

# NEA-Alaska/Retired

Summer 2017 • Volume XXXI No. 3

## Adventures In Europe... Continued

Next was a bike and barge trip across Belgium for folks 70 and over. Without further incident, I landed in Brussels and taxied to meet my biking partner, retired teacher Mary Doppelfeld. Right on time, I got to the hotel where we had agreed to meet, a bit apprehensive about whether we would actually connect. But there was Mary, sitting on an elegant couch in the Hilton! We pulled my suitcase and my backpack a few miles to the VRBO Mary had arranged, and up a couple flights of stairs to a cozy, lovely flat. We had such fun going through art museums and having lunch at an elegant rooftop restaurant that looked over all of Belgium with a 360 degree view. The next day we met up with the International Biking Tour guide, and our 22 rider buddies, and headed to the barge, the Liza Marie. Mary and I got settled in our room. Each day we biked for an hour or two, then stopped for lunch, toured the sights, and then rode the bikes to the barge at its next mooring. We had dinner, which was prepared beautifully by our chef. We tasted fish, octopus, seaweed, lots of veggies, and beautiful desserts. We had six nights on the Liza Marie. I learned the rules of biking in a group, including the role of “corner” (one biker cued turns) and “sweep” (designated caboose.)

There was some lovely riding along the canals, from 10-20 miles each day, and some hair-raising experiences on narrow roads and trolley tracks. We had a couple of bike crashes, with two riders dropping out and riding the barge. I offered a bit of a yoga class in the mornings, which our new friends enjoyed. We biked in Brussels, Ghent, Antwerp, and Bruges. Some highlights were touring Rembrandt’s home in Antwerp, visiting the lovely squares with restaurants and shops in each town, watching people,



*The Leaning Tower of Pisa in Italy.*

sampling the local beers and foods, and enjoying stories told by our Belgian guide.

We departed after seven days. I continued on the next leg of my journey alone. I flew to Pisa, in Tuscany, and taxied to the villa in the small village of Asiano. I spent the next week with 24 mostly Alaskans and some of Shirley’s family. We celebrated birthdays, hiked all through the towns, shopped at a local grocer, cooked dinners together, and had a wine-tasting and a cooking class. My roomie got sick and she and I spent most of one day in the ER in Pisa trying to figure out the system. Some of us climbed the tower of Pisa, which I loved. We hiked along the thousand year-old Roman aqueduct and up to a deserted monastery. We wandered through Lucca and Pisa, and learned how to use the local bus (which served as the school bus) and taxi app. A few

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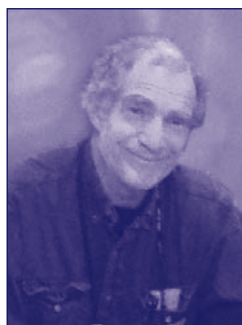
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# President's Message

## aka Kronberg's Corner



Many of us may be totally unaware of this, but more than half of the employees in Alaska public schools are not in the Defined Benefit Pension systems. There are only a handful of Tier I TRS and PERS employees still working. There are considerably more Tier 2 TRS and PERS, as well as Tier 3 PERS employees still working, but the number of active employees in all the defined benefit pension plans is not going to increase.

What does this mean for our members, both pre-retired and retired? The short answer is that it is not a good thing at all for us. Here is why. The money used to pay our pensions and medical benefits comes from a defined benefits trust in TRS and a similar one in PERS. As we all know, the money that is in these trusts comes from three main sources: employee contributions, employer contributions, earnings on the investments made for the trusts by the Alaska Retirement Management Board of Trustees, and money contributed by the federal government to subsidize the costs of prescription drugs for retirees eligible for Medicare. The problem is not with the federal contribution, nor with the earnings on our investments. The ARM Board has done a great job of investing the money and we have done very well in the stock and bond markets. The problem, unfortunately, lies with the employer and employee contributions. Every time a Tier I or Tier 2 TRS employee or a PERS Tier 1, 2, or 3 employee retires, he or she is replaced with a person who is not going to be contributing to the defined benefit trusts in either TRS or PERS. Additionally, every time that happens, the employer contribution also switches from the defined benefit trust funds within TRS and PERS to the defined contribution trust funds for each retirement system. To add to the problem, each time a school employee under any of the defined benefit plans retires, the DB trusts have more money going out to pay those folks their pensions and reimburse their medical bills. Of course, as folks hit 65, a major portion of medical bills is taken over by Medicare, but even with Medicare coverage the costs to the DB plans are significant.

