

REPORT OF AURA LEGISLATIVE AFFAIRS COMMITTEE

Gerald Johnson

Auburn University Emeritus Professor of Political Science

The Alabama Legislature begins a new quadrennium January 13th with a week-long organizational session followed by a regular session beginning March 3rd of no more than 30 days within 105 calendar days. All seats of the Alabama Legislature were filled by election on November 4, 2014, with 41 Democrats, 98 Republicans and one Independent. Thereby, the Republican supermajority, composed of 95% male and 100% white, was strengthened and will govern the Legislature for the next four years.

While the Legislature will address a wide range of state and local topics, the focus will be on adoption of the state's two major budgets—the General Fund (GF) budget (some \$2 billion un-earmarked) and the Education Trust Fund (ETF) budget (some \$6 billion un-earmarked). The total Alabama budget for FY 2015, including federal and earmarked funds, will be some \$29 billion. Over the past four years the Legislature was able to adopt balanced budgets by cuts in expenditures, borrowing from other state trust funds and use of federal stimulus funds and use of other non-recurring funding sources.

The Governor has stated that the GF deficit for FY 2015 may be as high as \$700,000,000. State funding for prisons and Medicaid, which are already among the cheapest programs in the nation, face federal intervention, if not addressed. Among other shortfalls in the ETF budget, the projected needed increase in health insurance funding (PEEHIP) for FY 2016 is \$345 million and for FY 2017 \$417 million.

Clearly, without additional revenue, substantial cuts, revision of the Rolling Reserve Act or other similar actions, such as significant increases in out-of-pocket fees and charges, balancing the FY 2016 budgets and meeting needs will be a substantial challenge.

AURA, in collaboration with the Alabama Education Association (AEA) and the Alabama Education Retirees Association (AERA), exists to advocate for the welfare of its members.

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A PLACE TO SING

*Mark Benson (Head, Department of Fine Arts)
Auburn University at Montgomery*

One night last December, Goodwyn Hall filled with a new sound on campus – the sound of the AUM University Chorus.

It's been many years since AUM had a university choir. Mark Benson, Head of the Department of Fine Arts, directed one from 1988 until the late 1990s when it fell victim to the switch from the quarter to semester system.

For about eight years, the university had no chorus. A few attempts to re-start it went nowhere. Then a few years ago, Jeff Elwell, Provost of AUM at the time, decided it needed one. Michael Burger, Dean of Liberal Arts (now Dean of Arts and Sciences) backed the idea and provided funding.

But they needed a choir director. Benson suggested Lavone DuBose, a retired high school band director who also had experience with choral music, and who had been teaching music appreciation at AUM. DuBose took up the challenge and began in the fall of 2012 with a dozen members.

This time, says Benson, it looks like it's caught on. And not just with students. "Anyone who wants to sing, they may participate," he says. "It's open to the commu-



photo courtesy Frank C. Williams, AUM

nity on a volunteer basis. Just show up and sing."

DuBose, who gives choir members basic voice lessons and teaches them a little music theory as well, agrees, pointing out that in its first two years the choir has included not only AUM students, but also a lecturer in the Theater Department, a retired accountant, and a fourteen-year-old high school student.

This year the choir has doubled in size.

One of the difficulties they've faced is the unpredictability of the chorus's size since some of the participants are volunteers who receive no college credit.

"AUM doesn't have a major in music," says Benson. "So it makes it harder to sustain the choir from semester to semester. So we hope to get people coming back and telling their friends. We'd like to see it grow just a little every year for

the next few years so that it can be a good-sized chorus of forty people."

"It helps," Benson adds "that we now have more people on campus. We've built two new dorms so more students are on campus. I think there's a bigger market for students who will come in the evening and sing in the choir."

Last year the choir sang at the faculty-staff Christmas luncheon and in the fall semester was in a scene for one of Theatre AUM's productions. The December concert had the biggest audience so far, with over 120 people attending.

Dean Burger is delighted at the progress: "The choir is a great opportunity for students to express themselves artistically and also brings together students, members of the community, faculty and staff."

"We've tried to make the literature that we do a broad enough

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THOUGHTS *from the* EDITOR

— LARRY C. MULLINS —

I hope this finds everyone well and happy after what was a very nice holiday period. This winter 2015 issue of AURA NEWS includes three articles. The first is one of the on-going articles by Dr. Gerald Johnson that succinctly and plainly, as always, points out what we expect to be seeing legislatively in the upcoming session. There are a number of items about which we need to be ever vigilant. His insights are most valuable. The article by John Norris (used with his permission and with some editing) is one that I first read in the *Montgomery Advertiser* this past fall. The overall point is that we cannot forget the importance of the Retirement Systems of Alabama with regard to our pensions and health benefits. The piece by Dr. Mark Benson on the establishment and performance of a “new” choir at Auburn University Montgomery speaks to the importance of the arts for students and community volunteers. Political and financial realities aside, the promotion of cultural events feeds our souls and creates well-being. ♦

REPORT OF AURA LEGISLATIVE AFFAIRS COMMITTEE *continued...*

Historically, including the past four years, The Alabama Legislature has been gifted in its ability to patch and plug budget holes without having to address the tax structure or funding problems of the state, especially in the GF budget. Those options are now gone and the Governor and the legislative leadership have released a number of trial balloons designed to address the serious budgetary shortfalls. Unfortunately, a number of the proposals pose direct threats to public education funding and to education retirees specifically.

