I am honored to be among the esteemed members of the Auburn University Retirees Association and proud of my tenure at Auburn University that enables me to be associated with all of you. I know that you have invested much toward achieving the goal and mission of Auburn University by your service here, and many of you are continuing to contribute in a voluntary capacity. Your membership in AURA exemplifies your interest and willingness to participate as retirees and certainly you possess a wealth of knowledge, talent and experience to offer. It is for this reason that I express my personal appreciation for your generous efforts and contributions during the year.

We have been part of an up-lifting in education during the last fifty years, and life has been better because of it – and it still is. As the direct result of teaching efforts, “we are where we are” and we must “go on to perfection.” Strengthening objectives and stretching resources on behalf of our young people, provides them the essential tools to compete and contribute to society in meaningful directions. As this academic year comes to a close we are aware that our educational institutions will face budget deficits that will further challenge them in achieving their missions for which they exist. We are confident Auburn’s support base will rise to the occasion and our retirees will be supportive in their efforts.

It is indeed a time to strengthen our objectives and to stretch resources. Auburn University is a recognized research institution with international recognition, which attracts funding for innovative research programs that embrace the under-structure of teaching and public service. Our State continues to accept this responsibility, and recognizes the complexity of innovative research and its contribution to teaching. AURA membership includes many retirees who have participated in teaching, research and public service.

By the time you read this the Education Budget should be established for the 2011-2012 Year – and we know that the funds to support education for Alabama’s young people will be less money. We simply cannot let “less” translate into “less opportunity.”

Thank you for allowing me to serve as your AURA president for the 2010-2011 Year.

Sincerely,

Chester C. Carroll
The Alabama Legislature convenes in regular annual session on the first Tuesday in February, except in the first year following an election of the four-year term, when the session begins on the first Tuesday in March, as it did this year. The length of the regular session is limited to 30 meeting legislative days within a period of 105 calendar days. As this report is being written, the Legislature has completed 14 days of the 30 day regular session and must conclude its work by June 13.

In addition to the regular session now underway, the new super-majority Republican majority Legislature elected in November has already completed a special session in December and an organizational session in January.

The new Legislature, in the special, organization, and regular sessions, has been on a “fast track” in terms of both the calendar and actions. The special session of the Legislature passed 26 acts and resolutions, seven of major substance and importance. To date, in the regular session, the Legislature has completed 14 meeting days in 44 calendar days; has introduced some 900 bills; and has enacted 83, including two major substantive bills. Another 160 companion bills, introduced in both the House and the Senate, are in some stage of the legislative process. All of the other bills are resolutions or local legislation.

Major Legislative Enactments and Proposals

In the special session, the Legislature enacted seven major substantive bills: campaign finance, PACs, pass through appropriations, ethics reform, double dipping, and public employee membership dues payroll deduction. The reformed ethics act created a number of interpretation questions and is being further amended in the current session. Implementation of the payroll deduction act has been stayed by the Northern District of Alabama U. S. District Court and the 11th Circuit Federal Appeals Court.

The two major completed enactments of the current session, both controversial, include the Education Trust Fund (ETF) rolling reserve budget bill and elimination of the DROP program.

Major public education related substantive bills currently in the legislative process include: public education budget; reduction in number of school days, increase class size; critical revisions in the public education employee tenure and due process law; state funded teacher liability insurance; retirement program revisions including increase in education employee retirement contributions from 5% to 7.5%; and, a reduction of 5% in state funding for PEEHIP that must be made up by a combination of increased member out-of-pocket costs, program cuts or savings.

While the proposed ETF budget for next year is a $240 million increase over the current year budget, public schools will lose $462 million dollars of federal stimulus funding at the state level and $150 million at the local level. The budget passed by the House has $72 million less for teacher salaries that will result in 1,125 fewer teachers next year.

Report, continued on page 6
The data above were taken from 2006-2009 TRS Annual Reports. Other sources of investments, income, and payments were excluded because they were insignificant when compared to the major components listed. Please note that no income is listed under the category of real estate, business, etc. When the CEO of the TRS was asked about this he replied that “the amount is too insignificant to list”.

The TRS is now and has been for many years run by a Chief Executive Officer who brooks no interference or oversight by anyone. The Board does not function and most of the elected members have very little to no knowledge
Nominees for Board of Directors

Bert Hitchcock

Bert Hitchcock holds an undergraduate degree from Auburn University, and graduate degrees from the University of Oregon and Duke University. His full professional career was at AU. He was Assistant Director of Admissions and instructor in English from 1966 to 1968, and became a full-time member of the English Department faculty in 1971. He served as Chairman of Freshman English (1971-1977) and Department Head (1977-1990). He retired in 2008 as Hargis Professor of American Literature. As he has since its founding in 1985, he continues to be active in various capacities in programs of what is now the Caroline Marshall Draughon Center for the Arts and Humanities at Auburn.

Larry Mullins

Larry (LARRY) C. Mullins retired from Auburn University Montgomery (AUM) in 2010. He is a native of Montgomery, where he graduated from Robert E. Lee High School in 1967. He earned two degrees, both in sociology from the University of Alabama – B.A. in 1971 and M.A. in 1972, and received his Ph.D. in sociology from Yale University in 1978, where he was a Fellow in the Center for the Study of Health Services Research in the Institute of Social and Policy Studies. He served on the faculty in the Department of Sociology at Virginia Tech, 1976 – 1980, during which time the university’s Center on Gerontology was established. In 1980, he took a position at the University of South Florida (USF) with the Department of Gerontology. While at USF, from 1980 to 1994, Professor Mullins held the rank of professor and became Chair of the Department. He served as Director of the International Exchange Center on Gerontology. In 1994, Professor Mullins returned to Montgomery as the Head of the Department of Sociology and became Dean of the School of Liberal Arts at AUM in 1999. Larry is married to Mary Lou Whitaker from Virginia, and has four children — Geoffrey, Lesley, Benjamin and Daniel.