*What we will have -and already may have - is called a "wasting trust."*

Eventually, unless something changes, the trust funds that pay our pensions and reimburse our medical costs will not be able to meet all the obligations. At that point, if there is no change in the pension systems themselves, the obligations would need to be met by appropriations from the state legislature, and we see how well that is working. While the Alaska Constitution protects our retirement rights, how long do you think it will be before there is an effort to change the Constitution to remove those protections when tens, or even hundreds, of millions of dollars will need to be taken away from other services, including Alaska public schools to supplement these "wasting trusts?" That is one reason it is critical for us to give all public school employees the ability to return to a defined benefit pension if that is what they wish to do. It would also be a great thing to give TRS Tier 3 and PERS Tier 4 employees that choice for

Editor: Barbara Stek

This newsletter is the official publication of NEA-Alaska/Retired, printed three times a year: October, February, and June. Retired members are encouraged to submit articles, as well as voice comments and concerns. Articles should be sent in Word via email to bwstekak@yahoo.com no later than the 1st of the publication month.

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*"President's Message" Cont.*

their own benefit. Right now they are looking at one of the very worst retirement systems in the country, and many of them are leaving after only a few years employment in Alaska and moving to other states where they can do the work they love AND also look forward to a secure retirement. Finally, the most important reason to support this change is that it would help Alaska's students learn more and lead more productive and successful lives. The demonstrably higher educator turnover in Alaska since the advent of the defined contribution pension plans has harmed students. There is a ton of research that shows an inverse correlation between educator turnover, especially teacher turnover, and student achievement. In Alaska, the Department of Education has data showing that the districts with the highest teacher turnover have the lowest student performance. *For the sake of Alaska's students and our own, we need to speak with our friends (and neighbors if we are in Alaska!) and write to legislators and opinion makers and urge them to go back to offering a defined benefit contribution pension for all Alaska educators.* It will certainly keep our pensions solvent. It will save the state many millions of dollars down the road, and, most importantly, it will give more Alaska students access to the quality teachers and other quality educators they all deserve.

— Rich Kronberg

***Please make sure we have your current email address. Contact Susie at 274-0536 to make changes.***



## Alaska Retirement Management Report - Spring 2017



The new schedule for the newsletter publication makes it difficult to be current as most of what I report here is from our April meeting, April 19-21, in Anchorage. We will again meet in Anchorage, June 21-23 when we will accept the valuation report for 2016 and set employer contribution rates for FY'19.

The most exiting news is the appointment of a new Chief Investment Officer (CIO), Bob Mitchell. Bob

has been the deputy for several years and acting CIO since the retirement of Gary Bader at the end of January. Bob is a super choice and is a "home grown" product. He grew up in North Pole, went to school in Fairbanks, and attended UAF. He and his wife live in Juneau but are very active in the University Alumni Association and were recently honored for their work. Judy Hall, long time liaison to the Board, also retired, effective May 15 and her replacement is Stephanie Alexander. Judy will be greatly missed as she has worked with ASPIB and the ARM Board for almost 20 years.

The April meeting included a full day meeting with the actuaries. They are preparing to do an experience study which is conducted every four years to review the assumptions used to determine contribution rates. Three of the most important assumptions are investment return, mortality, and health care trends. All work of the primary actuary, Conduent (formerly Buck), is reviewed by the secondary actuary Gabriel, Roeder, Smith. GRS just received board approval to renew their contract for another three years. They have been the review actuary since the inception of the ARM Board in 2006.

For FY'17, the state has contributed \$216M to the funds, this in addition to the employer contributions of PERS and TRS participants. More than half the active employees in TRS and PERS are now in the DC plans. Each year many of these employees leave the plans, usually after five years of employment when they can withdraw 100% of the employers' contributions as well as their own. For the first eight months of FY'17 those leaving have been re-funded \$36M. Recent articles in the newspaper have reported that the cost of training these employees who leave after such a short time is a burden to both the state, the largest PERS employer, and to the school districts who have difficulty providing stability of programs when there is such a high turnover of staff.

