



## Part II - As Jeff Foxworthy Says:

**“You might be a redneck if...”**

*The Democrat-Reporter of Linden, Alabama, says:*

**Hubbert, one, two, three . . . march**

**R**etirement Systems of Alabama is run by David Bronner. He is the man who thinks poor people pay sales taxes on groceries.

Bronner claims he has 329,000 members in the system, including teachers, employees, and the judicial figures. When we pointed out first that Bronner was a dum dum for not knowing welfare recipients do not pay sales taxes, he responded with his monthly newsletter to the members who trust him to manage their money so their pensions are safe. He was hinting that we at *The Democrat-Reporter* might be a redneck. Come on and say it. The original rednecks were Rebels with red collars who fought as viciously as the Chiricahua Apache warriors. We are proud to even be thought of in the same vein as these valiant and heroic men.

In his diatribe, Bronner doesn't acquit himself of the ignorance that the poor in Alabama get food stamps, WIC vouchers, and other freebies on which they pay no sales tax.

He closes with a comment that RSA members must be foreigners because they own four television stations in Alabama. That was in response to our noting that foreigners own the television stations in the state. Perhaps, we should have stated network television news is owned by foreigners. We concede to the bean counter one point.

From his position, he still appears to be marching in lock step with Paul Hubbert in his intentions to raise property taxes even more than Tax-em High Riley has done. Bronner doesn't know he has been conned by Hubbert. This is why people want to totally clean house in Montgomery. It is so simple. Hubbert has examined Bronner's talents and is conning him to think he is a friend. Little David, don't go to any Catholic church with Father Paul. ■

## Facts vs. Ignorance

By Dum Dum

**W**omen, Infants and Children (WIC) is a supplemental nutrition program for pregnant women, breastfeeding women, women who had a baby within the last six months, infants, and children under the age of five. One must meet income requirements and have a nutritional risk that proper nutrition could help improve.

*“Facts vs. Ignorance” continued on page 2*

## On the Road in Alabama

Source: *GolfTime*

**Y**et while football may very well reign as the No. 1 sport in the state, there are only roughly a dozen Saturdays a year in which to worship. And if Bear Bryant's name evokes such passion for a devoted legion of football fans, then it's fair to say course architect Robert Trent Jones Sr. strikes a similar chord for golfers — be they Alabamians or otherwise.

For nearly two decades, the Robert Trent Jones Golf Trail has not only earned the pride of its home state, but it has become synonymous with a state that before its creation had no discernable tie to the game.

The RTJ Golf Trail consists of 11 venues, 26 courses and 468 holes that extend from the state's mountainous terrain in the north and central regions to the wetlands near the Gulf Coast.

The RTJ Golf Trail's abridged back story tells of a man, Dr. David Bronner, CEO of the Retirement Systems of Alabama, who in the late 1980s sought to infuse vitality into the state's image and economy through expanding tourism, recruiting industry and attracting retirees. His means for pulling this off was golf. Keep in mind Alabama had virtually no golfing reputation to speak of other than being the native home to Larry Nelson, a three-time major winner.

. . . “I don't think there was any perception of Alabama being a golfing destination before the Trail,” said Duncan Millar, executive director of the Gulf Shores Golf Association.

Still, with funding from RSA, which Bronner had developed into one of the nation's best-performing pension funds, the ambitious and first-of-its-kind design began to take shape.

Jones was coaxed out of retirement at age 83 to lend his name and expertise to the project. As patriarch of the golf course architect family that includes sons Robert Jr. and Rees, Jones brought immediate credibility and cache. It should be noted that Jones' long-time senior design associate, Roger Rulewich, played a major role in the development of The Trail.

Four 54-hole RTJ Golf Trail facilities and three 36-hole venues initially emerged from the largest golf project in U.S. history. Those numbers have since grown to its present configuration.

