

NEA-Alaska/Retired

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Alaska Retirement Management Board Report – Winter



The Board welcomed two new trustees to the December meeting in Anchorage: Commissioner of Administration John Quick and Commissioner of Revenue Bruce Tangeman. Nine trustees serve on the ARM Board, including the two commissioners. The Board elected Rob Johnson, Gail Schubert, and Gayle Harbo to Chair, Vice Chair, and Secretary, respectively.

The Board manages investments, totaling 32 billion dollars, in 14 different trust funds. Almost 25% of the funds are managed internally by a very talented Department of Revenue investment team led by Bob Mitchell.

Trustee Kris Erchinger, Chair of the Actuarial Committee, led a discussion of the Experience Study, done once every four years, which sets the assumptions, both demographic and economic, which determine how the assets are analyzed. Two of the most critical assumptions are mortality and the interest earnings assumption. With the advice of most trustees, the two actuaries, and the investment adviser, Callan, a decision was made to lower the inflation rate from 3.12% to 2.5%. The interest earnings assumption is comprised of the real rate of return which was kept at 4.88% and the inflation rate, so this lowered the earnings assumption from 8% to 7.38%.

The Board adopted resolution 2018-2019, unanimously, which adopted the 7.38% earnings assumption and also a new 25 year layered amortization. Several trustees and GRS actuary, Paul Wood, recommended a shorter amortization period, 10 to 15 years, but it will take some work with the legislature to shorten the time period.

Chair Johnson appointed trustees to review the RFP proposals which will be sent out in February for both the Investment and Real Estate Consultants. He also created a new Operations Committee which will combine the Budget Committee and the Salary and Benefits Committee, and add policy as charges. The first meeting of this committee will be at the April 3 meeting in Juneau. The Board will meet April 4th and 5th.

In January 2019, the governor chose not to reappoint Gail Schubert who has served on the ARM Board since its inception in 2005 and served on the previous ASPIB Board from 1992–2005. Gail is the CEO of Bering Straits Native Corporation and was a valued member of the ARM Board. She has served as one of the two trustees who receives no pension from any system. We will miss her expertise and leadership. Kris Erchinger, who represents

Financial officers of system employers, was also not reappointed. She will be greatly missed as she was the leading trustee in the implementation of the Actuarial Committee which undertook much of the work of the Board. She is an outstanding leader and a person dedicated to assuring that our members have a safe and secure retirement. It will be hard to replace all the history and thoughtful process that these two trustees contributed. Also on January 24, the new Commissioner of Administration, John Quick, resigned as he had made false statements to the legislature. Our next meeting in April will be in Juneau.

– *Gayle Harbo*

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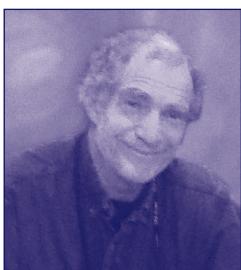
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This newsletter is the official publication of NEA-Alaska/Retired, printed three times a year: October, February, and July. Retired members are encouraged to submit articles, as well as voice comments and concerns. Articles should be sent in Word via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

President's Message**aka Kronberg's Corner**

There is no way for members of NEA-Alaska/Retired to avoid getting involved in fighting the budget proposals of Governor Dunleavy. His proposals are mean-spirited and destructive. The initial reaction of voters and legislators has been encouraging. It is clear that many Alaskans have

already figured out that sacrificing the future of the state in order to get a few large Permanent Fund Dividend checks is a bad deal for the future of the state, and harms Alaskans more than diminished PFD checks. While the proposed cuts of \$300 million from K-12 public education are the most damaging to Alaskan children, the worst proposal is to slash Medicaid funding. This is not only devastating to more than one-quarter of Alaska's population with health issues, it is also the most fiscally irresponsible proposal in the governor's proposed budget. By cutting almost \$300 million dollars from the state budget for Medicaid, Alaskans would also be passing up the more than \$400 million in federal matching funds. How dumb is that?

