

The “Overreaction”

BY DAVID G. BRONNER

Almost every state has cut pension benefits in recent years. However, Alabama, along with Pennsylvania, cut benefits the most dramatically (by twenty percent) when it created Tier II benefits in 2012 for all education, state, and local government employees hired after January 1, 2013.

These lower benefits make it very hard for Alabama to compete when recruiting qualified education employees. The problems with Tier II are twofold: First, our educators cannot retire until age 62 under Tier II. Surrounding states all provide earlier retirement opportunities for education employees; thus we are losing teachers to these states. Second, teachers have no incentive to save their sick leave and are taking these days, leaving classrooms with substitutes, which costs schools money and students important instruction time.

In 2019, the Alabama Legislature

passed legislation to allow local units that participate in the RSA (cities, counties, and other local governmental entities) to return to Tier I to address their recruitment and retention issues. Unlike the city and county employees, education employees who were hired after 2013 remain in Tier II.

Thanks to the leadership and efforts of Representative Alan Baker, the Alabama House of Representatives unanimously voted to allow Tier II teachers to retire after 30 years and count their sick leave towards retirement. Now, it is time for the Alabama Senate to act.

ALABAMA NEEDS OUR STATE SENATE TO STAND UP AND SOLVE THIS PROBLEM FOR TEACHERS, STUDENTS, AND PARENTS. LET YOUR VOICE BE HEARD NOW OR DO NOT COMPLAIN LATER!

Senator Donnie Chesteen is

leading the charge to make this happen in the Senate and has introduced a bill, cosponsored by the President Pro Tem of the Senate (Senator Del Marsh) and the Majority Leader of the Senate (Senator Greg Reed), along with veteran Senators Jimmy Holley and Rodger Smitherman. With support from the Education Budget Chairman (Senator Arthur Orr), Alabama can solve this significant problem now and not a decade from now. Thanks to the leadership and tenacity from these highly intelligent and capable Senators, I hope that we can fix these problems for our educators, students, and parents!



Del Marsh



Arthur Orr



Donnie Chesteen

PROPOSED TIER II MODIFICATIONS

Actuarial projections for the proposed modifications to Tier II show a total estimated increase in employer contributions of only **\$65 million over thirty years.**

	Current Tier I	Current Tier II	Modified Tier II
Benefit Multiplier	2.0125%	1.65%	1.65%
Retirement Eligibility	60/10 or 25 years of service	62/10	62/10 or 30 years of service
Sick Leave Conversion	Yes	No	Yes
Member Rate	7.50%	6.00%	6.75%

THE COVID-19 PANDEMIC

We all understand our state is very conservative, which can be very positive on certain matters. Decades ago, Governor Fob James and I traveled to New York City to meet with the bond rating agencies: Moody’s and Standard & Poor’s. We succeeded in getting Alabama bonds upgraded from A to AA, which allows us to get cheaper interest rates on our bonds. The reason being is that Alabama cannot

have deficit funding for its budgets.

All public and private operating budgets are currently in a holding pattern until COVID-19 is under control. We simply have no idea on future revenues. Growth had been great until March, so everything now depends on when the “all clear” is given by federal and state governments. Hopefully, we will get that news in May or June.

Knowing full well the financial

problems COVID-19 has caused in less than one month to Alabama government entities and the business community, Alabama must move forward. The Alabama Senate leadership must look to the future and keep teachers in the classroom and solve this teacher pension problem – for the sake of students, parents, and Alabama! ●

Crisis Damage to Tourism — 10 Percent of the Alabama Economy

BY CHRIS MCFADYEN, *BUSINESS ALABAMA*



The Alabama tourism industry, which reached a high of \$15.5 billion in 2018 and accounted for 10 percent of the total state economy, is at risk of being erased from the ledger in 2020, owing to the ongoing virus crisis.

Alabama tourism analyst Mark Fagan is not marking up the damage as a total wash for the year, but he stops just short of that, noting that “COVID-19 mitigation actions will limit travel to Alabama during its peak season for tourism — 59 percent of tourism spending is typically from April through September.”

Fagan, a longtime consultant for the Robert Trent Jones Golf Trail and other Alabama tourism venues, recently shared his observation in an article “Projected Impact on Alabama’s Tourism Industry from COVID-19 Pandemic.”

His analysis notes the decline in Alabama tourism following the September 11, 2001, collapse of the New York Trade Center towers, when annual tourism spending grew only 6 percent, compared to greater than 10 percent seen in most years.

“The current containment actions closely compare to travel reductions following the terrorist attack in New York on 9-11-2001,” says Fagan, but adds, “The economic consequences could be much worse.”

“Increased testing for COVID-19 will show more cases, which could lead to more shutdowns and sheltering in place,” says Fagan. “The worst numbers are yet to come for the U.S. for the total number of cases and deaths.”

