

A Message from the GSRA President

Happy New Year! I first want to extend our thanks to Claude Vickers for his service in leading our Association through its first three years of infancy. It requires a great deal of energy and talent to provide leadership to a new organization. And as your second President, I will continue the Association's work and will diligently pursue its goals.

Each January brings the time to buckle down to business. The General Assembly has opened the 2010 session, and candidates are ramping up for the 2010 election for governor and other political offices. Newly elected officials often bring new faces and new priorities to administrative agencies in state government.

These situations highlight the need for GSRA to fulfill its purpose to educate about and advocate for health and retirement benefits that are a part of employment promises. We believe that the benefit programs are contractual compensation—current and deferred—obligations to provide for financial security during the employees' working career and retirement. We further believe that these promises are essential components of compensation if an effective workforce for providing public services efficiently is maintained.

We are well aware of the State's economic condition and recognize the dilemma faced by our elected officials in addressing a balanced budget. The Senate Appropriations Chairperson, Jack Hill, reports that an additional \$1.26 billion will be cut from the FY 2010 current appropriations with FY 2011 appropriation a little less than the amended FY 2010. Additional funding for any of the benefit programs is probably unrealistic.

Regardless of funding issues, GSRA remains committed to the following goals:

- Continuation and adequate funding of health care benefits for active employees and teachers and all retirees;
- Transparency in board and administrative decision making for health insurance;
- Transparency in decision making regarding pensions.
- Adequate funding for adjustments to all state funded retirees' pensions to compensate for loss in purchasing power;

- Obtaining from ERS, contact information for retirees who authorize release of such information.

GSRA remains opposed to:

- Legislation that expands risky types of investment alternatives;
- Legislation that limits retiree options in the health insurance options;
- Administrative decisions that eliminate any state subsidy to retiree health insurance premiums for options other than the Medicare Advantage Plan.

The New Year will be a time of intense GSRA monitoring of elective and administrative decisions and educating the decision-makers about GSRA goals. Our Legislative Committee will work with representatives of other associations to assure that legislators receive a consistent message about common goals. However, you—the GSRA member—have the most persuasive voice with your locally elected representatives.

How can you help?

Talk with your local legislative representatives and tell them about your concerns. You may not be able to get commitment about increased funding, but unless you tell them of your concerns, the many other voices asking for a share of the State revenue will drown out our voices. The following information may be helpful in talking with your elected officials.

[Adequate funding of health insurance benefits for active employees and teachers and retirees](#)

During FY 2009 and FY 2010, the State Health Benefit Reserves have been depleted because of cuts in funds contributed by the State. By approving the use of Incurred But Not Reported (IBNR) claim reserves for current expenses, the Board of Community Health has created an insolvent insurance plan. GSRA urges elected officials to adequately fund the SHBP for active employees, teachers, and retirees. In addition, GSRA urges elected officials to fund the range of options to provide retirees with more than just the Medicare Advantage Plan choice.

Transparency and Independence in Board and Administrative Decision Making for Health Insurance

Major policies are announced by Department of Community Health staff without submitting changes to the Board of Community Health for approval, or receiving advice or counsel from membership representatives. For example, policies to eliminate all state contributions to retiree premiums (except for the Medicare Advantage Plan) were announced and implemented without any input from member representatives. To promote transparency and independent decision making, GSRA supports legislation requiring a Health Benefits Advisory Committee of knowledgeable employee benefit and health insurance professionals, active and retired state employees, and active and retired educators to advise the DCH staff and Board

Transparency and Independence in Board Decision Making Regarding Pensions

Transparency and independence in decision making to a large extent require that members of a board be free from undue political influence. Although the Georgia Code requires several of the ERS Board members to have been members of ERS for five years, it does not require any Board positions to be filled by ERS retirees. Although two recently elected ERS Board members happen to be state retirees, GSRA supports legislation that requires two of the Board members to be ERS retirees with at least one of the two to be nominated by GSRA.