This proposed budget makes the NEA-Alaska legislative priority of reestablishing some form of a defined benefit pension for all Alaskan educators even more critical. If a majority of Alaskan educators continue to be part of the defined contribution system, the drain on the trust fund that pays our defined benefit pension and other retirement benefits such as AlaskaCare is going to present an even more clear and more present danger to our own retirements once we reach the tipping point where more money is going out of that fund than is coming in due to the retirement of more educators of all sorts who are in the DB pension tiers. If these cuts become law it will make the prospect of funding our DB pensions on into the future even more daunting. The constitutional protections against diminishing our pensions can be removed by a vote of scared Alaskans afraid of running out of money to build roads, to provide a public education to Alaskan students, and to provide protection from crime and disasters of other sorts. Even if the constitution is not changed immediately, just how long do we think Alaskans will fund our retirements before they change the constitution in order to preserve public education and police and fire services, keep roads in good repair, and maintain all other services. Our retirements would have to compete if the pension trust fund can no longer pay for our pensions and other benefits.

Elections have consequences, and Alaskans are now paying the price for electing Mike Dunleavy as governor. His record as a rural Alaskan school superintendent should have convinced many more Alaskans that he has never put the interests of working Alaskans or Alaskan students ahead of his own personal interests. It is strange to consider someone as large as Governor Dunleavy as being a truly small person, but when it comes to the choices he makes and the policies he has promoted, the governor is more akin to President Trump's Mini-Me than any other character, real or fictional.

— Rich Kronberg

Exciting News!!

The 62nd Annual Delegate Assembly was held in Anchorage in January. We are thrilled to announce that 24 active members joined NEA-Alaska/Retired. We thank them and welcome them to our ranks!

– *Barb George, Membership Chair*

News to Know

The Anchorage Office of Retirement and Benefits relocated in August. If you missed this announcement, the office is now in the Atwood Building, Suite 1200, 550 W. 7th Avenue. You are able to walk-in between 12:00 and 1:30. This time should only be used for short questions or for picking up forms. For information on scheduling an appointment, go to the website: Alaska.gov/DRB

Government Pension Offset/Windfall Elimination Provision

Wow, there has been some action regarding GPO/WEP!! Senate bill, S. 521 was recently introduced by Sherrod Brown and co-sponsored by Collins, Murkowski, Baldwin, and Leahy. The House has Social Security Fairness Bill H.R. 141 which is on the move with many co-sponsors. You can follow these bills if you go online and check out Social Security Fairness. Now would be a great time to write your legislators to show how important passage of these bills is to you.

– *Barbara Stek*

Constituent Meeting

I attended the Anchorage Caucus meeting followed by break-out district sessions held in the Anchorage School District building on February 23. The room was packed by people from all walks of life. It was standing room only with many folks waiting in the hallway.

During the 3 1/2 hour event, people voiced their concerns for Governor Dunleavy's proposed budget. There was no one in our group who spoke out in favor of the plan. Education cuts were first and foremost. Many spoke about the consequences of losing pre-K programs including Head Start. It seems that most of the people were not supportive of a return to maximum permanent fund dividends if the choice was to lose education and public services. One gentleman was very concerned about Governor Dunleavy's appointments to various committees and agencies, most specifically the Department of Fish and Game. Then the issue of our state retirement system was addressed. Several firefighters discussed the lack of a defined benefit pension plan and what it was doing to their ranks. Most folks believed that the proposed budget should be ignored completely and some believed that the best place to start would be with Governor Walker's budget plan.

Here are some specific budget cuts:

- \$303 million in cuts to the K-12 education funding formula
- 41% cuts to the University of Alaska (the issue of accreditation was spoken to)
- Elimination of all early childhood learning programs
- Elimination of the Senior Benefits program
- 11.5% cut to the Department of Public Safety including \$21 M cut from State Troopers and removing 56 full-time public safety employees
- \$271 M cut from Medicaid services

There appears to be money in the state budget which is not being considered for funding. That needs to be addressed as well.

Please consider writing to your senators and legislators and expressing your concerns. The ones in my group appear to be ready to take action and need our support. They will have to make some tough decisions for the betterment of our state.

