

SB 402 – Alternative Investments for ERS Passed by Legislature

As reported in last month's Newsletter, GSRA members made a valiant effort to convince the House Retirement Committee to make four amendments to SB 402—Alternative Investments—but in the end, a majority of the Committee passed a substitute with only two of the changes—a mild disclosure provision and a non-conflict of interest provision. The first amendment requires the ERS to post on its website the report the bill requires to be made to the Governor and the two retirement committees every March. The second amendment prohibits retirement system trustees and other public officials from making any of the initial investments.

SB 402 was brought to the House floor on March 26. It was presented by Rep. Howard Maxwell, who advanced the supporting information provided by the bill's author, Sen. Tim Golden. Rep. Maxwell discussed the two amendments, accurately attributing the second amendment to GSRA request and noting that we "are pretty darned happy about it." Rep. Maxwell went on to say that PAGE and GAE were happy with the bill and would support the

bill if the TRS board were to ask for it. (Note: active and retired teacher organizations' legislative liaisons never expressed support of alternative investments to GSRA. They told us only that they were not taking a position on the bill because it did not apply to them.) Rep. Debbie Buckner took the well and spoke eloquently in opposition, most notably questioning the disparate treatment of ERS members and TRS members. Rep. Maxwell presented closing arguments in which he said, among other things, that TRS retirees get COLAs and ERS retirees do not because, since the early 1980s, teachers have paid 7% of salary to their retirement while state employees have paid only 1.25%. SB 402 passed the House 104 - 53. Besides Rep. Buckner, Reps. Benton and 28 other Republicans and the one Independent voted "no." The Senate accepted the House amendments and, therefore, SB 402 will be submitted to the Governor for signature. The GSRA March newsletter provides a more complete description of the bill.

Legislative Committee Report

The 2012 legislative session had less direct significant challenges for GSRA members than recent previous sessions. Our four major challenges were:

- Stopping or greatly modifying SB 402 as reported above.
- Getting at least one of three bills inhibiting future passage of "dead peasants" legislation (HBs 293, 297, and 371) out of Senate Rules and passed. Through overwhelming member responses to two action alerts, HB 297, the most important of these bills was released by the Senate Rules committee and unanimously passed by the Senate.
- Preventing any tax reform bills from imposing income taxes on seniors and/or sales taxes on groceries, prescription drugs and medical services. As reported below, this was accomplished. In fact,

the cap on income tax exclusion was increased to \$65,000 for single filers and \$130,000 for married filers over the age of 65 (the eligibility age for the current \$35,000/\$70,000 remains at 62). One aspect of the tax reform bill that will impact GSRA members to an unknown extent is imposing title fees equal to a sales tax on casual sales of used vehicles between citizens, and replacing the annual property taxes on vehicles to a title fee for new cars (property tax will continue to be paid on cars purchased prior to March, 2013). GSRA did not take a position on this.

- Continuing to bottle up SR 20, a proposed constitutional amendment to arbitrarily cap state revenues and expenditures. SR 20 was brought up by a House Ways and Means subcommittee,

discussed briefly, and recommitted. This was another major success.

Our new software to enable members to quickly advocate their legislative positions to legislators proved to be a major advantage this session. Our first Action Alert asked you to contact your representative and senator about SB 402—Alternative Investments in the Employees Retirement System. About 1,000 of you sent emails to both your legislators and more than 350 of you sent messages to the Governor directly from the new software. Your actions had an impact on the House Retirement Committee and resulted in the amendments described in the companion article.

Our second Action Alert asked you to contact your senator and the Senate Rules Committee to ask that HB 293, HB 297, and HB 371 be added to the Senate Calendar and affirmatively passed. Since the middle of the 2011 session, both Senate Retirement Committee Chairman, Tim Golden, and House Retirement Committee Chairperson and bills' sponsor, Representative Howard Maxwell, had repeatedly appealed to the Senate Rules Committee to send these bills to the Senate floor. After many unsuccessful attempts at turning loose all three bills, the two chairs and other colleagues concentrated on prying loose only HB 297, the most important of the three. With that strategy in place, GSRA members sent over 13,000 emails to the Senators. As a result of Representative Maxwell's actions and GSRA members' actions, HB 297 was presented to the Senate for vote and unanimously adopted. GSRA tried one last effort by having members request Senate Rules passing out HB 293 and HB 371, but we were unsuccessful even with more than 3300 messages being sent.