*“On the Road” continued on page 2*

# TRS Fund Posts Investment Gain

By David White, *The Birmingham News*

## TRS investment returns compared to a national median.

	6 MOS.	1 YR.	3 YRS.	5 YRS.	10 YRS.
Employees' Retirement System	7.75%	24.12%	-4.38%	1.93%	3.44%
Teachers' Retirement System	7.67%	25.99%	-3.72%	2.41%	3.86%
State Street national median	7.18%	28.96%	-1.22%	4.15%	3.42%

Note: The median represents the midpoint of investment returns by roughly 50 pension funds surveyed nationwide by State Street Investment Analytics. Returns are actual or average annual returns for the period that ended March 31. Source: Retirement Systems of Alabama

**T**eachers' Retirement System, the biggest pension fund run by the Retirement Systems of Alabama, posted an investment gain of 25.99 percent for the year that ended March 31, RSA officials said.

The jump coincided with a broad recovery in the U.S. stock market since March 2009.

"It's a reasonably good report," RSA chief executive David Bronner told board members who oversee the Teachers' Retirement System, which covers about 230,000 active and retired teachers and other public education employees. The TRS fund had \$16.91 billion in stocks, bonds and other assets on March 31.

"I feel a lot better now than I did a year ago. The market has recovered and the national economy...is better," Bronner said in an interview later.

Investment returns for the [ERS and] TRS for the six months and 10 years ending March 31 were better than returns for most pension funds with more than \$1 billion in assets that were surveyed by State Street Investment Analytics, a division of State Street financial services corporation in Boston.

[ERS and] TRS investment returns for the one, three and five years ending March 31 were worse than the returns for most of those pension funds. State Street surveyed from 48 to 57 funds, depending on the time period.

Marc Green, the retirement system's chief investment officer, told board mem-

bers TRS posted a 7.72 percent average annual investment gain for the 20 years ending March 31.

He noted that the TRS actuary firm, which figures how much the state must contribute to the pension fund to keep it financially sound, assumes an annual return of 8 percent. In general, if TRS investment returns fall below 8 percent, taxpayers pay more to keep the pension fund sound, and if returns exceed 8 percent, taxpayers pay less.

The state this year is budgeted to pay \$774.6 million to the Teachers' Retirement System, an increase of \$433.2 million, or 127 percent, compared to what it paid five years ago.

Acting state Finance Director Bill Newton said taxpayers should care about TRS investment returns because money spent to support the pension fund is money that can't be spent on teachers' salaries or raises. "We did really well in the last year compared to that 8 percent," said Newton, who sits on the TRS board.

Board Chairman Paul Hubbert, who is executive secretary of the Alabama Education Association teachers' lobby, said he was glad the 20-year average annual return was close to the fund's target of 8 percent.

"We always wish for more," he said. "But long-term, we hit what we thought we would hit, so I think we're doing reasonably well." ■

## On the Road

*continued from page one*

Like college football's Bowl Championship Series — and Alabama fans will swear their Crimson Tide is No. 1 regardless of mathematical computations or bowl outcomes — most course rankings are of a subjective nature. But there has to be some substance when numerous publications dole out rave reviews.

### TO WIT:

- In 2008, Grand National in Auburn/Opelika and Capitol Hill in Prattville were selected the country's Nos. 1 and 2 public courses, respectively, by readers of *Golf World*.
- Wrote the *Cincinnati Enquirer*: "Alabama's 100 miles of golf stands on par with the construction of the Golden Gate Bridge or the Interstate Highway System."
- *U.S. News & World Report* listed Auburn as one of the "Top 10 Great Retirement Spots For Golf Nuts," due partly to its proximity to Grand National.

With such praise, though, there often comes a price.

Pebble Beach Golf Links, for example, is annually considered one of the nation's finest public venues, but also boasts a green fee upwards of \$500. Even at the height of the Trail's peak season, green fees are no more than \$70. In 2008, *Golf Digest's* Travel and Destination Study ranked The Trail as No. 1 in value and No. 8 in golf quality.

