

NEA-Alaska/Retired

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Health Benefits Team Report

It is fair to say that we are worried about our health benefits. Here are some of the things that cause us to have concern.

The State of Alaska is not in a position to want to afford our Health Insurance Plan. The one “out” from the constitutional guarantees, as we understand it, is a true fiscal crisis. Of course, the courts may regard a \$60 billion savings account as not being in fiscal crisis, but there is no guarantee. The Walker Administration attempted to increase our funding through a borrow-invest plan, but that was shelved in a public vote. There are no immediate problems with funding, but there may be soon enough. Our retirement plan is 82% funded which is great compared to many states, but there is a gap of around 20% that needs to be paid sometime.

Even modest changes to Medicare will increase, perhaps even substantially, the cost of our health insurance. This would require the state to plan for more expense.

The state no longer has any employees with advanced health benefit training. Top managers in Retirement and Benefits currently defer policy questions to their hired TPAs (Aetna). Sure they have learned as they go along, but they are nowhere near being able to write a benefit plan as staff was able to do at one time. The state will attempt to contract with Aetna to rewrite our plan most likely during 2017. Aetna might write the plan so it matches parts of their commercial plans and lowers the cost for them as a third party administrator for the state. Such advantages may put Aetna in a position to be the low bidder on the long term (this is just supposition but possible).

The new plan would possibly (some say “likely”) restrict when the plan will pay for emergency room treatment and require going to urgent care for most things. Currently we do not have a preferred provider hospital and I do not know of restrictions on the use of emergency room care. The expectation would be required greater use of urgent care facilities. The problem is most urgent care facilities do not accept Medicare. The plan might include Aetna’s Best Practices, which to me are better titled as insurance company “gotchas.”

Unions representing retired public employees are less strong than they were back when NEA paid \$500,000 (\$600,000 in today’s dollars) to settle in our favor the Bradner Case showing our Medical benefits are constitutionally protected. The state does not mind a lawsuit because all their costs are covered by our insurance budget anyway. It will be harder for retired groups to mount a strong legal defense against a new, regressive health plan because the money is not as available as it once was.

Our pharmacy plan is likely to be rewritten. Pharmacy costs are about 50% of the total medical costs. “Big Pharma” has had its way and must own (or at

least “rent”) many members of Congress to continue to gouge the public the way it does. Pharmacy costs are rapidly going up and there is no end in sight. The 2014 changes cut back on compound drug coverage. These drugs are often very expensive. A new plan will probably be more restrictive.

On another issue: Aetna no longer specifically shows the money the federal government pays through Medicare on your insurance benefits statement, nor do they give the government credit for their control over medical cost. Some people believe Aetna would increase their business on a grand scale under a government voucher program. Hiding the Medicare benefits may support a political effort for vouchers. I cannot think of another reason why they made the change to not label government support on our benefits statements.

– Rod McCoy, Chair, Rich Kronberg,
Barbara Stek

In This Issue

Health Benefits Team Report	1
President’s Message	2
Adventures in Europe: Iceland	3
NEA-Alaska Board Directors Meeting	4
Election News	5
Alaska Retirement Management Board Update	5
NEA-Alaska Hall of Fame	6
NEA-Alaska Board Meeting	7
Special Honor	7
And Time Stood Still	8
Calendar of Events	8

NEA-Alaska/Retired Board**President**

Rich Kronberg (2018)
6824 19th St. West • PMB #314
University Place, WA 98466
253-212-1969 • 520-907-5285
richkronberg@gmail.com

Vice President

Judy Salo (2018)
48392 Big Horn Dr. • La Quinta, CA 92253
907-252-4672
jandrsalo@icloud.com

Secretary

Barbara Stek (2018)
6101 Eastwood Court • Anchorage, AK 99504
907-338-2288
bwstekak@yahoo.com

Directors-at-Large

Pat DeSmet (2018)
PO Box 529 • Hot Springs, SD 57747
605-891-8148
pdsalaska@yahoo.com

Rod McCoy (2017)
7749 Old Harbor Ave. • Anchorage, AK 99504
907-317-1610
rodmc coy123@gmail.com

Barb George (2018)
PO Box 1089 • Kasilof, AK 99610
907-750-0970
lady_loon@hotmail.com