“There are lost opportunities from the missed travel that cannot be made up. There could be some pent-up demand that could lead people to slowly begin to travel, but you cannot make people travel, eat out at restaurants, or engage in entertainment activities. The longer the economic shutdown, the greater the impact on Alabama.”

Fagan has been writing about economic development and retirement development for 35 years. He retired as a professor at Jacksonville State University in 2012. He has been a consultant with the Robert Trent Jones Golf Trail since 1992. ●

How Will the CARES Act and SECURE Act Affect My RSA-1 Required Minimum Distribution (RMD)?

BY RHONDA H. PETERS,
DIRECTOR OF RSA-1/PEIRAF

The CARES Act was passed by Congress March 25, 2020, and the SECURE Act December 20, 2019. Both include reforms affecting RMD’s.

The CARES Act is intended to provide relief to retirement plan retirees by waiving RMD’s for 2020. Due to the decline in the stock market over concerns from COVID-19 and the lack of time to recover the losses, Congress has provided a waiver for calendar year 2020 RMD’s from defined contribution plans such as the RSA-1 Deferred Compensation Plan.

If you wish to stop your RMD for 2020, please mail a signed letter to the RSA-1 Benefits Division requesting to waive your 2020 RMD due to the CARES Act.

The SECURE Act changed the Required Beginning Date (RBD) for RMD’s. The Act changes the RBD to age 72 instead of the previous age of 70½. This provision is effective January 1, 2020. Any participant who attains age 70½ on or after January 1, 2020, is not required to begin receiving an RMD until age 72.

Due to the COVID-19 pandemic, RSA-1 Benefits Division employees are working remotely. Any questions concerning your RMD should be sent by email to rsa1info@rsa-al.gov.

On behalf of the RSA, we hope you and your family remain safe during this difficult time. ●

Current Bleak Picture for Real Estate

BY DAVID G. BRONNER

Fortunately, I think that can change if we remember we are currently in a fast-changing market. Stocks and bonds have been swinging violently on a daily basis and may continue to do so for months. Real estate historically swings slower, but can also be very violent or last for years.

Here are a few of the current problems in the real estate sector:

- The U.S. has 23 square feet of retail space per person, while Canada has 17,

and the UK and France each have 5.

- 93% of U.S. hotels are franchised with \$300 billion in mortgage debt.
- Millennials have little or no savings and do not want – nor can afford – the older generation’s large estate housing.

The RSA has **NO** debt or mortgages on any of our real estate projects – none on 55 Water in NYC; none on the Montgomery and Mobile office buildings; and none on our eight hotels or eleven golf sites.

Most of you have heard of Mr. Warren Buffet for decades – while Mr. Carl Icahn is well-known on Wall Street, he is not known as much by the public. Mr. Icahn is famous for saying “If you want a friend on Wall Street, get a dog!”

America will come back strong. It could be months or it could be years, but the RSA will prevail and remain fiscally sound. ●

Alabama Success Stories

U.S. Education Secretary Recognizes Saraland Elementary

School Highlighted for Innovative Method of Keeping Students and Parents Excited about Learning During COVID-19.

The “word” is now officially out about Saraland Elementary School Principal Stan Stokley and his amazing ability to motivate students and parents.

Last week, during an important national speech and briefing on innovative education practices taking place during the global Coronavirus (COVID-19) outbreak, U.S. Secretary of Education Betsy DeVos highlighted the school’s great *Morning Message Initiative*.

Even though schools across America have shifted from traditional classroom settings to full distance-learning efforts to combat COVID-19, Principal Stokley and his staff are keeping students energized each school day with a heartfelt, inspiring, and very entertaining morning announcement.

Every school day, Saraland Elementary School students start the day of learning by hearing the energy-filled slogan, “Good Morning Spartans...!!!”

The only difference is instead of

hearing this message over the school intercom system, students and parents are hearing and viewing the message via the school’s official Facebook page.

Principal Stokley delivers these amazing motivational messages daily from different locations within his community. Some of the messages have been delivered while interviewing top local officials, during underwater scuba diving training sessions, from horseback, and many other interesting locations.

Every announcement is designed to be appealing and inspiring to students and parents.

See these exciting video segments at the links below:

- <https://www.facebook.com/733504220030263/posts/2833781760002488?vh=e&d=n&sfns=mo>
- <https://www.facebook.com/733504220030263/posts/2843328132381184?vh=e&d=n&sfns=mo>

Each school day since mid-March, Saraland Elementary School Principal Stan Stokley has filmed these innovative video segments and then shared them with his local school community.

Over the past few weeks, these social media posts earned views and top accolades from people across the nation. As of last week, these school announcement videos had been viewed by more than 26,000 people!

To learn more about this innovative school initiative, visit Saraland Elementary School’s website at <https://www.saralandboe.org/Domain/9#calendar7153/20200410/month>.

