an Alabama Unites for Education (AUE) association to “protect school funding, support quality education for all in Alabama, and to avoid any further cuts to the Education Trust Fund (ETF).”

There is no doubt that there is a strong sentiment by some within the Legislature to cut and undermine public service benefit programs and to convert them to private market programs. There are also public education and public service advocates in the Legislature who will represent these interests, including providing a COLA for education retirees.

Thus, AURA members, and all Auburn University retirees, have an important stake in the 2016 session of the Alabama Legislature. AURA is the only association that exists to support and protect the interests of AU retirees. AURA, in partnership with AERA, AEA, AUE, and a coalition of all education interests, is organizing to work to protect the interests of education retirees. Your membership in AURA and your participation in the efforts and programs of AURA are essential for success. ♦

AURA Board Members for 2015-2016

- Tom Vocino, *President*
tvocino@alasu.edu
- Don Seay, *Immediate Past President*
seay551@bellsouth.net
- Larry Ridgeway, *Vice President*
ridgl292@bellsouth.net
- Carol Daron, *Secretary*
daronhc2005@yahoo.com
- Susan Nunnely, *Treasurer*
nunnesu@auburn.edu
- Gene Akers
dreugeneakers@gmail.com
- D'Linell Finley
dlfinley@alasu.edu
- Sandy Johnson
sandyjjl30@gmail.com
- Larry Wit
witlawr@auburn.edu
- Gerald Johnson
drj.gwj@gmail.com
- Karen Sharpless
karensharpless1@gmail.com
- Barbara Witt
wittbar@auburn.edu

VOTE!

Dr. Gerald W. Johnson TRS Board of Control Runoff Election January 5-February 9

Dr. Gerald W. Johnson, AU Emeritus Professor of Political Science and member of AURA Board of Directors, is in a runoff election for the retiree position on the TRS Board of Control.

Ballots will be mailed no later than January 5 and must be returned by February 9. You may vote by mail, telephone or internet.

Never before in the history of TRS have our retirement and health insurance programs been threatened as they now are. We must have a strong and qualified representative for retirees on the Board.

AURA has endorsed Dr. Johnson and encourages you to vote for him in the runoff election.

LEGISLATURE SETS ITS SIGHTS ON PENSIONS

Editorial in the Decatur Daily on November 9, 2015. Reprinted by permission.

The seeds of disaster for the 340,000 RSA members were apparent in comments made by two legislators during a hearing last week.

Sen. Arthur Orr, R-Decatur, co-chairman of the recently formed Joint Committee on Alabama Public Pensions, was reassuring.

“I think there’s a lot of misinformation out there,” Orr said, with the public fearing the Legislature “is looking at the retirement system to shore up the budgets, which is not true.”

And to underline Orr’s point, the committee approved a resolution saying it was not the Legislature’s role to manage the day-to-day operations of retirement plans and that the committee does not intend to make changes that would affect the monthly benefits of active or retired employees.

Sounds great, right? This is about making sure RSA manages funds well, not about grasping for money. Nothing to see here, folks.

Rep. Lynn Greer, R-Rogersville, a member of the House General Fund committee and co-chairman with Orr of the joint pension committee, didn’t get the memo.

“We wouldn’t have been down here in special sessions (to pass a 2016 budget),” Greer said the same day, referring to the \$941 million the state contributed to the pension system last fiscal year. “We’re looking at next year a General Fund budget that looks much worse than this year’s, and if we had (the money spent on pensions), we could be putting it there.”

So whatever Orr’s motives, the Legislature’s focus on RSA has everything to do with shoring up the General Fund.

The 340,000 RSA members include not just state employees, but city and county employees and education employees.

Teachers and other education employees have a growing appreciation for how dangerous the Legislature can be when cornered by desperately inadequate revenue and an ideological refusal to raise taxes. The same predicament has led the Legislature to ransack the Education Trust Fund so brazenly that the word “Trust” in the fund’s name is barely legible.

Orr said the fiscal 2017 budget is shaping up to be worse than this year’s, with the state needing \$30 million to \$50 million in new money just to maintain services at their current, grossly inadequate, levels.

And Orr made clear there is “very, very little likelihood of any new... tax bills passing.” The rejection of taxes as a method of increasing revenue is a relief to the wealthy Alabamians who would be affected by any responsible tax reform, but it should terrify RSA members. People surviving on state pensions, or expecting to one day, have good reason to be concerned.

Not only do legislators see in RSA a cash cow that could solve all their problems, most would get pleasure out of sticking it to RSA chief David Bronner. He has not been timid about standing up to lawmakers, a strategy both he and RSA members may come to regret.

It may be, as Orr long has insisted, that RSA needs reform. It may even be that responsible reforms would benefit RSA members by making their pensions more secure.