Bills of specific interest to many GSRA members are summarized in the following paragraphs.

- **HB 347:** The length of time allowed for unemployment benefits was cut. A majority of House members and Senators gave final approval to cut unemployment benefits from 26 weeks to a sliding scale of 14 to 20 weeks and to increase the amount businesses are taxed for unemployment insurance. Georgia's unemployment rate is 9.1 percent, well above the national average of 8.3 percent.
- **HB 386:** The tax reform bill has passed the House and Senate and will be submitted to the Governor for signature. There are many changes to current law; however, a few significant changes that affect GSRA members are (1) the retirement income exclusion for citizens age 62+ is allowed to increase from \$35,000 (\$70,000 joint return) at age

62 to \$65,000 (\$130,000 joint return) at age 65 and capped at those amounts; (2) taxes on cars will change in 2013; (3) sales tax is to be collected on internet sales; (4) the personal exemption is increased for married filers from \$5,400 to \$7,400 or \$3,700 per person; (5) total revenue is projected to decrease in 2013 and 2014 before rising in 2015.

- **HB 397:** A revised Open Records and Meetings bill passed both Houses. It expands and clarifies access to government records. As advocated by our GCWA friends, prior provisions for protecting personal identifying information from disclosure to the public and media have been maintained.
- **HB456:** A bill referred to as the Georgia Government Accountability Act passed both Houses. It provides for a review of state agencies by the Legislative Sunset Advisory Committee and allows for dissolution of an agency by resolution of the General Assembly.
- **HB 641:** The Juvenile Code rewrite passed the House with a July 2013 implementation date, but did not pass the Senate. Apparently the Office of Planning and Budget expressed concerns about the total cost of implementation.
- **HB 642 and HB 805:** Bills eliminating the position of Commissioner of Personnel Administration and transferring all functions of the personnel system to the Department of Administrative Services, including to the role on the Board of Trustees for the Employees Retirement System, passed.
- **HB 831:** The bill to transfer the Division of Rehabilitation Services from the Department of Labor to the Department of Human Services did not pass.
- **HB 861:** Drug Testing for Public Assistance Recipients passed both Houses.
- **HB 1176:** Sweeping changes to Georgia's criminal justice system that will divert nonviolent drug and property offenders away from costly prison beds to less-expensive alternatives, such as drug courts passed both Houses. This bill is projected to save taxpayers hundreds of millions of dollars in prison spending.
- **SB 438:** The bill would prohibit coverage for abortions in the State Health Benefit Plan. The bill passed the Senate, but it did not pass out of the House Insurance Committee. GSRA did not take a position on this bill based on its merits. However,

GSRA did express concern that a bill to limit members' health coverage was proposed without obtaining the opinions of those covered by the plan.

- **SB 33:** The bill was passed by both Houses and requires state agencies to justify all of their spending during the budgeting process at least once every 10 years. Such requirement is referred to as "Zero-Based Budgeting."

- **SR 20:** The Senate Resolution requiring a vote on a constitutional amendment to arbitrarily limit state expenditures passed the Senate in the 2011 session, but remained in House subcommittee at the close of the Session.

A status report reflecting all of the bills that were tracked by GSRA is posted to the GSRA website.

SHBP FY 2012-2013 Budget Update

The Legislature approved the AFY 2012 and FY 2013 budgets for the State Health Benefit Plan—mostly as the Governor recommended. It increased funding from State agencies, accepted the local school system employer rate change for the public school employees, and sanctioned most of the Department of Community Health benefit changes. The GSRA March newsletter provides a description of the funding changes and quantification of DCH approved benefit changes. However, the SHBP remains underfunded based on the DCH projected expense. DCH proposed that \$63 million be reduced from the benefit costs by benefit changes for CY 2013.

took effect on January 1, 2012. *As stated by DCH, even after the funding and benefit changes for CY 2012, the SHBP is still underfunded in FY 2013 by \$63 million. DCH, the Governor, & the Legislature approved language requiring additional benefit changes and increased premiums on January 1, 2013 to make up the projected deficit.* The House added and the Senate approved *language for the FY 2013 budget that DCH must make benefit changes so that the employee premiums would not be increased more than 10%.* The Senate made two other changes:

- disagreed with the House to eliminate bariatric surgery and directed DCH to reinstate the benefit for January 1, 2013 (savings were projected at \$1.8 million and \$3.5 million in FY 2012 & FY 2013, respectively);
- disagreed with the House to change the method of employer contributions for certificated personnel and directed DCH to conduct a study of the impact on local school systems.