The proposals include a lottery, maybe accepting federal funding for Medicaid, combining the GF and ETF budgets, charter schools, increased funding for the Alabama Accountability Act (AA) to pay to send students to private or religious schools, a tobacco tax, elimination of the federal tax payment deduction from the state income tax and related measures. The Governor has ruled out any increase in property taxes.

There are substantial problems with each of these proposals. While acceptance of federal Medicaid payments and elimination of the federal income deduction would produce the most new revenue, both will be very difficult to adopt. It is more than just difficult to see how combining the two underfunded GF and ETF budgets will solve any funding problem. Charter schools and the AAA will further reduce funding for public education, including PEEHIP and TRS, pay raises and COLAs for retirees, not adjusted since 2006—nine years.

The elections are over and the governing processes have begun. AURA, in collaboration with the Alabama Education Association (AEA) and the Alabama Education Retirees Association (AERA), exists to advocate for the welfare of its members. Let us begin. ♦

A Place To Sing *Continued...*

range to appeal to different people,” says choir director DuBose. In the fall they do Advent and Christmas music. “In the spring,” he says, “we’ll try to do madrigals, which are polyphonic Renaissance music. That’s bit more challenging.”

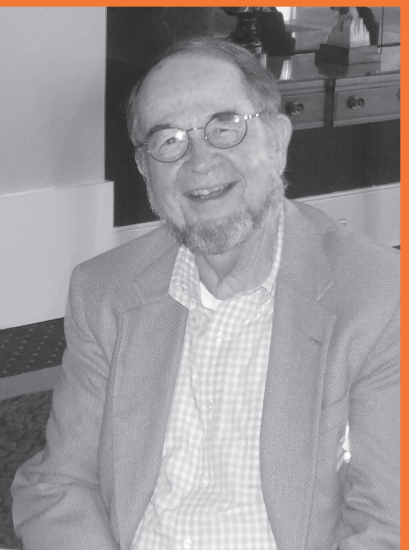
They’ve recruited instrumentalists to help out. Mark Benson plays percussion, while choir member Savannah Flaherty plays the flute. Jan Biggam, a member of the Montgomery Symphony, plays the cello, and Haeley DePace, the accompanist, is an AUM student.

DuBose hopes the choir will continue to grow and attract even more interest: “I think it should be something the university has to offer, and I hope it’ll bring more people on campus.” ♦

AURA FALL B



ANQUET 2014



AEA CAN DO LITTLE ABOUT TEACHER RETIREMENT WOES

**John Norris, Managing Director and Head of Wealth Management
Oakworth Capital Bank in Birmingham**

Education retirement is handled by the Retirement Systems of Alabama, not the AEA. But any organization providing healthcare and retirement benefits would be wise to worry about the future and Alabama educators are not exempt.

We are an aging society that demands more health care with each passing year. If my economics professors were right, the price of anything goes up if the demand for it is greater than the supply available. So, unless we start cranking out the healthcare professionals, I can't conceive a scenario where healthcare costs will not go up over the next decade or more.

Then, there is the fact people are living longer. If in this instance, an educator works the required amount of time to max out their benefits, there is a good possibility they will draw them for as long, if not longer, than they paid into the kitty. Therefore, it behooves any organization paying these bills to find new members to buy into the system. This isn't a Ponzi scheme as much as a needed source of operating funds.

What has happened to educational employment over the past five years or so? Has it gone up or down? That's right, it has gone down. According to the Alabama Department of Education, "school personnel totaled 96,313 for 2008-2009, with 48760 of those being teachers. Five years later, there were 90,821 school employees in the state for 2014, including 46,232 teachers.

Obviously, this means there are fewer people, potential association members, paying into the system. Intuitively, at least some, if not many, of these 7,500 no longer actively employed are

drawing some kind of benefits. So, we have more people living longer, drawing benefits, and fewer people signing up.

Hey, I won't even bore you with the current low interest rate environment and how that impacts future benefit obligations, and the constraints on many pension funds to generate returns. I will simply say when 10-year Treasury Notes pay 6 percent, inflation is 3 percent, and the economy is growing at a stable 3 percent, things are pretty hunky dory in the pension business. When they pay 2.5 percent, the economy is stuck at 2 percent, and inflation is whatever you want to say it is, things aren't.

So, any financial distress involving educators' retirement has far more to do with what AEA can't control than anything it can. ♦

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