The highest praise may be the fact that other so-called trails have sprouted up around the country, none though of the magnitude of Alabama's. As for the impact the RTJ Golf Trail has had? Consider the fact that in the past 15 years, the state's tourism dollars have increased from \$1.8 billion to more than \$9.6 billion. . . . ■

## Facts vs. Ignorance *continued from page one*

The old Food Stamp Program is now called Supplemental Nutrition Assistance Program (SNAP). About one-third of Alabamians who are eligible for food stamps do not receive them, which means they pay sales tax on every item of food they buy. In addition, SNAP recipients **DO** pay sales tax on some of their groceries because SNAP is not designed to cover the entire

cost of feeding a family. That is why the word "Supplemental" is in the name.

According to the USDA, the **AVERAGE** per-person monthly benefit in Alabama last year was \$119 ([www.fns.usda.gov/pd/18SNAPavg\\$PP.htm](http://www.fns.usda.gov/pd/18SNAPavg$PP.htm)). That is less than \$2 a meal even if you skip breakfast every day. Of course, plenty of recipients get lower benefits than that. Please remem-

ber that people below the poverty line are not the only ones who struggle to make ends meet as Alabama is one of only two states with sales tax on food.

The point is this: **Thousands of low- and middle-income families could afford to eat better food and avoid obesity if sales taxes did not eat so much of their food dollars.** ■

# In Arizona's Latest Twist, Voters Follow G.O.P. Governor and Approve Tax Increase

By Randal C. Archibold, *New York Times*

PHOENIX — It is not every day that a Republican candidate for governor promotes and celebrates a tax increase here in the state many believe helped give rise to the modern conservative movement.

But there was Gov. Jan Brewer, who is seeking a full term in a crowded, competitive primary, beaming to supporters from a middle school stage Tuesday night. Off to her left, large screens displayed the news that fueled her smile: Arizona voters overwhelmingly supported a one-cent rise in the sales tax to help stave off sharp cuts in education and other services.

"Doing the right thing almost always means doing the hard thing, and today, you did the hard thing," Ms. Brewer said at the election night rally before a couple of hundred people, some of whom conceded that they held their nose as they voted for it.

Arizona joins about half the other states in the nation that, facing plummeting revenue, have raised taxes to soften the blow of deep cuts. At least one other state, Oregon, also successfully placed a general tax increase before voters, who in January approved an additional levy on corporations and the wealthy.

Most of those levies have been on individual things like cigarettes, candy and soda, though Wyoming approved a \$1-per-megawatt-hour excise tax on wind energy producers. Kansas also raised its sales tax by a penny, but through legislation.

Although there may be signs of recovery in the national economy, it typically takes the states much longer to dust themselves off, particularly those like Arizona, a fast-growing state struck particularly hard by the foreclosure crisis. Unemployment, for instance, depresses

state revenue while driving up the need for public services.

"The states are the last place where you see the impact of the economic recovery," said Susan K. Urahn, managing director of the Pew Center on the States, a nonpartisan research group in Washington. "This is a recession that has a long tail."

Ms. Urahn said the increases are a test that "show some willingness from the public to pay for certain things."

Here, the sales tax increase, a temporary rise to 6.6 cents per dollar for the next three years, is expected to raise nearly \$1 billion in the first year, two-thirds of which will go to education. It won approval by 64 percent of voters, though only a third of eligible voters turned out.

It does nothing to erase cuts already made, including the loss of all-day kindergarten, health care reductions for the poor, and the closing of several state parks and highway rest stops, precipitated by a 30 percent decline in revenue.

But Ms. Brewer, and a coalition of politically odd bedfellows, including the state teachers' union, business groups and office holders from both major parties, sold it as a necessary evil to avoid teacher layoffs and cuts to public safety.

The measure's supporters raised more than \$2 million, while opponents mustered only \$1,215 and ended up billing themselves as grass-roots.