The invested trust funds, totaling almost \$30B, continue to do well and trustees remain committed to our asset allocation which is diverse and well managed by our investment team in Juneau. Enjoy your summer!

— Gayle Harbo, ARM Board Trustee

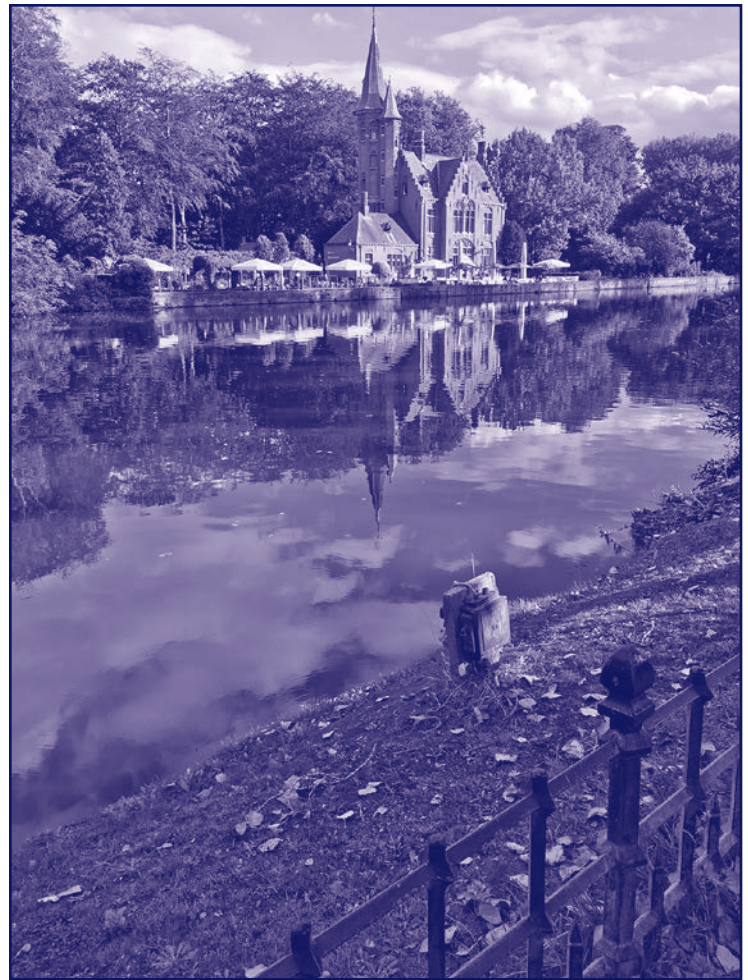
*"Adventures in Europe" Cont.*

of us decided to mail things home: I sent gifts, biking gear, and some clothing. The arduous process took a couple of hours and there was no insurance.

We all went our separate ways after a farewell dinner. I rode by rail to Florence and met up with two of my villa friends who were from Anchorage, Noel and Sharon. We spent almost a day at the Uffizi Art Museum, went to the Galleria Dell Academia to marvel at Michelangelo's David. I had read Irving Stone's *The Agony and the Ecstasy* in high school and this experience was transcending. My pals finally pulled me on to other sights. We were awed by the Basilica of St. Mary of the Flower, the Duomo, and Wei Wei's amazing work. We got lost, got help, walked and walked, and drank wine at any time of the day. As we wandered about, we came upon Leonardo da Vinci's museum showcasing his inventions, amazing! He invented a kind of "Gatling" gun that shot multiple bullets. He devised all kinds of pulley and gear gadgets to move water, materiel, and people. We saw his journals, famously written backwards.

After several days, I said goodbye to my friends and headed solo by train to Cinque Terra, to tour as many of the 5 villages as I wanted for the next few days. I had made arrangements for a small hostel and so got off at Monterrosa, and walked through the tunnel to find my room. However, I had actually rented a room in Varnassa, another village two stops away. Undaunted, back I went to the train station, and got off at the right stop, pulling my suitcase up three flights of stairs to a lovely room! All the towns of Cinque Terra are built on steep hills and cliffs right on the coast, and are connected by rail thru tunnels, and sometimes by an overland hike. I had a great time hiking up and down the hills, loving the beautiful ocean views and the amazing buildings stacked on the cliffs. I watched a crane bring up a boat from the water to a cliffside dock, visited many small chapels, looked through shops, and enjoyed my solitude among the many large tour groups.