Adequate Funding for Pension Adjustments

Employee Retirement System (ERS) funding is artificially low and insufficient to provide adjustments to compensate for the loss in retiree purchasing power. The reduction in employer contributions to the ERS in the early 2000's has resulted in the funded percentage of the trust fund dropping from over 100% to 89.4% in 2008. In October

2009, the Board of Trustees Chairperson reported that the funded percentage is expected to drop to only 79% in the next couple of years—even without granting any Cost of Living Adjustments (COLAs) in 2009, 2010, and 2011. If funding is not increased for the FY 2012 budget cycle, the ERS trust fund will be severely impacted. All retirees face the same erosion of purchasing power over time. It is only equitable that all retirees in State supported retirement systems should receive ongoing cost of living adjustments to preserve the purchasing power of their retirement income into their old age.

Obtaining Retiree Contact Information from ERS

GSRA's ability to inform retirees about aspects of retirement life depends on having access to their contact information. GSRA supports legislation to allow ERS to provide contact information on retirees who have authorized release of their information.

GSRA will continue to monitor proposed legislation and make you aware of any that would allow our pension funds to be placed in risky alternative investments, or that may further limit retiree health insurance options. Our monitoring will also include attending budget hearings that affect the State Health Benefit Plan.

During the Legislative Session, we will work with individual legislative members to develop their support and sponsorship for the issues that require legislation. Progress in achieving our goals will require slow and deliberate actions over the next several years. Your help by talking to your local representatives is invaluable.

Thank you for your trust and support in the upcoming year.

-----BJ Bennett, President

So How do I Contact My State Legislators?

It's easy!

Just go to www.mygsra.com and move your cursor to the "Legislation" tab – then select "Contacting Legislators." Follow the links on the next screen to find out who your state legislators are.

If you do not use a computer, just call the Secretary of State's Office, Elections Division, at [404 656-2871](tel:4046562871).

Governor Cuts SHBP Again

The Governor's Amended FY 2010 and Annual FY 2011 budgets have now been released. The total FY 2010 State General Funds Appropriation was reduced by \$1.3 billion (from \$16.2 billion to \$14.9 billion). Of this amount, over \$204 million is cut from the State Health Benefit Plan. Most, but not all, of this reduction has been reported in previous GSRA newsletter articles about reduced employer contribution rates for months through November, 2009.

The Governor's Amended FY 2010 budget shows a further reduction in employer contribution revenue—in addition to that reported to you in earlier newsletters—by reducing the employer contribution rates for April through June 2010. The reduced amount for non-certificate school employees and the reduced rates of 20.618% and 17.418% for state agencies and local school systems, respectively, will reduce revenue into the SHBP by an additional \$74.8 million¹.

DCH projected in September, 2009 that the SHBP expense would exceed the FY 2010 revenue by \$70 million. However, DCH's projection for revenue also included use of Fund Balance reserves of \$45.3² million and OPEB Retiree Trust Fund liquidation of \$170.7³ million. After DCH filed these projections with the Governor's Office of Planning and Budget, along with the 2010 amended and 2011 budget requests, the Board of Community Health authorized the use of the Incurred But Not Reported (IBNR)⁴ reserves as necessary to pay claims through June 30, 2010.

The December GSRA newsletter reported the new authorization for use of the IBNR reserve and that this authorization would change the SHBP's finances for the first time ever to a cash basis rather than an accrued basis. The effect of all of the reductions—as reported in the Governor's budget—will use \$196.4 million of the \$237.6 million in IBNR reserves to pay filed claims by June 30, 2010. In effect, the SHBP will be an

insolvent insurance plan because there are insufficient reserves to pay claims that have not yet been filed although the services have been provided.

Governor's FY 2011 Budget

The Governor's FY 2011 budget document does not show sufficient detail to comment on the overall status of the SHBP during FY 2011. However, the document does provide for the following:

- An increase of 10% in employee premiums for Plan Year 2011;
- Continued use of the IBNR reserves;
- Implementation of plan design changes to reduce expense in Plan Year 2011.

DOES GSRA HAVE YOUR CORRECT CONTACT INFORMATION?

