



The ADVISOR

TEACHERS, EMPLOYEES, and JUDICIAL



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SERVING OVER 380,000 MEMBERS

May 2022

PEEHIP Needs ARPA Funding

BY JO MOORE, DEPUTY DIRECTOR FOR ADMINISTRATION

The loss of loved ones, the concern for those who contracted COVID, the long-lasting effects of COVID for some, and the significant changes to our way of life are all heartbreaking and unprecedented. The devastation caused by COVID is difficult to quantify.

What is not difficult to quantify however, is PEEHIP's costs for COVID testing, treatment, and vaccination of PEEHIP members and their families. As of the end of February, PEEHIP has paid more than \$28 million on COVID testing, more than \$83 million on the treatment of COVID (which includes almost \$63 million in hospital admissions), and more than \$6 million on COVID vaccinations, totaling nearly \$118 million in direct COVID costs.

Fortunately, PEEHIP did request and receive early on \$27.52 million in federal funding under the CARES Act to offset some of these COVID costs. Thus, as of the end of February, PEEHIP has out-of-pocket costs of approximately \$90.5 million, \$71.13 million of which are eligible for reimbursement under ARPA.¹ Unfortunately, PEEHIP's COVID costs will continue to increase because PEEHIP members and their families continue to require testing, treatment, and vaccination for COVID.

To assist states with these unprecedented costs, Congress enacted the American Rescue Plan Act of 2021 (ARPA), which provided Alabama with \$2.12 billion in funds for COVID-related expenses. These ARPA funds are being paid in two rounds. The Alabama Legislature completed the first round of appropriations

in the amount of \$1.06 billion this past January. The Legislature awarded those funds to certain state agencies and associations. The funds were spent primarily for the building of prisons, the expansion of broadband internet, and water and sewer projects. All of which are worthy projects and some of which were long overdue to be addressed and desperately needed for decades.

However, PEEHIP was not awarded any ARPA funding for its COVID costs. This denial of reimbursement for PEEHIP's COVID costs is puzzling. How can prisons, broadband internet, and water and sewer projects be reimbursable as a COVID expense but not COVID testing, treatment, and vaccination? If COVID testing, treatment, and vaccination are not COVID expenses under ARPA, then what is?

PEEHIP must be included in the second round of ARPA funding. The costs of COVID are indisputably high and **should the Legislature choose not to provide ARPA funding to PEEHIP for these COVID costs**, simple math dictates that the **costs must be made up elsewhere, be it in a higher employer contribution, a higher member premium, or a reduction in members' PEEHIP benefits**. This is entirely avoidable provided the Legislature administers ARPA as it was intended.

The Legislature will appropriate \$1.06 billion in ARPA funds in another special session, likely this August or September. I urge you to contact your legislator and request that PEEHIP be reimbursed for its COVID costs. ●

¹ PEEHIP is eligible for \$71.13 million because ARPA only reimburses expenses incurred from March 2021 to present.



Make Sure to Thank Your State Legislator!

BY NEAH SCOTT, LEGISLATIVE COUNSEL

The 2022 Regular Legislation Session ended on April 7, 2022, and brought great things for RSA members, including salary increases and retiree bonuses. In addition, the Legislature fully funded the RSA, provided tax exemptions for retirees, improved Tier II benefits, and

improved active members' death benefits.

As it has always done, the Legislature ensured that the **RSA was fully funded** by setting the actuarially determined employer contribution rate in the budgets. **This is one of the most important things to ensure the RSA's continued**

sustainability and ability to pay promised retirement benefits to its members.

Additionally, the Legislature provided bonuses for ERS State and TRS retirees,

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MAKE SURE TO THANK YOUR STATE LEGISLATOR!

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who received these payments at the end of April. A direct appropriation funded the TRS bonus, and the ERS bonus will be funded by an increase in the fiscal year 2024 employer contribution rate. ERS retirees from local units may receive the same bonus in October if their local employer elects to provide it.

The Legislature further provided relief to all retirees by providing a \$6,000 state tax exemption for taxable retirement income of retirees aged 65 and above (Act 2022-294). This exemption will include distributions from RSA-1 retirement accounts.