The bottom line is that SHBP members can expect additional benefit cuts for CY 2013 and premium increases. By using the DCH FY 2012 projections (\$38.2 million) of the revenue generated from the 11% to 17% premium increase on January 1st, one must conclude that a sizeable increase and/or benefit reduction will be required to generate \$63 million in ½ of FY 2013.

Reported Revenue Increases – In Millions (Table 1)		
	FY 2012	FY 2013
Member Premium Increases		
6.2% for expanded dependent and preventive services.	\$ 17.9	\$35.8
5% general for all options	16.3	32.6
6% for remaining in Standard	4.0	8.0
Total member premium increases	\$38.2	\$76.4
Employer Rate Increases		
State % of salary payment	\$ 81.2	\$ 68.9
Local Schools–Non-Certificate	32.1	155.6
Total Employer Increases	\$ 113.3	\$ 224.5
Total Increased Funding	\$ 151.5	\$300.9

Funding Changes

Funding Changes that were recommended and approved by the Legislature are shown in Table 1.

Quantified Costs and Savings

The GSRA March newsletter provided a table showing the DCH's quantified costs (positive number) and savings (negative numbers) for FY 2012 and FY 2013. Budget documents show that the Governor recommended and the Legislature sanctioned the members' benefit changes that

ERS Annual Meeting

April 19, 2012

10:00 AM

Two Northside 75, Suite 300

Atlanta, GA

Local Chapter News

Central Metro

The next meeting for the Central Metro local chapter is scheduled for Thursday, April 12, 2012 at 2:00 pm at the Avis Williams Library off Clairmont Road.

Decatur Attorney Christie Ayotte will discuss Advanced Directives, including information on Living Wills and Medical Power of Attorney. The program will also include a Legislative Update on topics such as Alternative Investments by our pension system, Dead Peasants legislation and Tax Reform.

All GSRA members, as well as area active and retired state employees and educators, are invited to attend.

Northeast Metro

The Northeast Metro local chapter is hosting the "GSRA Night at the Gwinnett Braves Stadium" again this year, and all GSRA members are invited and encouraged to attend. We want to have the biggest GSRA crowd ever!

The event will be Tuesday, May 8th, at 7:05 pm. The discounted tickets are only \$8.00 per person. For details, please e-mail Ernie Melton at ErnestMelton1@bellsouth.net, or call him at 770-963-0561. Come see the future Atlanta Braves super stars ... before they become super stars!"

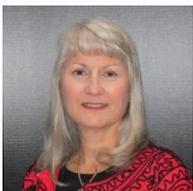


GSRA group at 2011 GSRA Night at the GBraves event

Tri-County

The Tri-County local chapter will be meeting on Wednesday, April 18 at 12:00 noon. The meeting will be held in the Meadows Classroom at the Roosevelt Warm Springs Institute for Rehabilitation in Warm Springs, GA. B.J. Bennett will be the featured speaker. All State of Georgia retirees are welcome. Retirees can join or renew their membership in GSRA at this meeting.

Member Spotlight



Holly Pounders is the GSRA April Member Spotlight. Holly, a member of the Northeast Metro Local Chapter, began her state career in 1974 as a chart analyst in the medical records department at Georgia Regional Hospital at Atlanta (GRHA) and worked many of the jobs within the department until she was eventually promoted to Assistant Director of Medical Records. She also worked at the Georgia Mental Health Institute for 3 years (1982 – 1985) as the Director of Medical Records and then went

back to GRHA to become the Director of Information Systems. Holly left GRHA in January 1997 to take the position as the first Medical Records Administrator for the DeKalb Community Service Board and was later promoted to Director of Compliance and Care Management. She retired in June 2007.

We asked Holly to answer the following questions related to her public service career and retirement.

Q - What was your first job in State Government? Why did you want to work in public service/state government?

A – I started out as a clerk analyzing medical records at Georgia Regional Hospital at Atlanta. This was a part-time job that I worked while still in high school. I didn't really expect to stay in public service my whole career, but was fortunate to have the opportunity to work in many different capacities, always learning new things and also getting promotions.

Q - Did you have a role model or mentor in your public service career? If so, who was it and how did they help?