– *Barbara Stek*

Spotlight On...

Pat DeSmet

Sometimes you are too busy working to do some of the things you would really like to do. Or, they are impossible to do where you live. But when you retire, things can change. And maybe one of those things is that you move to a place where you can do some of those things you really wanted to do. That's what happened to me. While living in Bethel, I researched the (at that time)

relatively new concept of hosting House Concerts. Due to logistics of getting talented musicians to Bethel, I wasn't able to do that, so I hosted movie nights instead! After moving to Hot Springs, South Dakota, I kept the idea of hosting House Concerts in the back of my mind. As I designed and built my dream retirement house, I did so with the idea of hosting House Concerts, complete with a built in sound system. I hosted my first House Concert in July 2016, even before the house was complete. A musician friend of mine was passing through and I really wanted her to be the first guest musician to perform in my new house. It worked, and I had over 25 guests attend that first concert.

Since then the house has been finished, and I have hosted over 30 more House Concerts, featuring both local musicians and musicians from around the country. One lady who performed here was from Italy! My involvement with the Miss South Dakota Pageant (I have been the sound man the past 6 years for the pageant) allowed me to host the past three Miss South Dakotas for concerts. My audience (guests) are mostly local people (friends) who enjoy listening to music. I can seat about 50 people and have a 6-piece band playing in my living room!



House Concerts are a lot of fun. Many of my guests will bring a snack to share, and enjoy getting to know the musicians before, during, and after the concert. If you don't know what a House Concert is, go to YouTube and search for house concert. A good overview is the video by Fran Snyder titled "You're Invited to a House Concert." Maybe this is something you want to try also!

If you happen to be in the Black Hills of South Dakota, and you are interested in attending one of my house concerts, get in touch with me to find out when I am hosting one. I am pretty much booked through the end of 2019, and have already started booking concerts for 2020! You can probably find my Facebook page by searching for Pat's Place or PatsPlaceOnTopOfTheHill.

— Pat DeSmet



The Susan Stitham Leading the Professions Award

Susan Stitham was the first recipient of this prestigious award which was presented at Delegate Assembly 2019. Future awards, offered by NEA-Alaska, will go to educators who are at the forefront of the profession.

And for those of you who know Susan and were not there to witness this for themselves, she was indeed speechless!!



Susan Stitham and Tom Klaameyer



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

Retiree Health Plan Advisory Board

The winter meeting of the Board was held on February 6th via teleconference between Juneau and Anchorage. The majority of the Board was present in the Anchorage Atwood Building with staff and health insurance representatives from Aetna and OptumRx in Juneau. The new Deputy Commissioner of Administration, Dave Donley, attended the meeting from the Department.

The quarterly AlaskaCare meeting with the vendors was held the previous day providing members and staff with data on all aspects of our retiree insurance program. Of particular interest to the Board was the briefing on the transition to OptumRx, including the participation in Medicare Part D (EGWP). 41,380 Medicare eligible retirees were successfully enrolled into EGWP. Because Medicare has some rules and regulations that are new to our members there were a few transition hurdles, such as a required pay-back to Medicare if income levels exceeded a specified amount. Setting up the account to handle reimbursement for these charges has been somewhat of a challenge for qualifying members.

The financial benefit to the State and our Health Trust as a result of participation in EGWP has been even greater than expected. Check the DRB website for more detailed information. Also, do not hesitate to call the OptumRx Concierge for assistance with any issues that you may have regarding coverage.

The Modernization Project status was reviewed in depth by the Board. Changes to the benefits are being reviewed to see where there may be opportunities to add some areas of coverage while reducing or limiting others in a revenue neutral manner. A sub-committee of the Board has been meeting between the quarterly meetings to fully discuss and explore areas such as: travel reimbursement for medical treatment, adding some preventative services, trying to get more members using in-network providers, and possible changes to deductible and out-of-pocket maximums. There are approximately 20 areas that the Board is exploring that may (or may not) create appropriate quid-pro-quo changes to the plan while still complying with the Supreme Court decision regarding overall non-diminishment of benefits. Updates on the DRB website, the Town Hall calls, and sponsored in-person events will be part of a comprehensive communication plan regarding Modernization.

