

ERS Delivers Expected Bad News to Members

ERS BOARD MEETING 4/16/2020

At its meeting on April 16, the various ERS boards unanimously decided not to award a benefit adjustment of any kind to any of the retirement systems they administer. This naturally included us in the ERS. The board also declined once again to instruct its actuarial firm to include funding for COLAs in its annual projected actuarially determined employer's contribution (ADEC).

This was not what we hoped for but not unexpected. The reasons given by the board were financial market volatility impact on the ERS fund and future volatility. The board might also have added the likely plunge in state revenue collections, another sound reason for caution. However, many of us in GSRA had asserted to the board that while the current market and revenue declines were undeniable, history teaches us that both the market and revenues will recover. Many also noted that at present, active ERS and TRS employees are slated to receive COLAs as are TRS retirees, and that it was therefore only fair to provide COLAs to the single state population that had not received any for over eleven years.

In his Secretary's report, Mr. Potvin provided much other information of interest to retirees. This included:

- So far, there has been no problem making benefits' direct deposits, and he doesn't anticipate any future problems. There also have been no problems so far distributing paper checks (900), but he is concerned with the contracted printer

being able to continue performance. ERS is attempting to convince individuals who receive paper checks to convert to direct deposits.

- Since ERS signed a memorandum of understanding with GSRA to share retirees' contact information, roughly 55-60% of retirees have elected to share contact info. ERS is happy to continue sharing information.
- The requirement for employees to be working from home during this pandemic has one potential benefit in that ERS is rethinking how it might recover from a future disaster. Until now the thought has been to have a building in a different location available which could be converted into an office. But now, future disaster recovery plans are being reoriented to teleworking rather than having to reopen an office.
- After conducting a procurement for a Peach State Reserves administrator, ERS decided to stay with the current provider

Ed Koebel of Cavanaugh Macdonough delivered the actuary's report. Mr. Koebel's presentation slides begin on page 13 [here](#). As of last June 30, ERS's funding ratios were healthy and increasing, up to 75.6%. And the ADEC does not include the cost of a COLA. GSRA continues to find this curious, particularly in light of Mr. Koebel's revelations that both LRS and PSERS projections do include the cost of COLAs.

GSRA Mourns the Loss of Senator Jack Hill

Like his family, friends, colleagues, associates and all others who stayed aware of the workings of Georgia state government, GSRA mourns the death of Senate Appropriations Committee Chairman Jack Hill. Paired with his close counterpart, House Appropriations Committee Chairman Terry England, the two knowledgeable and proficient professionals were the consummate budget team. Together they worked with governors, other legislators and constituents to best allocate funds for the benefit of all Georgians.

Sen. Hill always had time to cordially meet and converse with GSRA representatives, even though he did not usually favor granting ERS retirees the COLAs he knew we wanted to discuss with him. He often was open to supporting our other legislative initiatives. Sen. Hill served on panels at several GSRA annual meetings and attended many of our legislative receptions. He was always straight with GSRA as to his opinions.

An indication of the total respect Sen. Hill had earned was recently stated publicly by Rep. Mary Margaret Oliver, who was generally the political polar opposite from Sen. Hill. While on GPB's "Political Rewind," she was asked to

comment on the virus-related economic shutdown and anticipated plunge in state revenues. Rep. Oliver said, "...I cannot say anything about the budget ... disaster without saying that we are facing this without Jack Hill who is the person on the Senate side who the House people all trusted in terms of the machinery, the knowledge, and the leadership on the budget..."

Chuck Clay, GSRA's professional legislative representative, notes that "I had the great privilege of serving eight years in the General Assembly with Jack Hill. He was one of the very best. Always calm, polite, smart, and patient, he was unflappable in a storm and a leader by example. These same traits also applied to Jack as an individual. Ethical and upright in all that he did, Jack Hill exemplified the very best of what a citizen/legislator should be. He was conservative but bi-partisan. He worked with all, equally, and if you looked close enough, you could always see the twinkle in his eye. Not at all bad for a fellow in the grocery business from South Georgia."