This 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. ●

What is a STAR ID – and Do I Need One?

Congress passed the REAL ID Act of 2005 in response to Sept. 11, 2001. To comply with the federal law, Alabama developed its REAL ID program, known as STAR ID. If there is a gold star in the top corner of your Alabama driver license or non-driver ID, you are set. If not, you may want to continue reading.

Q: What is STAR ID, and is it mandatory?

A: Alabama’s REAL ID-compliant document, STAR ID, stands for Secure, Trusted and Reliable Identification. ALEA introduced the program in the fall of 2011. Alabama does not require it, but it will be mandatory beginning in October 2021 for anyone 18 and older to board commercial domestic flights and to enter certain military bases and regulated federal facilities. (The U.S. Department of Homeland Security extended the deadline from October 2020 to October 2021 in response to COVID-19.)

Q: What if I have a passport and don’t want a STAR ID? Or what if I just

don’t want one?

A: Again, it is not required. You may use your valid, unexpired U.S. passport for domestic flights and to enter those federally regulated facilities.

Q: What if I don’t obtain one before the federal deadline?

A: Come Oct. 1, 2021, those who do not possess a STAR ID or passport could be turned away at TSA unless they have another TSA-accepted form of identification for domestic air travel. (For a full list of acceptable identification, visit <https://www.tsa.gov/travel/security-screening/identification>.)

Q: Where may I get a STAR ID?

A: First issuances of a STAR ID are only available at ALEA-run Driver License Examining Offices. License commissioners and probate offices will continue to offer renewals/duplicates for licenses, IDs, and STAR IDs. To save time, appointments may be scheduled at some of the larger offices across the state at [https://www.scheduleldl.com/SelfScheduler/](https://www.scheduleldl.com/SelfScheduler/Default.aspx)

[Default.aspx](https://www.scheduleldl.com/SelfScheduler/Default.aspx). Customers near the Capitol complex in Montgomery are welcome to visit ALEA’s Driver License Reinstatement Office at 301 S. Ripley St. Hours are 8 a.m. to 4:30 p.m. Monday through Friday. Saturday service also is available at 11 of ALEA’s offices.

Q: What is different from renewing my standard Alabama driver license?

A: Prior to visiting one of ALEA’s offices, collect the following documents:

- **State certified birth certificate or unexpired U.S. passport**
- **Social Security card or a document with your name and full Social Security number**
- **Two documents verifying address of principal residence** (voter registration card, vehicle registration, utility bills no older than 90 days, latest tax return, or any state or federal document with address displayed)

For a list of documents or further information, visit <https://www.alea.gov/dps/driver-license/star-id>. ●

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- July 5-6, 9, 16

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- July 5-6, 9, 16

Marriott Shoals—Florence—\$109

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- July 5, 12, 19, 26

Marriott Shoals—RSA Spa Package—\$210

- May 3, 10, 17, 31 • June 7, 14, 21, 28
- July 5, 12, 19, 26

Renaissance Ross Bridge—Hoover—\$119

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- July 1-7, 12, 15-23, 25-31

Ross Bridge—RSA Spa Package—\$223

- May N/A • June N/A • July N/A

Auburn/Opelika Marriott—\$109

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- June 1-3, 7-9, 12-16, 21-23, 26-30
- July 1-2, 5-9, 12-31

Auburn/Opelika Marriott—RSA Spa Package—\$201

- May 1-10, 12-14, 17-31
- June 1-3, 7-9, 12-16, 21-23, 26-30
- July 1-2, 5-9, 12-31

Prattville Marriott—\$89

- May 1-31 • June 14, 21, 28-30
- July 1, 5, 12, 19, 26

Renaissance Montgomery—\$119

- May 1-7, 21, 25-26, 30
- June 5-6, 10-12, 17-18, 23, 28-30
- July 1-4, 10-11, 20, 30-31

Renaissance Montgomery—RSA Spa Package—\$209

- May 1-2, 5-7, 21, 26, 30
- June 5-6, 10-12, 17-18, 23, 30
- July 1-4, 10-11, 30-31

*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.



Vice Chair Jim Fibbe administers the Oath of Office to new ERS Board member Wendy Hester, Active State Employee Position No. 1. ●

Candidates Sought for Four TRS Board Positions

Candidates are being sought for four positions on the TRS Board of Control: Teacher Position No. 3, held by Charlene McCoy; Support Personnel Position No. 2, held by Russell Twilley; Principal Position, held by Jeff Cole; and Higher Education Position No. 2, held by Kelli Shomaker. The election will take place this October and elected members will begin their three-year term of service on July 1, 2021.

Nomination packets are available at www.rsa-al.gov or by contacting the Elections Coordinator at 334.517.7192 or 877.517.0020. The completed packet must be returned to the TRS office no later than 4:00 p.m., September 8, 2020. ●

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