The next RHPAB meeting will be held on May 8th. Public testimony is taken at each meeting. Information is available and the agenda is posted in advance on the DRB website.

– Judy Salo, Chair RHPAB and VP of NEA-Alaska/Retired

NEA-Alaska Board Meeting and Delegate Assembly

January 16-19, 2019

The Board heard the annual audit report and once again, NEA-Alaska is in excellent financial shape. At a national conference which assesses state affiliate financial systems, NEA-Alaska was again at the top of affiliates in terms of the quality of our management systems.

The President's report contained many specifics about the dramatically different landscape that the November elections have created in Alaska. The good news is that the governor has retained Commissioner Johnson who has a very good working relationship with NEA-Alaska; the bad news is that the governor abruptly fired Rebecca Himshoot, the only practicing classroom teacher on the state board of education. So now we both can attest to the experience of being fired by a governor. NEA-Alaska will continue to press for the appointment of another current classroom teacher. Update: the governor has now appointed an NEA teacher member from Ketchikan. We will be working to establish communication.

The bright spots: As Alaskan readers of this report will know, in the midterm elections focused on Fairbanks, the election of Grier Hopkins, Uniserv director in the Fairbanks office, to his Uncle David Guttenberg's seat in the Alaska House was important. And most exciting, LHS '93 grad and House member Scott Kawasaki was elected to the Alaska Senate, defeating Senate President Pete Kelly in a hard and well fought campaign.

On the more ominous side, public education in Alaska is facing a potentially disastrous legislative session in terms of funding, spearheaded by the governor's budget which to all appearances will be hostile at best to public schools. The positive note is that many people around the state are beginning to organize to advocate for what schools need, one of whom is Lathrop '79 grad Mark Foster, recently appointed to the Anchorage school board. Mark is devoting his time as a new retiree to work on his networks to develop more support, focusing on flipping the narrative from failing schools to successful schools facing challenges. For example, he has done an analysis which demonstrates that the test results of Anchorage students when compared to those of similar school districts show real success.

The Board adopted a total rewrite of the Board policies on a second reading, and recommended "do pass" to DA for the changes in the Elections Policy and Pace Guidelines, both

of which belong to DA and which are now in an appendix to Board policy so that future boards will not be confused about their inability to amend those policies themselves. Many kudos to Mary Nibbelink, Board secretary or more properly "confidential executive assistant," who retyped every word so that instead of ten different formats, ranging from Xardex from 1980s to Google Docs, it is now in the same

Word document with a new Table of Contents that should be far more intuitive for Board members to navigate. Glenn Bafia recommended a number of deletions of inappropriately specific information in terms of staff job descriptions



Christine Villano (Fairbanks Retired) and Bethany Brokaw from Shishmaref

and other directions to staff, substituting the requirement that the NEA-Alaska strategic plan, revised each year by the Board, provide that overall direction to the Exec and through him/her to staff. DA Update: the changes were all adopted.

NEA-Alaska approved sending a representative to the National Indian Education Association, in an effort to establish another avenue for our Native Alaskan members to develop their leadership and advocacy.

NEA-Alaska agreed to join in co-sponsoring an upcoming conference of Alaska progressive organizations to see where they can work together on common goals.

The Board's cognate committees which have been working all year have pre-filed a number of new business items for this year's DA. The DA committees are all chaired by Board members who have been working on the relevant issues throughout the year which should improve the substantive quality of some of the discussions in DA committees. DA Update: the DA handled more items than ever before in a very expeditious manner, in large part due to an improved quality of committee work and chairing.

Mat-Su and Anchorage both reported some wonderful

stories of school employees, both teachers and ESP, working to keep kids safe during the earthquake and to get schools open and running again. These stories are going to be archived and used for some video ads.

Task Force on Building Utilization: The Executive Committee is serving as the task force to examine NEA-Alaska's current contributions to locals in terms of help with office rent and other support and will report to the March Board meeting. The goal is to provide parity.