The Legislature improved the retirement benefits for ERS and TRS Tier II members (Act 2022-222 for TRS and

Act 2022-351 for ERS). Currently, Tier II members can retire only after reaching retirement age (62 years for regular members and 56 years for members who are firefighters, law enforcement officers, and correctional officers). These Acts allow Tier II members to retire at any age with 30 years of service, subject to a benefit reduction of 2% for every year that the member is below retirement age. There is no member contribution rate increase for this new benefit.

Finally, the Legislature made important changes to death benefits for active members. Act 2022-184 gives surviving spouses of retirement-eligible members that die in active service the same benefit that would have been available if the

member had retired and selected the 100% lifetime benefit option. The only requirement is that the spouse must be the sole designated beneficiary on file for that member.

The Legislature deserves recognition for its efforts to improve salaries and benefits for public employees. Not only will these changes help attract and retain public employees, but the changes also show that the Legislature values and appreciates public employees. **Be sure to thank your state legislator for their hard work!**

Check the RSA legislative webpage, <https://www.rsa-al.gov/about-rsa/legislation/>, for the complete list of RSA-related legislation from this session. ●

Overview of the RSA Office Buildings in Montgomery

BY MARK FAGAN

The Retirement Systems of Alabama (RSA) first began financing buildings in the mid-1950s with the Montgomery Coliseum and, later, the Alabama State Bar Building. Before constructing the RSA's office buildings, state agencies were dispersed among many private buildings around Montgomery. This separation required duplication of basic equipment and contributed to inefficiency. The low-quality facilities, insufficient space, and inadequate parking meant poor working conditions for state government employees. The money from the state's 133 leases in 1979 (\$2.7 million annually) created no equity for the state.

In 1977, the RSA constructed its first building in Montgomery, which became the home of its administrative offices. This building cost the taxpayers no money and was paid for through a short-term cash management program implemented by Dr. Bronner in 1973. Since 1991, the RSA has constructed seven additional Class A office buildings in Montgomery (a total of 2.5 million sf). The RSA has also constructed 10 parking decks (2.2 million sf), an activity center, an early learning center, two parks, and a hotel/spa/performing arts center/convention center in Montgomery.

The RSA's 10 buildings in Montgomery by year built are: 1977, the 5-floor (70,000 sf) RSA Administration Building

(refurbished in 2009 as the current Alabama Center for Postsecondary Education); 1991, the 6-floor (150,000 sf) RSA Plaza; 1991, the 7-floor (300,000 sf) Alabama Center for Commerce; 1995, the 9-floor (340,000 sf) RSA Union; 1997, the 22-floor (617,000 sf) RSA Tower; 1998, Helen Hunt Early Learning Center (20,000 sf); 1998, RSA Activity Center (12,000 sf); 2002, the multi-building complex (378,000 sf) RSA Criminal Justice Center (renovation of a former hospital); 2008, the 8-floor (300,000 sf) RSA Headquarters; and 2011, the 12-floor (345,000 sf) Dexter Avenue Building and Datacenter (encapsulated former Alabama Supreme Court building).

Nine of the RSA's parking decks (2 million sf) and two parks in Montgomery supplement the RSA office buildings. The parking spaces for each tenant are included in the lease by the agency in the associated building. In 1998, the RSA constructed the RSA Tower Plaza across the street from the RSA Tower. This park includes a fountain/waterfall, reflecting pool, and bronze plaques for 12 Alabamians with significant contributions to education and commerce. The RSA (Walsh) Pavilion Park, built in 1999, displays tablets for six unsung heroes who helped shape Montgomery and tablets that cover Montgomery's history and the seven flags that have flown over the region.

The RSA leases more space to the state of Alabama (37% of total leased space) than any other entity. The RSA leases 1.5 million sf (62% of the RSA's space) to state agencies. The RSA buildings in Montgomery have allowed agencies with similar functions to be consolidated in the same building. The Alabama Center for Commerce houses those recruiting industry and commerce to Alabama. The RSA Tower provides space for all of the Department of Public Health offices and records. The RSA Criminal Justice Center includes agencies dealing with public safety and corrections. The Alabama Center for Postsecondary Education is home to the administrative offices for Alabama's community and technical colleges. The RSA Headquarters holds all of the RSA offices. The RSA Dexter Avenue building includes an Internet Exchange and a digital datacenter.

