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Local Units Selecting a Better Retirement

EDITORIAL

Local governments, such as cities, counties, boards, commissions, and authorities that participate in the Employees' Retirement System (ERS) have a unique opportunity to offer enhanced retirement benefits to their public employees, but time is running out.

Since 2012, local government employees along with state and education employees have been divided into two classes for purposes of retirement benefits: Tier I for members hired prior to 2013, and Tier II for members hired in 2013 and after. Tier I members can retire earlier and have a better benefit overall than Tier II members.

Local governments wanted to offer better retirement benefits to their public employees to help with recruitment and retention. These local governments are solely responsible for the funding of these benefits with no help from the state. As a result of their efforts, in 2019, the Legislature passed legislation that would allow these local governments to provide Tier I benefits to Tier II employees.

The ERS administers retirement plans for approximately 868 local governments. As of October 1, 2020, 381 of the 868 (44%) local governments have elected to provide these enhanced benefits to their Tier II employees. This change currently affects approximately 14,494 Tier II employees as well as an unknown number of future employees of these local governments.

Time is running out for the remaining 487 local governments who have not acted to provide these enhanced benefits. The legislation provides that local governments have until May 8, 2021, to make this election. The cities, counties, boards, commissions, and authorities that want to excel at recruiting new public employees and retaining Tier II employees should act soon before time runs out! ●

PEEHIP's Untold Success

BY DAVID G. BRONNER

During the last PEEHIP Board meeting, the matter of PEEHIP's unfunded liability was mentioned but doesn't get the attention it deserves. PEEHIP's actuaries presented the retiree healthcare actuarial valuation showing that PEEHIP's unfunded liability for promised and future benefits has dropped from almost **\$11 billion** in 2010 to a little more than **\$4 billion** in 2019.

This reduction in the unfunded liability occurred with no additional contributions from education employers or the state. Instead, the reduction has come from some pretty amazing efforts by the PEEHIP staff. Education employers contribute over a billion dollars a year to provide healthcare to active members and retirees for that year, so there is not much money left for paying down future liabilities.

First, PEEHIP has decreased the healthcare costs to the plan by managing pharmacy and medical benefits without increasing out-of-pocket costs for the members. This decrease in costs also lowers the cost trend used by the actuaries to calculate future liabilities. When PEEHIP's actual costs go down, its unfunded liabilities do as well.

Second, in 2017, PEEHIP shifted to a Medicare Advantage Prescription Drug Plan (MAPDP) for retirees. This shift was a difficult transition, but has provided cost-savings, once again without out-of-pocket increases to members, while providing the same or even improved benefits. The recent change to Humana as the MAPDP provider further lowered liabilities as Humana offered lower plan costs than the previous provider.

Third, PEEHIP staff has worked tirelessly to protect and grow the assets of the Alabama Retired Education Employees' Health Care Trust, which offsets the retiree healthcare liabilities. As of September 30, 2020, the fair market value of the Trust was \$1.6 billion. No additional monies go into this Trust, so it only grows from investment returns. Additionally, the staff budgets the use of the Trust assets for retiree healthcare benefits for the next fiscal year, but works hard to make sure that the assets are not needed to offset actual retiree healthcare costs. This way the Trust can continue to grow, and one day can be used as a steady funding stream for retiree healthcare costs.

Why is this important? Because that unfunded liability number goes on the financial reports for the state and education employers. This number is also included in national reports that generate discussions about whether retiree healthcare is too expensive for states to provide. The fact that PEEHIP's unfunded liabilities have dropped by almost **\$7 billion** shows, at least in Alabama, that retiree healthcare is affordable. This makes it unlikely that there will be any serious discussions in this state to stop providing retiree healthcare benefits. ●