The Save Our Alaska Retirement (SOAR) Task Force, chaired by Vice President Segue Grant, is preparing several handouts for DA delegates, one aimed at current Tier III/IV members which stresses the need for each person to save up to 25% of salary to prepare for retirement and the other aimed at all delegates to give them information with which to advocate for a defined benefit with the general public. At this time, more than 50% of Alaska teachers are in Tier III with a slightly smaller percentage in the Alaska DA this year.

DA Update: NEA-Alaska/Retired delegates introduced an NBI which passed overwhelmingly to direct "NEA Alaska to support the SOAR Committee with financial resources and other support to assemble the information necessary to

provide members with the ability to make the best choices for themselves among the potential options for a secure retirement." For the first time, our Legislative priorities include seeking the option for governmental entities to hold votes to allow TRS/PERS members to elect Social Security, an option that many Tier III/IV employees support. In that eventuality, it is imperative that NEA-Alaska provide sound analytical information to employees.

Employee turnover has reached a crisis stage in nearly every school district in Alaska. At the annual teacher hiring fair, it was reported that there were fewer than 50 attendees. In Fairbanks, in the fall of '18, there were three vacancies at Lathrop for which there were zero applications. Many of us recall that when we were hired in the 60s and early 70s, there were over a hundred applicants for each job. Research proves that there is a direct connection between student achievement and a stable professional workforce. This situation will only get worse until Alaska reinstates a system to provide retirement with dignity.

– Respectfully submitted by Susan Stitham on behalf of the NEA-Alaska Retired Board of Directors.

Election News

You Need to Know

Although we could not cast our ballots for NEA Director...

✓ Tammy Smith will serve from 2019-2022.

Now for our retired election results:

✓ **Director-at-Large:**
Gayle Harbo

✓ **Region R Directors:**
Ron Fuhrer and Nancy Allen

✓ **Representative Assembly:**
Trena Richardson and Joseph Boyle



The NEA-Alaska/Retired Board thanks you for taking the time to vote!



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Look inside for the latest election results!

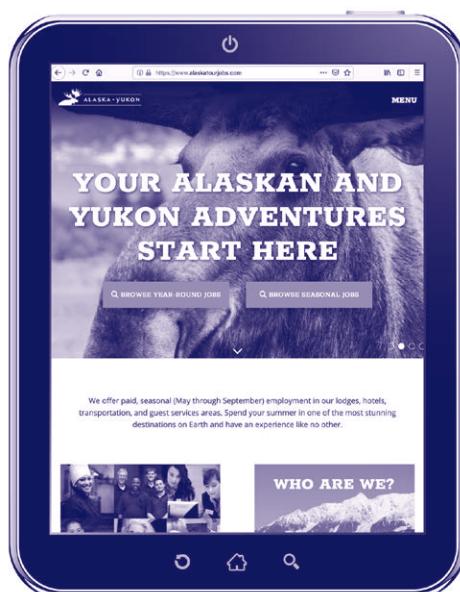
Are any of you interested in a summer job? If so, keep reading.

I have been working for Holland America/Princess for thirteen years. Our work usually begins in May and runs until mid-September. There is flexibility to that schedule along with consideration on weekly work days. Children or grandchildren (some applicants can be 16, most need to be 18) might also be interested. There are different positions available throughout Alaska. I myself am a Guest Service Host and work in Anchorage at the guest hotels, meeting, greeting, directing, and informing.

Many Anchorage jobs have already been filled, but there may be opportunities in other parts of Alaska. If it turns out that there are no positions available in which you are interested, please consider applying again in September or October for the next season.

Do visit the website - alaskatourjobs.com - and see what you think.

– Barbara Stek



Calendar of Events

March

17-18 NEA-Retired Conference
29-30 NEA-Alaska Board Meeting

May

6-10 National Teacher Appreciation Week
7 National Teacher appreciation Day
31 NEA-Alaska Board Meeting

June

1 NEA-Alaska Board Meeting
30 NEA-Retired Annual Meeting

July

1 NEA-Retired Annual Meeting
2-7 NEA Representative Assembly