Don Seay

Don was born in Montgomery, Alabama and grew up in Birmingham where he was very active in the Boy Scouts of America program earning the Eagle rank. He attended Auburn University on the Cooperative Education Program and graduated with a degree in Electrical Engineering. His wife, Linda, is also a graduate and retiree of Auburn University. Don retired as Director of Land and Facilities for the Alabama Agricultural Experiment Station and Linda retired as an Academic Advisor in the College of Liberal Arts. His military service was fulfilled serving as an officer in the U.S. Navy Civil Engineer Corps. During that time he was involved with construction of a communications/Electronics School on a Marine Base and construction of the Naval Training Center located in Orlando, Florida. Don and Linda have made frequent trips to see their two adult children and five grandchildren which are split between Florida and California. Don has continued with part time work and consulting in the construction and electrical design areas.
Thank You Monarch Estates!

Monarch Estates, known for “Gracious Retirement Living”, located at 1550 E. University; Auburn, has generously allowed the AURA Board of Directors to use their 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.

In FY 2010-11 AURA provided two $1000 scholarships to AU students and a $1000 contribution to the AUM Scholarship Endowment.

REMINDER!

Auburn University New Retirees: If you have not joined, join today!

You may have already paid your dues to join AURA. If so, you will find “(p)” after your name on the address label on this newsletter. If not, you will find “(n).” We encourage you to send in the form below to join AURA today!

New AU-AUM Retiree AURA Enrollment Form

Name _______________________________________ AU ________ AUM _________

Address _________________________________________________________________

Phone ______________________________ Email ______________________________

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$__________________ Scholarship Contribution

Please make check payable to Auburn University Retiree Association or AURA and mail to the address below:

AURA
P.O. Box 1436
Auburn, AL 36831-1436
Summary

The Republican majority Legislature early on adopted the position that the state’s budget problems are the result of over spending and not a revenue deficit. The solution to the problem adopted, in large part, was to balance the budget on the back of public employees, including public education employees and education retirees.

In addition, the Legislature adopted a “fast track” schedule and rigid party discipline rules that do not allow for deliberative action or meaningful party participation.

Other funding options are available. AEA, and others, including the Governor, has introduced legislation calling for closing corporate income tax loopholes. The Alabama Department of Revenue estimates that over 1,000 out-of-state corporations doing business in Alabama made income in the state of $105 billion, paid federal corporate income taxes, but paid zero in state corporate income taxes. If the loopholes were closed, Alabama would gain some $200 million in new education dollars - more than enough to prevent the retirement income cuts that education retirees will face.

As I See the Retirement System

Continued...

of investment or financial management. As an example, I asked a 23 year veteran of that Board if they ever considered capturing capital gain when equities show significant growth and investing that gain in long-term investment grade bonds that would provide consistently high, predictable income. Her response was “What is capital gain and investment grade bonds?”. She had no clue, yet it has been impossible for qualified individuals to be elected to the Board. The present Chairman of the Board is knowledgeable, but seems to like the way things are at present.

Periodically, there is publicity lauding the performance of TRS equities when the market expands or lamenting negative performance of stocks. I have yet to talk to anyone who understands that gain or loss in equities has almost nothing to do with monies available to pay retirees. Stocks are sold, money is reinvested, but the only income from equities to the TRS comes from Dividends which usually average about 2.5%. However, dividends will increase nominally in bull markets and decrease in bear markets. These data show that employee contributions have remained relatively constant over the four years and should not change greatly unless teacher salaries change, that interest and dividends were constant except in 2009 when the economy contracted significantly, and that employer contributions (K-12, Higher Ed.) increased dramatically (74%). In 2009 Three quarters of a billion dollars were extracted from employers with most of this money having been Special Education Trust Fund money. It is to be expected that employer contributions will be the source of income that will continue to rise as costs rise.

The State of Alabama should consider changing TRS to a defined benefit, pay as you go retirement system with no commitment to economic development. Economic development should be solely the responsibility of state and local organizations specifically charged with that responsibility.

Lastly, at a favorable market time, all equities, real estate and businesses owned by TRS should be sold. The proceeds should be invested in investment grade, long term bonds. Doing this would dramatically reduce the huge outlays required by employers.
As a member of AURA, you and your spouse are invited to a buffet luncheon honoring the Auburn University Athletic Department - Represented by Director of Athletics Jay Jacobs, the 2011 recipient of the Wilford S. Bailey Award.

Since the luncheon is subsidized by AURA, the cost for members and spouses is only $10.00 per person (other guests $15.00), payable at the luncheon (no credit cards). Pertinent information follows:

DATE and TIME:  Friday, May 13, 2011, at 11:30 a.m.
PLACE:  Saugahatchee Country Club • 3800 Bent Creek Road, Opelika, AL 36804 (Look for the AURA sign).
RESERVATIONS:  Requested by Monday, May 9. Please call (334) 887-3946 or (334) 821-1990, indicating number of reservations.

A brief business meeting will follow the Bailey Award presentation and the luncheon.
BALLOT FOR AURA BOARD OF DIRECTORS,
THREE YEAR TERMS STARTING MAY 2011

Please vote for candidates

_____ Bert Hitchcock
_____ Larry C. Mullins
_____ Don Seay

Clip and Mail your ballot to:
AURA
P.O. Box 1436
Auburn, AL 36831-1436

Your ballot must be received by
May 9, 2011