Please be sure to update your **email address** with GSRA when it changes. Simply log in to www.mygsra.com using your old email address and password; select "Our Members" and "My Profile", and then change your information through the "edit" feature.

If your **mailing address** changes, and you do not use a computer, please notify us of your new address by sending a card or letter to the address below.

THANKS!

Join a LOCAL Chapter today!

And if there isn't one (yet), get together with your state retiree friends and start one in your community!

Local level activities and legislative contacts are the best way to get our message across to elected representatives.

FIND OUT MORE:

Visit www.mygsra.org today and click on the "Local Chapters" tab on the home page.

Or send email to membership@mygsra.com, or contact the Membership committee at the mailing address below.

¹ State of Georgia's Amended FY 2010 Budget document, p.84.

² The unaudited report to Appropriations Committees for June 30, 2009, relative to the Retiree Trust Funds report a Fund Balance of \$39 million rather than \$45.3 million.

³ By liquidating the investments when the equity market was depressed, the liquidation of investments of \$170.7 million was \$23.9 million less than the \$194.6 million that was contributed to the Retiree Trust Fund.

⁴ IBNR reserves are for medical services that have been provided to members, but the claims for those services have not yet been filed and paid.

Lake Oconee Area Chapter Holds Legislative Meeting

The November meeting of the Lake Oconee Area Chapter of GSRA was attended by about 100 retired state employees. The featured speaker was Mr. Bill Tomlinson, former GSRA Vice President and now serving as GSRA's volunteer Legislative Liaison. Mr. Tomlinson served as Director and Analyst in the Offices of Planning and Budget and the Legislative Budget Office for 34 years. Special guests at the meeting in Greensboro were State Representatives Sistie Hudson and Terry England.

After welcoming remarks by Chapter President Lewis "Peanut" O'Neal, Mr. Tomlinson reported that all state retirees should be concerned about the state's reduced contribution to the Employees Retirement System (ERS) retirement fund and the erosion of health insurance benefits provided by the Department of Community Health. He stated that retirees lack representation and consideration at the ERS Board of Trustees level which is essentially controlled by the Governor's Office.

Mr. Tomlinson reminded retirees that the ERS fund contains retirees' contributions that were placed in a trust for their future benefit and, as such, is not available for

other budgetary uses. He also cautioned that retirees can expect to see continued legislative efforts to allow high-risk investments of our retirement fund.

Regarding health insurance, Mr. Tomlinson pointed out that the state has shifted the increased cost of health insurance to retirees through higher premiums, increased deductibles, and reduced coverage while the State continued to contribute 75%--but of a lower expense level.

Mr. Tomlinson reminded members that GSRA is a volunteer association whose members work together to help guarantee that the state's promises and ERS benefits are kept. He encouraged all retirees to maintain their GSRA membership, stay abreast of current issues, and share their concerns with their local legislators.

Rep. Sistie Hudson related that she also served seven years as a state employee and was sympathetic to state retiree concerns.

GSRA Board Installs New Treasurer

Jerry Goodroe, elected Treasurer at the October Annual Meeting, notified the Officers that he would be unable to serve in that capacity. The GSRA By-laws require the Board of Directors to appoint a member in good standing to fill any vacant officer positions. At the

December 2009 meeting of the Board, President Bennett recommended appointment of Kaye Carter as Treasurer for the 2010 term. A motion was made and seconded to accept this recommendation, and the Board voted unanimously to appoint Ms. Carter as Treasurer. Congratulations, Kaye!

MORE REPORTS FROM OUR 2009 ANNUAL MEETING

PART 3: "How Did the Candidates for Governor Respond to GSRA's Questions?"

At our Annual Meeting in October, we sponsored a moderated Roundtable Discussion among six announced candidates in the 2010 race for Georgia's next Governor. Candidates Thurbert Baker, Roy Barnes, Ray McBerry, Dubose Porter, David Poythress, and Austin Scott participated in the roundtable. Although all Democratic and Republican candidates were invited, Nathan Deal, Karen Handel, Eric Johnson, and John Oxendine declined to participate and Jeff Chapman could not attend because of illness. GSRA submitted a total of fourteen written questions to ALL candidates prior to the Annual Meeting, along with a request for written responses, even if the candidate was unable to appear.