Offices in the RSA Plaza and the RSA Union are leased to such state agencies as Mental Health, Insurance, Securities Commission, Commission on Higher Education, Commerce, Banking, Treasury, Examiners of Public Accounts, and other regulatory boards. The remainder of the RSA's office space in Montgomery is occupied by the State Employee Insurance Board and private entities.

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Alabama Success Stories

Alabama Arise

BY CHRIS SANDERS, COMMUNICATIONS DIRECTOR, ALABAMA ARISE

A better, more inclusive Alabama for all. It's the vision that has animated Alabama Arise for more than three decades. And it's the goal that drives Alabama Arise's work for dignity, equity, and justice.

Alabama Arise is a statewide, member-led nonprofit organization advancing public policies to improve the lives of Alabamians who are marginalized by poverty. The group's membership includes faith-based, community, nonprofit and civic groups, grassroots leaders, and individuals from across Alabama.

Founded in 1988 as a small coalition of churches and nonprofits advocating for policies to reduce poverty, Alabama Arise has grown to include 20 staff members, 160 member groups, and nearly 2,000 individual members. The organization serves a constituency of hundreds of thousands of Alabamians who live in or near poverty.

Alabama Arise members have advocated successfully for numerous policy improvements in Alabama. Those breakthroughs include an income tax cut for people living in deep poverty, creating a state landlord-tenant law, and establishing state trust funds for affordable housing and public transportation.

Alabama Arise members believe poverty's primary causes are systemic, not individual, and that better policies can improve life for every Alabamian. The organization works for enduring change in three ways:

- *Policy analysis:* Alabama Arise studies current policies and legislative

proposals and analyzes their impact on people living in or near poverty.

- *Statewide organizing:* Alabama Arise organizes members and people with low incomes to speak out on developing public policies that affect their lives.
- *Citizen advocacy:* Alabama Arise works to equip members for active participation in the democratic process, including legislative advocacy. Participatory democracy is a core value at the heart of Alabama Arise. The organization's members vote annually on its issue priorities. For 2022, those priorities are:

- Adequate budgets for human services, including Medicaid expansion and more substantial investments in education and child care.
- Tax reform, including an end to the state grocery tax.
- Voting rights, including automatic voter registration and removal of barriers to voting rights restoration.
- Criminal justice reform, including the retroactive application of state sentencing guidelines.
- Death penalty reform.
- Payday and title lending reform.
- Public transportation.

Alabama Arise continues to build grassroots power and partnerships for bold policy solutions. The organization last year created the Cover Alabama Coalition – an alliance of more than 110 groups statewide – to advocate quality, affordable health coverage for all Alabamians. Alabama Arise also teamed with



the Alabama Food Bank Association to launch the Hunger-Free Alabama coalition to protect nutrition assistance and advance policies to help every Alabamian stay fed.

A powerful, aspirational vision for the state's future binds Alabama Arise members together. Alabama Arise envisions an Alabama where all people have resources and opportunities to reach their potential to live happy, productive lives, and each successive generation is ensured a secure and healthy future. It envisions an Alabama where all government leaders are responsive, inclusive, and justice-serving, and the people are engaged in the policy-making process. And Alabama Arise envisions an Alabama where all people live with concern for the common good and respect for the humanity of every person.

People interested in joining Alabama Arise can become individual members with a gift of just \$15. For more information, visit alArise.org/join or call 334.832.9060.

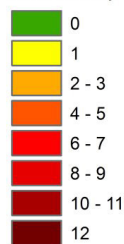
This is a series of articles about Alabama Success Stories. Please let us know if you have a similar success story you would like to share with the RSA membership. You may contact us at communication_correspondences@rsa-al.gov. ●

Mounting Water Scarcity

Extreme weather events are becoming more frequent and intense.