The governor's proposing and supporting of the tax increase left conservatives, her political base, angry and, in the eyes of analysts, contributed to her decision to sign a tough immigration enforcement bill that has dominated public discourse here for the past month.... ■

# Pension Funds to Burden Some States, Study Says

Source: *Wall Street Journal*

The budget woes facing U.S. states may not be as overwhelming as the troubles in Greece. But in a new paper, Northwestern University economist Joshua Rauh says at least seven states are heading toward crushing crises — of the magnitude that would require U.S. bailouts in the next decade — from one cause: state pension liabilities.

In some state constitutions, promised pension benefits to state and local government workers take a higher priority than general obligation bonds. Rauh, with the University of Chicago's Robert Novy-Marx, previously estimated that state pension liabilities stood at \$3 trillion at the end of 2008 compared to \$1 trillion in other forms of debt.

Even if pension funds received 8% annual returns, many large states would run so short — without any overhaul today — that raising state taxes to make up for it would be insufficient, he says. Illinois, for instance, would run out of money in its three primary pension funds by 2018. In the years after, the payments owed to existing state workers would be \$14 billion, or more than half of the total revenue Illinois projects in 2010.

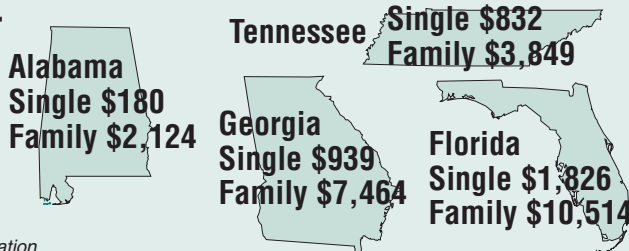
Other state pension funds expected to dry up by 2020: Louisiana, New Jersey, Connecticut, Indiana, Oklahoma and Hawaii. By 2030, 31 states could be in similar trouble, Rauh said in a report released Wednesday. He says the ultimate cost of a federal rescue could top \$1 trillion. "This scenario could happen sooner if taxpayers flee to other states with lower taxes and higher services, if contributions are deferred or not made, or if returns are lower than expected," said Rauh, an associate professor of finance at Northwestern's Kellogg School of Management.

His prescription: Allow states to issue tax-subsidized pension funding bonds — similar to the Build America Bonds program — for the next 15 years if they agree to major reforms. States would need to close defined-benefit pension plans and offer new hires a defined-contribution plan as well as guaranteed access to Social Security (which only a quarter of all public workers contribute to now). The net cost to the federal government, he estimates, would be about \$75 billion. ■

**PEEHIP is still the best deal by far. Just look at other southern states**

**Premium cost per year**

**Alabama K-12 employees pay less than 30% of the southern average for health care premiums.**



Source: Alabama Education Association

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## SWIMMING IN RED INK

Country	Deficit to GDP (%) *	Debt to GDP (%) *	Credit Rating
Argentina	0.5	44	B-
Australia	4.3	11	AAA
Brazil	2.3	45	BBB-
Canada	4.7	33	AAA
China	3	17	A+
France	8.1	79	AAA
Germany	5.5	75	AAA
Greece	8.7	124	BB+
India	8.3	77	BBB-
Italy	5.3	115	A+
Japan	10.1	106	AA
Mexico	3.3	36	BBB
Russia	3	0	BBB
S. Africa	6.2	28	BBB+
S. Korea	0.5	18	A
Spain	10.2	56	AA
Turkey	4.5	42	BB
U.K.	10.9	75	AAA
U.S.	10.9	69	AAA

Source: Standard and Poor's  
Debt includes federal debt and public borrowing  
\*2010 Forecast

## ERS Board of Control Election Results

Congratulations to Mr. Steve Walkley who was re-elected to the Active State Employee Position. His three-year term will begin on October 1, 2010. There will be a runoff for the Active Local Employee Position between Mr. Steve Williams and Mr. Ronald Byrd. Runoff ballots will be mailed no later than August 1. ■



**CEO**  
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**Deputy**  
Marcus H. Reynolds, Jr.

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**Employees' and Judicial Retirement**  
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Judy P. Utlej

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Report – Street Lights that are Out – to the Power Company!  
Report – Weedy Lots – to the Mayor!