Written responses were received from Candidates Barnes, Chapman, Oxendine, Porter, Poythress, and Scott. The first six GSRA questions, along with these candidates' written responses, were printed in the GSRA Newsletters of December 12, 2009 and January 7, 2010. Candidates' answers to questions #7 through 11 are printed in the following pages. We will publish the candidates' answers to the remaining three questions in the next GSRA Newsletter. We appreciate the participation of all six candidates' at our meeting, and also thank those who submitted written responses to our questions.

Question #7: Considering the demand on transportation funds between bridge and road maintenance, new roads and rapid/mass transit, what would be your priorities for transportation if elected?

BARNES: If Georgia doesn't begin to invest more in transportation solutions, the state stands to lose the prosperity it has enjoyed since the 1960s. We have known this was an issue for decades, but now is the time for action. We are losing the ability to attract and maintain our economic prosperity. For our children and grandchildren, we must do everything necessary to attract and keep business in Georgia. The days of big road projects are gone. We need to integrate a mass transit system into our overall transportation system, and we need to recognize how quickly the urban landscape disappears once you leave the city limits. MARTA is convenient for short distances, but this is not a feasible solution for suburban and exurban commuters. An elevated light rail system that runs over Atlanta's interstates and rail lines would allow people to reach outlying suburbs in a far more efficient manner, and would reduce reliance on gasoline-powered transit. Outside of the metro Atlanta area, we need to work on improving and expanding the highway system, in order to bring new business to every part of Georgia. There are two main economic engines in this state: real estate/development and commercial business. They tend to reinforce each other, but both rely on transportation as an essential driver. The creation of mass transit routes will also serve to boost the real estate market in the outer reaches of the metro Atlanta area. We need to connect Georgia's major cities with high-speed rail. This will improve ease-of-access for business and visitors. Right now, rail is highly underused within the state, but a commuter-friendly rail system would encourage growth and development outside of the metro Atlanta area.

CHAPMAN: (Did not respond to this question.)

OXENDINE: Transportation = jobs. I support a holistic approach to transportation. It is important not to view the solution as an either or competition but to have an objective statewide approach to transportation. The

time for studies is over – I am going to start moving dirt on projects.

PORTER: For Georgia to move forward, we must have a functioning transportation system. Georgia needs a mass transit/multi-modal transportation system to end gridlock. It also needs working roads, turn lanes, and curb cuts to attract industry. With team-building leadership in the governor's office we can unite urban and rural areas of our state with a transportation system that drives Georgia's economy forward. The first thing I will do for transportation as governor is to help pass a funding bill that allows the fourth penny of the state's 4 cent gas tax go to transportation instead of into the general fund. That way we can draw down federal funds and make mass transit a reality in Georgia to help reduce gridlock in Atlanta. We can also begin funding many stalled road projects in rural Georgia under the Local Assistance Road Program. As governor, I will get the state out of traffic gridlock to create jobs and move our economy forward.

POYTHRESS: (Did not respond to this question.)

SCOTT: I have walked over a thousand miles on Georgia's roads. I can tell you firsthand that additional spending is not the answer. As Governor, I will provide a statewide solution to Georgia's transportation governance problems that balances regional concerns with the needs of the State as a whole. I will work with local governments to broaden the scope of mass transit in Georgia and to increase the number of passengers and the operating efficiency of mass transit systems. Numerous areas throughout the State are in need of new or wider roads. I will also ensure better maintenance of our existing transportation infrastructure and will lead the effort to keep Georgia's roads beautiful by setting an example and participating personally in cleanup efforts.

Question #8: Currently, the ERS Board and the Department of Community Health simply announce policy changes without discussion or rebuttal. Will you support providing more transparency in ERS Board and DCH policy making, to include input/advice from members of the retirement system and the State Health Benefit Plan? Would you support legislation to this effect?