Can RSA members trust their representatives to limit themselves to responsible reforms?

Sadly, it’s a question that answers itself. ♦



PRESIDENT'S PERSPECTIVES

Tom Vocino, AURA President, 2015-2016

I believe that everyone who attended our fall banquet in October will agree that it was a wonderful event as Dr. Wayne Flynt's presentation on Harper Lee was outstanding.

Outstanding as well was the opportunity to visit before and during dinner with colleagues and friends. In this regard, I hope that you will place the AURA spring luncheon on your schedule for Friday, May 13, 2016 when we'll next meet. Details about the meeting will be forthcoming in the following issue of the AURA newsletter.

As I write, we await the beginning of 2016 regular session of the Alabama Legislature. As was the case in the 2015 regular session as well as the two special sessions that followed it, legislators will be challenged greatly to find revenues to fund state government.

Unfortunately for the quality of governmental services in the Alabama, they have declined at a significant rate. In no small measure, the decline in state services is reflected in the reality that there are currently more than 5,000 fewer employees to deliver state services than there were just a few years ago. For most agencies that have seen budget cuts, the reductions have continued as only a few large agencies were able to maintain level funding for the current fiscal year.

Given the likelihood of fierce competition for existing state revenues, AURA and other organizations interested in keeping current levels of health care benefits and holding hope for the possibility of a COLA must, in my opinion, be focused on engaging the political process. All too often, legislators indicate that they do not take action on an issue because they have not heard from their constituents.

Thus, I believe that it is incumbent on AURA members to be in contact with their legislators to express their concerns about proposed legislation that will negatively impact retirement benefits. Personally, when I receive a legislative alert, I call the office of my state senator and/or representative and indicate that I live in their district as well as state my concern. The conversation with the staffer is short, but I believe it has an effect. Collectively, these calls and other contacts made by constituents are factored into legislation decision making.

Also important in the equation of legislative decision making is having a knowledgeable person monitoring events at the Statehouse and communicating organizational positions in a timely fashion. In other words, organizations benefit from having full-time lobbyists as well as being able to mobilize the "grassroots" of the organization.

In Alabama, the organization with full-time staff that represents the interests of education retirees is the Alabama Education Retirees Association (AERA). Its executive director, Janice Charlesworth, is a hard working professional who is an excellent advocate for retiree interests. For the past year, she has been assisted by a new staffer who has worked closely in the past with key members of the Republican supermajority who control the Legislature.

Thus, I'll end this commentary with the suggestion that all AURA members who are not members of AERA should consider joining the organization. The AERA dues (\$136 annually) are considerably more than AURA dues. However, maintaining a full-time, well-resourced staff requires a more robust dues structure. To learn more about the Alabama Education Retirees Association, you can check its website.

Best wishes for a pleasant and productive 2016.

COMMITTEE MEMBERS NEEDED

AURA members interested in serving on one of the following committees are encouraged to contact President Tom Vocino at tvocino@alasu.edu on or before February 11, 2016.

The Membership Committee has the responsibility of advising the Board of plans and programs for recruiting and retaining organizational members.

The Legislative Welfare and Benefits Committee has the responsibility of monitoring activities and decisions of the Alabama Legislature and the Retirement Systems of Alabama that affect retiree pensions and health care benefits.

The Social and Special Interests Committee has the responsibility of identifying activities that AURA might organize, in addition to the fall banquet and spring luncheon, which will be of interest to the membership and benefit the community.

**MARK YOUR
CALENDAR**

*Annual Meeting
of the Auburn
University Retiree
Association (AURA)*

**Noon Friday, May 13, 2016
Saugahatchee Country Club**

*Details to follow in the
spring newsletter.*

Auburn University (AURA) Membership Form for 2016 Calendar Year

Name _____

Address _____

AU _____ AUM _____ Phone _____

Email _____

____ Single Retiree..... \$25.00

____ Surviving Spouse.....\$10.00

____ Retiree and Spouse..... \$25.00

____ Sponsor..... \$25.00

____ Retiree & Retiree Spouse \$25.00

____ Gift Contribution \$ _____

If you have any questions, please contact Sandy Johnson at sandyjj130@gmail.com or Tom Vocino at tvocino@alasu.edu.

*Please make your check payable to **AURA** and mail to:
AURA, P.O. Box 1436, Auburn, AL 36831-1436.*

*Thank You,
Monarch Estates!*

Monarch Estates, known for “**Gracious Retirement Living,**” located at 1550 E. University Drive in Auburn, has generously allowed the AURA Board of Directors to use its Eagles Nest Meeting Room for their monthly meetings for several years.

We would like to acknowledge this donation from Monarch and encourage anyone considering moving from their home to visit Monarch for a tour.

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