GSRA wishes the best for Sen. Hill's family and hopes that his memory will endure as a blessing for all Georgians.



Jim's View: Not the Outcome We Hoped For

I must admit that this month's column is not one that I expected to have to write until the corona virus pandemic hit the state of Georgia. Before the pandemic, there were several very favorable factors that would have strengthened our case for the ERS Board to restore the annual post-retirement benefit adjustment (COLA) so desperately needed by so many retired state employees.

Unfortunately, the economic effects of the pandemic have eliminated those favorable factors and instead created a sense of uncertainty among the Governor's Office, General Assembly and the ERS Board of Trustees. As you know, in response to that uncertainty, the ERS Board at its April meeting voted not to provide a COLA for retired state employees.

While I am disappointed that all of the hard work that many GSRA members have done this past year did not result in a more positive outcome, I fully understand why the ERS Board did not vote to grant a COLA to very deserving state retirees. As I say that, please be assured that we will continue our efforts to secure what was promised to you by the State of Georgia.

I want to bring to your attention the fact that the ERS Board voted no on the question of COLAs for ALL of the plans that they administer. This includes the Public School Employees' System (PSES) and the Legislators Retirement System (LRS). The ERS Board has been previously voting to grant COLAs to PSES members at the same time that they were voting not to grant COLAs for ERS members (another example of the state treating retired non-state employees better than they treat retired state employees).

I believe that the uncertainty surrounding the impact on the economy, the stock market, and the state budget as the result of the corona virus was the main factor contributing to the ERS Board decision not to grant COLAs. Prior to the adverse impact of the virus, I liked our chances to have had a different outcome from the April ERS Board Meeting.

Moving forward, please be assured that the GSRA Board will monitor the situation and where and when appropriate will continue our efforts to have the annual COLA restored.

A potential issue that I want to bring to your attention is a movement to allow states to declare bankruptcy as a result of the adverse impact on state budgets from the pandemic. This issue has been raised before- in the 1990's by then Speaker of The U.S. House of Representatives Newt Gingrich and also during the economic recession in 2008.

Now it is being raised by U.S. Senate Majority Leader McConnell.

While states cannot currently declare bankruptcy, in the past some cities have declared bankruptcy as a way to eliminate or reduce pensions and other post-retirement benefits such as health insurance. We will be closely monitoring the situation in the U.S. Congress as well as here in Georgia so that we can respond appropriately to any movement towards allowing states to declare bankruptcy and/or any attempt in the upcoming General Assembly session to reduce our pensions or health insurance.

Thank you for your continuing support of GSRA. Please stay safe and healthy and observe all guidelines from the CDC.

Jim



Photo courtesy of Nicholas Blackwell

General Assembly Shelters in Place

As reported in last month's Newsletter, the General Assembly shut down after a special session on March 16 due to the covid19 pandemic. In the interim, Senate Appropriations Committee chair Jack Hill died as reported elsewhere in this issue. His vice chair, Sen. Blake Tillery,

was recently appointed to take Sen. Hill's place by Lt. Gov. Duncan.

It now appears that the General Assembly will reconvene on June 11. Not counting weekends, that will allow two days off to complete the session's remaining twelve days.

2020 Annual Meeting and Covid-19 Update

We hope everyone is staying safe in light of the pandemic! Your GSRA Board and Annual Meeting Committee are monitoring the Covid-19/coronavirus pandemic closely. We understand there are many unknowns with the virus at this time, however, we still believe the October 19th-20th time frame will allow the meeting to go on safely and with much excitement!

Our first priority is to make certain that we host an event that is safe, and we will take every precaution to be sure that is the case.

Having said that, we are excited to be bringing another special two-day experience to you at the Anderson Conference Center in Macon. We have incredible speakers and unique topics that we know will impress and inspire you.

Be safe, and we will continue to update you on Annual Meeting matters.

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