BARNES: Yes, I always have and will continue to support transparency in the making of decisions by our boards. Transparency begins with agency boards and commissioners, and if elected Governor, I will ensure that my appointees understand my philosophy from day one. Input and advice from members of the

retirement system and the SHBP will be crucial in my appointees' decision-making processes.

CHAPMAN: (Did not respond to this question.)

OXENDINE: I support more transparency in all aspects of state government. I will support legislation to

include that advice/input be required before policy changes are implemented.

PORTER: I would support such legislation. State employees have always been a priority for me throughout my 27 years in public office, and they would remain a priority when I am governor. I recently fought attempts allowing government to make secret deals with

developers, and I have supported whistleblower protections for government workers. Government works best when it is closest to the people. As governor, I will instruct my department heads to maintain a high level of transparency.

POYTHRESS: (Did not respond to this question.)

SCOTT: I would. I would want to see the legislation first, but yes.

Question #9: *Historically, promises—both in legislation and resolutions—have been made about future retirement and health insurance benefits in order to recruit and retain a competent workforce—so that the many diverse and complex services to Georgia citizens could be competently performed. Employees who chose to make a career of state government relied upon these promises and traded off current earnings for these future benefits. Until the last several years, governors and legislators honored these promises by adjusting funding to maintain retirees’ purchasing power and to provide funding to maintain adequate reserves in the State Health Benefit Fund. During the past 3 years, current workers and retirees have seen benefit promises broken. In addition, the workforce has been subjected for several years to level salaries and effectively reduced salaries because of furloughs, increased employee cost of benefits, and reduced benefit levels that undermine State government as an employer of choice. Explain how you will begin to return Georgia State Government to “an employer of choice”, including how you will ensure that promises to the workforce will be honored?*

BARNES: State employees make approximately 20 percent less than employees in comparable private sector jobs. Despite recent years of zero pay increases and furloughs, many state employees remained as career public servants because of the promise of the defined benefit retirement plan and the State Health Benefit Plan (SHBP) that they would receive upon retirement – an exchange of current benefits for future benefits. While Georgia’s state employees have always been top notch, we know that the quality of our State’s educators and employees will soon decline if the State doesn’t uphold its commitment to them. As Governor, I will work to guarantee that state retirees receive their pension and health benefits. It’s the right thing to do. In sum, my goal is to return public service to the status as an honorable career. We will improve salaries, keep our health care promises and return the respect to our workers that they have shown to our citizens.

CHAPMAN: (Did not respond to this question.)

OXENDINE: I will hold a series listening sessions with all who wish to attend on this serious matter. I will want to fully understand all perspectives. I will work with all parties to make sure that a promise made by our government to our employees is a promise kept. If the state has done wrong, I will work to make it right. I also believe we should review employee benefit choices as well as deferred compensation options on a regular basis to make sure the state is offering competitive benefit packages that are attractive to potential employees.

PORTER: How can we expect to attract the best and

brightest to work for the state of Georgia when they can earn more in the private sector? We have to reverse the trends of this administration. We cannot raise insurance premiums for teachers and state employees while keeping their pay stagnant and sending them home on furlough days. We have to make working for the state of Georgia a solid career choice. That starts with better salaries and benefits. As governor, I will work to improve the pay and benefits to our teachers, state employees and university system employees. Again, we could do this with the passage of HB 356, which I co-sponsored, and would generate an estimated \$1 billion.

POYTHRESS: (Did not respond to this question.)

SCOTT: A governor’s term lasts four years. At most, it lasts eight. Even with that timeframe, each governor has left the next governor with significant budget expenditure to deal with. Zell Miller put in place a tax exemption on groceries that amounts to a \$600 Million revenue loss for the State. Roy Barnes put in place the Homeowner’s Tax Relief Grant, which keeps an additional \$450 Million out of the State budget each year. If these two items had not been passed, we would not have the problems we are facing today. There is a great deal that needs to be done to fix our economic problems in this State and to ensure we keep the promises we make as a State. Complete budgetary transparency and accountability are the first steps I will take as Governor. We have to remember that State employees are also State taxpayers. Economic policies

of raising taxes in recessions have proven to be detrimental to those who depend on government services. Tax increases, quite simply put, push you further into a recession and prolong the required recovery periods in which many of these things could be funded. Even though current healthcare benefits for state employees are not as comprehensive as

they have been in years past, they provide more coverage than most private sector plans and they provide that coverage at a lower cost to the employee. Most importantly, the best thing about recessions is that they end.