I stayed in Cinque Terra for two days, and then took a long train ride to Milan for the flight home. This was the most challenging part of the trip for me. I got to Milan late at night; the station was beautiful but also huge. My flight was to be at 6AM, and I planned to hang out at the airport for the night, as we do in Anchorage. I sat down, alone, and then the police approached me and asked for ID. The police told me it wasn't safe to stay here alone, and suggested I go downstairs. I did so, where the arrival gates were, with lots of activity for a bit. I decided to get a cab and find a hotel for the 6 hours I had until my flight. I explained to a taxi driver what I needed, and we started off. He drove



*Castle de la Faille at Minnewater (Lake of Love) located in Bruges.*

for 15 minutes, and said he knew of a hotel near his home, about 10 miles away! I refused that suggestion, and told him that wouldn't work, and asked him to take me back to the airport. He turned around and as we approached the airport, he indicated that there was a hotel on the other side of the airport. After paying 30 euros for the bungled ride, I was welcomed into a lovely hotel room and got a few hours sleep and an early morning breakfast. Eighteen hours later, I was back in Anchorage, met by my family! And the box arrived a month later!

I have reflected often about this adventure. I loved all that I saw. I found pleasure both in being with fellow travelers and being on my own. The trip had lots of ups and downs, and I loved almost all of it. I found that I could think on my feet and not panic. I was responsible for myself and was out of my comfort zone a lot. It was fun and certainly easier to be with others, but it was the quiet strength of doing things for myself that gave me the most insight into my own powered determination. I feel a new joy of life now, wherever I am!

— Carol Waters



## Health Benefits Team Report

The Health Benefits Team (HBT) is pleased to welcome Judy Salo to our team. We have received a modest grant from NEA, submitted by Rich Kronberg, which will allow us to train five or more additional NEA-Alaska retirees who will be able to assist those who are experiencing difficulties resolving their medical claims. More information on this program will be forthcoming in the fall.

Prescription drugs represent the most expensive category in our AlaskaCare health plan. Certain “specialty” drugs have seemingly no limit on the amount they can cost. There are few economic forces that can control the price. Our state is pondering how to lower costs so changes may be coming our way. The decision in the Bradner lawsuit, that cost NEA-Alaska and NEA over a half million dollars in attorney fees and expert witnesses, determined that the state may change benefits as long as the value of the benefits in the plan, in the aggregate, are not diminished. So some benefits may go down as long as others go up to a commensurate degree. We must watch carefully to insure that any changes on the horizon do not constitute a general loss in our plan.

We hope that competitive bidding for a new Third Party Administrator (TPA) will begin in early 2018. Whoever is selected will be in charge of our plan in 2019. At this point, the state of Alaska seems content with the services of Aetna.

Always check your benefits statements from Aetna and Moda. It has been reported that there have been some errors with regard to out-of-state travel benefits which should be paid at 100% of the lowest fare for the date of purchase along with the coordination of Medicare. AlaskaCare is supposed to pay as primary if the claim is allowed in our plan but not in Medicare.

At this point, if you experience difficulty resolving a claim with Aetna or Moda, contact our new UniServ liaison, Val Baffone, at the Anchorage NEA-Alaska office:

907-274-0536 or [val.baffone@neaalaska.org](mailto:val.baffone@neaalaska.org). Val will coordinate our support.

— Rod McCoy

## Calendar of Events

### June

- 27-28 NEA Retired Annual Meeting
- 29 NEA-Alaska Offices Closed
- 30 Representative Assembly Begins

### July

- 5 RA Ends
- 11 NEA-Alaska Offices Reopen

### September

- 21 NEA-Alaska/Retired Board Meeting
- 22-24 NEA-Alaska Board Meeting

### October

- 20-22 Fall Event

### December

- 22 NEA-Alaska Offices Closed until Jan. 2

### January

- 11-13 Delegate Assembly



## Introducing... Val Baffone

Val Baffone is the new liaison to the NEA- Alaska/ Retired Board. She joined NEA-Alaska in 2000 as a UniServ director. Val has a fine history in labor relations - grievance handling and dispute resolution to name a few. She also has much experience in health care issues and will be a great asset to us as we go forward. At present, Val will field our calls regarding AlaskaCare and Aetna.