The Shoals in Sheffield/Florence on The Trail

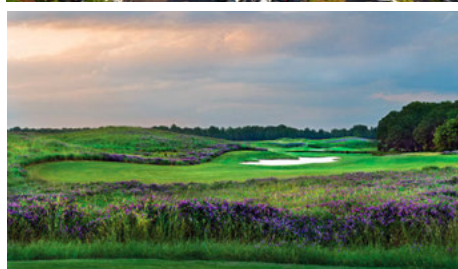
BY MARK FAGAN

The Shoals, with two regulation 18-hole golf courses, opened as the 10th site on the Trail in 2004. This golf complex is located near Sheffield in Colbert County between the Wilson and Wheeler Dams on the Tennessee River. The affiliated RSA Marriott Shoals Hotel & Spa (modeled after the Fairmont Chateau Lake Louise in Alberta, Canada) opened in 2005 with 200 guest rooms (each with a private balcony overlooking The Shoals below Wilson Dam). There is a European-style spa, feature pool, indoor pool, hot tub, saunas, fitness center, and 3 restaurants (including the revolving 360 Grille atop the 22-story Renaissance Tower with extraordinary views of the Tennessee River and Shoals area). Meeting space includes 5,000 sf at the hotel plus a covered walkway to the 25,000-sf Shoals Conference Center. This hotel complex is in Lauderdale County near Florence, a short drive from the golf complex.

The first 18 holes (Fighting Joe) opened in 2004 with tall grasses, rolling hills, large trees, and water in play on 13 holes. The finishing hole is a long par-3 along 2-mile wide Wilson Lake. The second course (Schoolmaster) opened in 2005 and plays along the Tennessee River with elevation changes, fairways lined with hardwoods, waterfalls, and ponds. The 36,305-sf clubhouse contains a golf shop, restaurant, meeting rooms, locker rooms, golf cart storage, and a wrap-around

porch with views of Wilson Lake. The NCAA Division II Men's Golf Championship in 2011 was played at The Shoals.

In 2002, Dr. Bronner proposed to leaders from the four municipal and two county governments (coordinated by Simp-



Michael Clemmer – Golf Landscape Photography

son Russell) a luxury hotel adjacent to the existing TVA (Tennessee Valley Authority) Tower and Shoals Conference Center, an on-site attraction, and a 36-hole golf complex immediately across the river on TVA property. These six local governments and their legislators created an authority to secure property and local funding for the project (a bond issue repaid with a gas tax).

A projected economic impact of the project to determine the return for the local funding was done by the University of North Alabama's College of Business (chaired by Dr. Kerry Gatlin) and me. We determined the local investment for this project would reap further economic development in the future for the area.

An agreement resulted in the state-owned TVA Tower being conveyed to the RSA with the remaining debt paid by TVA in lieu of tax payments. The RSA leased the Conference Center from the city of Florence and the hotel site from TVA. Veterans Park and River Heritage Trail at the site would be developed. The TVA property across the river proved to be unacceptable for the golf complex, so Harvey Robbins donated 400 acres on the south side of Wilson Lake in Colbert County. Robbins began developing housing on his adjacent 450 acres.

The partnership of the RSA with leaders in The Shoals for the golf and hotel complexes led to the RSA investing \$1.2 billion in two major manufacturing plants in The Shoals. In 2007, the RSA provided \$350 million for a plant with two million sf to build railcars and \$200 million in 2009 for its production equipment. The RSA also financed \$590 million to Wise Metals to secure their plant in Sheffield.

For a current video on the golf and hotel complexes, go to <https://youtu.be/uJcuDR5DC4A>. ●

Medicaid?

BY JACK BERNARD | AL.COM

"But if anyone has the world's goods and sees his brother in need, yet closes his heart against him, how does God's love abide in him?" 1 John 3:17

A recent column on Southern States and Medicaid expansion in *Modern Healthcare* magazine, an industry standard bearer, was highly informative.

As it pointed out, 8 of the 12 states which have yet to expand Medicaid to cover more of the poor are in the South. They are Alabama, Georgia, Mississippi, Tennessee, South Carolina, North Carolina, Texas, and Florida.

I find it incredibly hypocritical that the legislatures and governors in each of these states have not already expanded

Medicaid. After all, the South and Southwest are the most religious areas of the nation. Here's how the states rank in religiosity: Alabama-1, Mississippi-2; Tennessee-3; South Carolina-6; Georgia-8; North Carolina-10; Texas-11; and Florida-22. So, 7 of the 8 states choosing not to expand Medicaid to cover needy, low-income people are among the 11 most religious states.

Let's start with some history.

Alabama's rate of uninsured was at 14% prior to the Affordable Care Act over

a decade ago, lower than the national average. The rate has fallen substantially, as has the uninsured rate in every state. However, the 38 states which chose to expand Medicaid coverage dropped much more than those that did not. Currently, 10% of Alabamians still remain without insurance, whereas the rate for the nation is 9%. These 483,400 white, black, and brown uninsured Alabamians live in rural, suburban, and urban areas. Many are the working poor, either self-employed

CONTINUED ON PAGE THREE

Alabama Success Stories

The Logan Project aum.edu/logan-project

The Logan Project, a research effort established by Auburn University at Montgomery (AUM), is focused on the development of tools to improve mathematical learning for students with disabilities. The project found its inspiration in the tenacity of Logan Prickett, a current AUM graduate student in Clinical Mental Health Counseling who earned his B.S. in Psychology at the university in 2018.