Question #10: *As is the case for educators and their retiree organization, would you support GSRA obtaining access to retiree contact information from the ERS and the TRS with the approval of individual retirees? Again with retiree approval, would you also support ERS making deductions from retirement benefits for GSRA dues?*

BARNES: Subject to the approval of individual retirees, as Governor I will support access to retiree contact information.

CHAPMAN: (Did not respond to this question.)

OXENDINE: I want to understand all perspectives before I make a firm commitment, however, if appropriate privacy measures are in place, I am not opposed to considering a policy for one entity that has proven to be

effective and, most importantly, respected by the members of another.

PORTER: With approval of individual retirees I would support access to retiree contact information.

POYTHRESS: With the approval of the retirees, I would support both of these actions.

SCOTT: I would consider it with the approval of retirees on an individual basis. I will not commit to it, but I am open to the idea.

Question #11: *If there is a major reduction of federal stimulus funds coming to Georgia, what programs/services do you feel should be reduced in order to balance the state budget?*

BARNES: That is a question that can only be answered when it happens, as there are far too many intangibles at play to answer it at this time. The condition of the state economy, an analysis of agency services and needs, and potential changes in state revenue policies are all factors that would have to be considered at the point in time that any changes in federal policy occur.

CHAPMAN: (Did not respond to this question.)

OXENDINE: I have stated that an Oxendine Administration will exempt education, veterans, and state law enforcement (state troopers and the Georgia National Guard) – from budget cuts. Georgia must preserve those programs which provide services to taxpayers and, when cuts are necessary, Georgia must cut those programs that do not provide services to those who pay the taxes.

PORTER: As governor, I would prioritize our budget and cut non-essential spending while protecting critical services. To get ahead of the crisis, others have joined me in calling for a special session to prioritize our budget and stop the across-the-board cuts by our current governor. During the special session, we could also pass point of sale legislation, HB 356, allowing local governments to collect local sales taxes instead of the

state Department of Revenue. By their own admission, the state Department of Revenue leaves million in uncollected taxes on the table. As I said earlier, this could bring in an additional \$1 billion in revenue with no new taxes or fees. Additional revenue will help us prioritize our spending and balance our budget in this troubled economy.

POYTHRESS: Across-the-board percentage cuts and employee furloughs have been the Perdue Administration's preferred method to balance the budget rather than making the tough choices of cutting specific programs. Before I would eliminate programs, I will properly evaluate our revenue sources with a keen eye toward the cost of exemptions to our tax code. Reports show that thirty five special interest tax breaks enacted between 2005 and 2008 amount to \$333 million in lost revenue in the FY2010 budget alone. The 17 special interest tax break bills enacted in 2009 will cost Georgia another \$99 million in lost revenues – that's how much the state "saved" by furloughing teachers for three days. I believe that Georgia should join the 39 other states who now require regular reporting of the cost of special interest tax breaks. As Governor, I will demand a comprehensive tax expenditure analysis as a means of reviewing all tax breaks, and I will make sure that our revenue department is collecting all taxes that are due.

SCOTT: As Governor, I intend to fulfill the constitutional duties of the office of in which I serve. We will first fulfill only those duties which are specifically outlined in the Constitution of the State of Georgia.

Other programs/services under the governor's control that are not outlined in the Constitution will be subject to reduction or outright elimination.

---To Be Continued ---

Has Your GSRA Membership Expired?

Visit www.mygsra.com and sign in. Then move your cursor to the Our Members tab, and select "My Profile." Your Membership Expiration Date should show up in your Profile information. If your records differ, please notify Membership by email through the website (Membership@mygsra.com). Or send a note to GSRA, PO Box 108, Bethlehem, GA 30620.

***If it's time to renew, please do so at your earliest convenience.
Don't miss out on important news and events!***