# NEA-Alaska Board of Directors Meeting

## Hollis “Hank” Harrison Board Room – “The Hank”

**March 31 – April 1, 2017**

Gayle Harbo, Rich Kronberg, Susan Stitham – NEA-Alaska Region R Directors

1. Dedication of the meeting room to Hank, who was present - in his remarks, he said that he retired 38 years ago (longer than several of our Board members have been alive) and that of all the honors he has received, including all his elected offices in the UTP, having this room named for him is the greatest. Thanks to NEA-Alaska/Retired and AEA for the nomination.
2. NEA 360 – Zac Mannix presented on this comprehensive data program from NEA which NEA-Alaska will be adopting this year. It's going to “revolutionize” and transform staff and leadership's ability to organize members. All aspects of NEA-Alaska's handling of data will be impacted as we transition to the launch in October after initial membership drives. This is particularly going to be important as we look at life after Agency Fee.
3. Student NEA – Tammy Smith, NEA Director, reported that she and Grier Hopkins, UniServ director in Fairbanks, have been successful in launching a Student NEA chapter at UAF. The state is hoping to get chapters going in Juneau and Anchorage. This is an area in which retirees could be helpful.
4. Involvement with Alaska Native Groups – Tim Parker has been meeting with groups like Tanana Chiefs and Inuit Circumpolar Council to listen to their issues with education and strengthen our connections in support of their concerns.
5. National Teacher Hall of Fame – An Alaskan was finally inducted to join the 120 members already honored: Bob Williams of Mat-Su.
6. President's visits to locals - Tim has carried the NEA-Alaska “flag” to 100 of Alaska's 500 schools, and 27 of Alaska's 54 school districts.
7. AKtivist for Spring 2017 – Because the line item is over budget, the final issue of the school year will be sent out digitally. Next year's budget will probably only provide for four issues rather than the customary five.
8. Pocket Calendar for 2017-18: This calendar will be the last pocket calendar, barring any action from Delegate Assembly.
9. Board Committee Work – As I reported earlier, Tim has divided the Board and the five full time release presidents who are now attending each Board meeting into committees which are aligned with the DA committees. At this meeting, they reported out with accomplishments and directions for next year. This is Tim's effort to engage the Board more directly in thinking about the leadership work of the Association. There was some skepticism among Board members when we began last fall but the quality of the ideas in the reports makes it clear that the experiment is definitely yielding results.
10. NEA-Alaska/Retired Issues: Our President Rich highlighted our membership efforts to convince active members to take advantage of the window before the \$50 increase in NEA Retired lifetime dues increase takes effect in September 2018.
11. We also shared with leadership our ongoing frustration with RPEA's efforts to sideline NEA-Alaska as an advocate for public employees. Glenn Bafia is going to work with Rich in attempting to build some bridges. On another topic, Gayle has talked with Glenn about reinstating an NEA-Alaska presence at all ARM Board meetings.
12. Future plans: This was the first Board meeting with our new Executive Director Glenn Bafia. It's very clear that he has brought new energy to the staff and is already exhibiting the ability to give the Board excellent advice on a wide variety of topics based on his diverse experiences. The Board retreat, scheduled for early June, will focus on setting priorities to prepare the Association for the potentially dramatic consequences of Alaska's fiscal crisis and the anticipated loss of agency fee due to an adverse Supreme Court decision expected within the next year. Tim and Glenn are focusing on developing a comprehensive plan for the state to use all our Association resources in the most efficient manner possible.

*Respectfully submitted,*  
— Susan Stitham

## Agency Fee: What it really is and isn't, why it is under threat, and what that means for us.

In Alaska, our largest local associations all have agency fee. Over the past 20 years our locals and NEA-Alaska have benefitted financially from agency fee. Last year we almost lost agency fee. There is an expectation that in 2018 we may well lose it. In this article I would like to explain what it is - and what it isn't. I will also go into why it is threatened and what it means for all of us, even if we are retired.