Logan's story, written in his own words, gives a window of understanding into the inspiration behind the project.

"When I was thirteen, I had an allergic reaction to the contrast dye in an MRI, and I went into respiratory and cardiac arrest for forty-five minutes. I was in a coma for twelve days, and the prediction was that I would be in a vegetative state for the rest of my life. God had other plans.

I am Logan Prickett. I am in a wheelchair. I am blind. I cannot speak above a whisper, but I am still loving life.

Since the day I came out of my coma, I have not stopped setting goals for myself. My first thought was, 'I have to get back on my skateboard.'

There were smaller goals I had to meet first. I had to sit up on my own, and then I had to stand up on my own. I can stand, but I can't maintain my balance. I am not back on my skateboard, but I do hunt, fish, ride horses, white water raft, and jump out of planes. Even though I haven't met that first goal, I keep trying, and I

find other goals to reach for to put a smile on my face.

It is now twelve years later, and I am a second-year graduate student in Clinical Mental Health Counseling at AUM. I am here to get my master's degree, so I can find a job and leave my mark on the world. I want my mark on the world to tell other people, 'I did this, so you can too.'

When I got to college, I knew math was going to be almost impossible, but I needed to have math to get a degree. I am good at math, but I could not prove it because I cannot see or write. I needed new tools.

I started working with people from AUM's Learning Center and with their help, we invented Process-Driven Math, a fully audio method of instruction and assessment. With this method, I got through Intermediate College Algebra, Pre-Calculus with Trig, and Research Statistics. In addition to keeping me on track for my college degree, it gave me new goals to meet along the way."

Logan knew that he wasn't the only student needing additional tools to succeed in math. He set a goal of helping others and for the last several years has worked with collaborators at AUM, Auburn University, and Rice University on the project that was named after him. The team, whose work is now funded by the National Science Foundation, is made up of researchers with backgrounds in mathematics, education, and engineering.

The experiences and perspectives of Logan and other students with disabilities remain the most valued elements of the project. They are the experts and the rest of the team is gathered to learn from them.

Since 2017, over a thousand students have participated in research that has been conducted at three schools for the blind across the U.S. and several institutions of higher education in the state of Alabama. Moving forward, the team will use the data collected to continue working toward the goals they established in the beginning – creating additional tools to better support the mathematical learning of all students and, most especially, students with disabilities.

This material is based upon work supported by the National Science Foundation's Improving Undergraduate STEM Education program under grant numbers 1726869 and 1726254. Any opinions, findings, and conclusions or recommendations expressed in this material are those of the authors and do not necessarily reflect the views of the National Science Foundation.

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. ●

Medicaid? CONTINUED FROM PAGE TWO

or working in small businesses which do not provide coverage.

It has been projected that under Medicaid expansion, the rate of uninsured would drop to 6%. In addition, the Alabama Hospital Association has stated that Medicaid expansion would also stop the closure of more small, rural hospitals.

Governor Kay Ivey has opted to submit a convoluted "Medicaid Waiver" to federal officials which would include work requirements. Of course, people who are working in well-paying jobs end up not being financially eligible for Medicaid. So,

her proposal makes little sense and is still under review by the feds and unlikely to ever be approved.

In the meantime, instead of simply expanding Medicaid (with 90% paid for by the federal government) to cover the maximum number allowed under federal law, Governor Ivey and the Alabama Legislature have chosen to let \$4.8 billion in federal tax money of Alabama residents go to the other 38 states which decided to expand their Medicaid programs.

That makes little financial or moral sense for the state's residents. Currently,

Alabama is the most religious state and is tied with several other states for the 12th highest rate of uninsured. Although I'm not a religious person myself, I believe in following many of the more compassionate teachings contained in the Bible. Obviously, the Alabama governor and Legislature – and the legislatures and governors in all of these 8 states – must not.

Jack Bernard is a retired executive for a national healthcare corporation and worked with large hospitals throughout the South, including Alabama. ●

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