A – Yes, I was very young when I started, but was extremely fortunate to have a supervisor who recognized my skills and potential. Her name is Peggy Joyner and she mentored me throughout my career and served as a great role model, particularly in the area of leadership skills and management techniques. This allowed me to go far in my career with the State. Peggy and I are close friends to this day.

Q – What was the best thing about your public service career?

A – Limited budgets were always a challenge; however, this did help me learn how to be resourceful and to think out of the box in order to accomplish what needed to be done.

Q – What was the best thing about your public service career?

A – By far, the people I met and worked with. I feel privileged that I had many opportunities to work with a variety of individuals who afforded me the opportunity to learn new things and experience different aspects of state government. On a personal note, I met my husband through our work with the state and we will celebrate our 35th wedding anniversary this summer.

Q – What was the worst thing about your public service career?

A – Quite honestly, having to spend time in non-productive meetings. I believe meetings can be useful, but so many of them were a waste of time.

Q - What do you think is the biggest change in state government we will see in the next 10 years?

A – Unfortunately, I think there is a move to downsize and privatize state government. Instead of investing in the human resources they have, there is a belief that private industry can do a better job and while this might be true in some areas, in public behavioral healthcare, where I worked, I don't believe this is the case.

Q - What have been your favorite hobbies or activities in retirement?

A – I have always enjoyed crafting, so I decided to learn how to make stained glass a year after I retired. I find it very relaxing and rewarding and I love creating new things. I have also become a certified instructor for Mental Health First Aid and I really enjoy presenting these 12 hour courses to a variety of organizations and individuals.

Q – What makes retirement rewarding for you?

A – I love the flexibility of being able to do what I want.

Q - What is the biggest challenge you see for state retirees in 2012 and beyond?

A – We have to be vigilant in protecting our retirement benefits. There is too much ignorance among the general public related to public pensions, and all public retirees need to band together to protect what we worked so hard to earn.

Q – How do you think retirees could address that challenge?

A – See above.

GSRA New Members in March

Name	County	Name	County	Name	County
Pamela Ackerman	Cherokee	Alisa Harris	Fulton	Karen Royston	Oconee
Mattie Andrews	Thomas	Mary Holliday	Cobb	Brenda Royston	Gwinnett
Diane Ansley	Glynn	Danny Ingram	Talbot	Nina Ryles	Glynn
Lynne Argroves	Talbot	Brett Jones	Haralson	Gail Seymour	Clarke
Jerrie Baughman	Fulton	Wallace King	Dekalb	Charles Smiley	Long
Deborah Bellesfield	Upson	Debi Kirkland	Henry	Betty Smiley	Long
Claryce Brophy	Dodge	Ronald Mayhew	Dekalb	Nora Swafford	Whitfield
Rebecca Burton	Cobb	Frances McCard	Spalding	Perry Thompson	Rabun
Andrew Chapman	Harris	Jo Melton	Floyd	Barbara Turner	Paulding
Mary Cornelius	Forsyth	Sandra Mildton	Fulton	Sara Turpin	Dekalb
Shannon Crockett	Coweta	Jeff Minor	Newton	Glenda White	Washington
Geraldine Dunn	Meriwether	Melissa Pace	Jeff Davis	Carolyn Wilson	Meriwether
Georgene Geary	Henry	Joseph Parker	Glynn		
Bobby Giddens	Dodge	Lucille Peoples	Glynn		
Dorothy Harrington	Muscogee	Edwin Risler	Clarke		

State Auditor Russell Hinton Retiring

State Auditor Russell Hinton is retiring as of June 30, 2012. Mr. Hinton started his state career with the Office of the State Auditor shortly after his graduation from the University of Georgia in 1974. He was appointed as State Auditor in 1999 by then Governor Roy Barnes and also has seen extended service on the ERS Board, including being the Chair.

GSRA thanks Mr. Hinton for his service to the state and wishes him a happy retirement.

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 using 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 at the bottom of this page.

Georgia State Retirees Association

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GSRA *Endorsed* MEMBER BENEFITS



- Long Term Care / Home Health Care Insurance
- Cancer Treatment Policy
- Medical Air Transportation Services
- Final Expense Whole Life
- Medicare Supplement Plans
- Dental & Vision Plan
- Annuity
- Travel Discounts
- Computer Discounts
- Hearing Solutions
- Hotel Discounts
- Rental Car Discounts

For information on
benefits, call AMBA at
800.258.7041
or visit www.AMBA.info