When being a union member is a requirement for having a job in a certain industry or for a certain company, then we have what is called a "closed shop." There are no school districts in this country where being a union member is a condition of employment. There are no closed shops in the US. They were made illegal under the Taft Hartley Act passed in the late 1940s. But many locals have negotiated a fee that non-members must pay to pay the union for the services the union is legally obligated to provide in states that allow public employee unions to charge an agency fee. The Supreme Court has set the boundaries of what non-members may be charged if they opt to be fee payers rather than to join the union and become members. Basically, non-members can be required to pay the portion of dues that is spent on three specific items: (1) bargaining a contract because all employees in the bargaining unit are covered by the contract, (2) defending the contract for all bargaining unit members, and (3) creating the infrastructure that is needed to do the first two items. Non-members may not be charged for other union activities such as providing professional development for members. Whether the fees spent on political activity can be included in the portion of union dues assessed for non-members has been a contentious issue.

Last year in 2016, the US Supreme Court heard a case, *Friedrichs v. California Teachers Union*. Everyone expected the vote to be 5-4 to outlaw agency fee as a limitation on the freedom of speech or religion of non-members of the CTA. The plaintiffs lost at the 9th Circuit of Appeal and the expectation was that the Supreme Court would overturn that decision. But Justice Scalia passed away and the decision was upheld with a tie vote of 4-4. Flash forward to this year. The Supreme Court has a new justice, Neil Gorsuch, and he is widely expected to provide the 5th vote against agency fees when the anti-union groups manage to bring the next similar case to the Supreme Court, probably in 2018. The threat to agency fee is a threat to any real notion of fairness in the workplace. In states and locals where agency fee has been lost, not only does the union lose the fees that are paid by non-members for the services they must get even if they

do not pay a dime for them, but also a goodly number of members quit the union since they cannot be made to pay the fee and they will still get the services listed above that other members are supporting with their dues.

NEA-Alaska is committed to working with individual members and local associations to ensure that even with the loss of agency fee our state and local associations will be able to secure the conditions for a quality public education for all of our students. Retired members also have a stake in the ability of NEA-Alaska to do that. It is clear that Alaskans must make some choices about how public funds are spent over the next few years. A weakened group of public employee unions may not have the power and influence to protect public education or our pensions. As NEA-Alaska develops and implements plans to assist locals in maintaining the integrity of our efforts at the bargaining table, expand our influence in political activity, and engage more members in those activities than we ever have before, the help of members of NEA-Alaska/Retired will be critical. We built this union, and once again, we will need to use the skills we learned in doing that to make NEA-Alaska even more effective in protecting public education and public education employees.

— *Rich Kronberg*

## NEA Membership Benefits

NEA-Retired Lifetime has access to almost every benefit. There are credit card and savings programs. Personal loans are also available. Discounts also abound. There is an auto buying program plus vehicle protection plans. There are four identity theft protection plans which start at \$19.95/year. The hearing care program offers special discounts for you and your family. There are so many plans and programs – too numerous to mention all of them here. Do go online at [neamb.com](http://neamb.com) or phone 1-800-637-4636 for more information. Who knows what you will learn – or save!





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Anchorage, AK 99517

www.neaalaska.org or  
email: info@neaalaska.org

**Remember to submit your 2018 Delegate Assembly nomination form!**

## Delegate Assembly 2018 Nominations

To be nominated for Delegate Assembly, January 11-13, 2018, please complete this form and include a brief biography. Delegates must attend each caucus meeting and all sessions to receive up to \$40 per diem for each of the three days with \$8.00 deducted for each of the two breakfasts provided by NEA-Alaska. NEA-Alaska/Retired reimburses delegates up to half the cost of a hotel room for a maximum of three nights not to exceed the negotiated NEA-Alaska room rate. NEA-Alaska will reimburse airfare costs (up to \$500 for out-of-state transportation) based on bargain/value airfare.

An on-line election will be held. You will be notified of the results in November. Nominations for elected office as well as nominations for two-year appointments to the NEA-Alaska PACE Committee will be made during the caucus at DA.

To submit your nomination by email, send it to Susie. smythe@neaalaska.org. Be sure to include DA 2018 Retired Nomination in the subject line, along with the information asked for on the form. Emailed nominations must be received no later than September 4, 2017. Susie will send a confirmation upon receipt of your email. If you mail the form, it must be received in the Anchorage office (at the address to the right) postmarked no later than September 1, 2017.

### DELEGATE ASSEMBLY NOMINATION FORM

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

#### CANDIDATE BIOGRAPHY: (Limit: 25 words)

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**Return form to:**

NEA-Alaska/Retired, 4100 Spenard Rd., Anchorage, AK 99517