Since 1980, the number of floods has quadrupled, while extreme temperatures, droughts, forest fires, and severe storms have more than doubled.

Number of months in which water scarcity > 100%



— Source: Map by Mesfin M. Mekonnen and Arjen Y. Hoekstra, courtesy Science Advances

Start Planning Your Spring and Summer Getaways at RSA's Outstanding Hotels, Spas, and RTJ Golf



Member Hotel
Discounts Webpage

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ENJOY YOUR SPRING AND SUMMER A Special Deal FOR RSA MEMBERS

The Battle House,

A Renaissance Hotel \$119

- May 1-5, 8-12, 15-19, 22-31
- June 1-9, 12-13, 17-20, 29-30
- July 1-3, 5-9, 15-16, 22-30

The Battle House RSA Spa Package \$219

- May 2-4, 9-11, 16-18, 23-25, 30-31
- June 1, 6-8, 13, 20 • July 5-6, 25-27

Riverview Plaza \$109

- May 1, 6-12, 22-31 • June 1-4, 10-14, 18-19
- July 3-5, 8-9, 15-16, 29

Grand Hotel \$127 plus a 15% resort fee

- May 1-2, 8-9 • June 26 • July 6, 17, 20

Grand Hotel RSA Golf Package \$199 plus a 15% resort fee

- May 1-2, 8-9 • June 26 • July 6, 17, 20

Grand Hotel RSA Spa Package \$259 plus a 15% resort fee

- May N/A • June N/A • July N/A

Marriott Shoals \$109

- May 1, 8, 15, 22 • June 5, 12, 19, 26
- July 10, 17, 24, 31

Marriott Shoals RSA Spa Package \$210

- May 1, 8, 15, 22
- June 5, 12, 19, 26
- July 10, 17, 24, 31

Renaissance Ross Bridge \$119

- May N/A • June N/A • July N/A

Renaissance Ross Bridge RSA Spa Package \$223

- May N/A • June N/A • July N/A

Auburn/Opelika Marriott Resort \$109 plus a 10% resort fee

- May 15-16, 22-23 • June 5-6, 19-20
- July 10, 24, 30

Auburn/Opelika Marriott Resort RSA Spa Package \$201 plus a 10% resort fee

- May 15, 22 • June 5, 19 • July 10, 24, 31

Prattville Marriott \$89

- May 1-2, 8, 22, 30 • June 12, 26
- July 10, 17, 24, 31

Renaissance Montgomery \$119

- May 1, 29-30 • June N/A • July 7-12, 24, 28-29

Renaissance Montgomery RSA Spa Package \$223

- May N/A • June N/A • July 7-11, 24, 28-29

Specific room requests may require additional charge.
Rates available the 1st of the month and
are not applicable to groups.

800.228.9290 Ask for RSA rate. **Promotional
Code: R2A** on www.rsa-al.gov
Book Online and Save RSA \$4.

TRS Board of Control Election Results and Runoff Election

Congratulations to Susan Lockridge on her reelection to Support Personnel Position No. 1, and Peggy Mobley on her reelection to Retired Position No. 1. Their 3-year terms will begin July 1, 2022.

There will be a runoff between Amy C. Crew, incumbent, and Amanda Miller for Teacher Position No. 1. Runoff ballots will be sent to all eligible voters by May 13, 2022, and will be due to YesElections by 4:00 p.m., June 17, 2022. ●

OVERVIEW OF THE RSA OFFICE BUILDINGS IN MONTGOMERY

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When the RSA started constructing buildings in Montgomery, the only other quality office buildings in Alabama were Birmingham's big banks' headquarters. The RSA's commercial real estate development in Montgomery has helped rejuvenate downtown and the "Capitol Complex." These RSA buildings are converting tax money for leases by state government into equity for the RSA. These RSA buildings and parking decks allow the RSA to diversify investments while providing steady cash flow. The closer proximity of the state agencies in these RSA buildings helps increase the efficiency of Alabama's state government. These high-quality RSA buildings with ample parking increase the attraction of working in a state agency. ●



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