Region R Directors

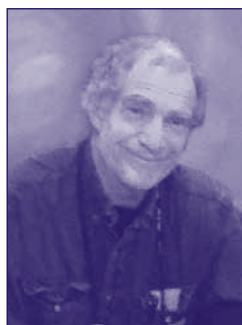
Rich Kronberg (2018)
6824 19th St. West • PMB #314
University Place, WA 98466
253-212-1969 • 520-907-5285
richkronberg@gmail.com

Gayle Harbo (2017)
PO Box 10201 • Fairbanks, AK 99710
907-457-7815
sjharbo@yahoo.com

Susan Stitham (2017)
PO Box 337 • Ashland, OR 97520
907-347-1218
omm1961@gmail.com

President's Message

aka Kronberg's Corner



We all know that new-to-Alaska educators are getting a raw deal when it comes to Tier III of the Teachers Retirement System (TRS) and Tier IV of the Public Employees Retirement System (PERS,) but many of us may not realize that today's Alaskan students are being harmed every bit as much as those educators. There is a ton of data that teacher turnover, in particular, is costly, both financially and in terms of student learning. In Alaska, the districts with the highest teacher turnover have the lowest student performance. Those districts are also forced to spend inordinate amounts of their funding on recruiting new teachers and training them to work with the students who live in those districts.

Tier III is a "Defined Contribution" retirement system. It does not end with a retired teacher having a pension. Rather the amount of money in someone's retirement account may be annuitized, taken as a lump sum payment, or rolled into another qualified plan like an IRA. When members of Tier III leave service they may leave their money in the plan and continue to manage it themselves or have it managed. Unlike Tier I and Tier II, Tier III has no inflation proofing. While there has been little inflation lately that is no guarantee that in future years the value of an annuity will not be seriously diminished by inflation.

Those educators in Tier III are fully vested after five years. According to the Division of Retirement and Benefits website, "Vesting refers to the percentage of your account you are entitled to receive upon a distributable event." The same document notes that an employee's contributions, as well as any earnings they generate or losses they incur, are always 100% vested. However, the employer's contributions are 100% vested after five years. If a teacher separates from service after five years then that teacher can get all their own contributions and all the employers' contributions plus or minus earnings or losses. If that same teacher decides to stay an additional year, then he/she would still receive all her/his own contributions but only the first five years of employer contributions. The employee does not have to withdraw any money from the account. It can sit in the account until the employee reaches retirement status based on age and years of experience, or it can be rolled into another employer's plan. Last year, when TRS Tier III and PERS Tier IV members left employment they took with them more than \$50 million from the Defined Contribution Trust Accounts. It is fair to say that many, if not most, employees in the DC tiers took their money with them when they left.

What does this mean for Alaska's schools? The primary implication is that teachers hired after June 30, 2006, those in Tier III of TRS, have an incentive to leave after no more than five years. Teachers in that situation can be hired to teach in Alaskan school districts, be trained in those districts, and soon after they develop the skills necessary to be highly effective with their students they are incentivized to take those skills to another state or go on to another occupation. The structure of TRS Tier III and PERS Tier IV provides the motivation

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.

Cont. on pg 3

“President’s Message” Cont.

for teachers and other educators to leave the state after five years. The districts most likely to lose these teachers are the ones in rural Alaska. The data, as noted earlier, indicates that those Alaskan districts with the highest teacher turnover have the lowest student performance. Raising standards will not matter, nor will changing the curriculum. Neither standards nor curricula have been shown to significantly impact student learning, but making sure every child has access to great teaching positively impacts student learning more than anything other than great parents.

It is just a fact of life that a system that is unfair to teachers will not disturb members of the general public to the point

that large numbers of them complain about it to their elected officials. But a retirement system that itself creates barriers to student learning will properly concern members of the public who understand that providing a quality education to today’s students is the best thing Alaskans can do to secure Alaska’s future. It is up to all of us to help the public understand that Tier III of TRS and Tier IV of PERS not only harm public employees but also harm Alaskan students, particularly those living in rural Alaska, and this puts the creation of an educated work force Alaska will need in the coming years in doubt.

– Rich Kronberg

Adventures In Europe: First Stop – Iceland



Spectacular, challenging, resourceful, confident, out of comfort zone... just a few of the descriptors that I think of when I reflect upon my trip to Iceland, Belgium, and Italy in Fall, 2016.

The trip started as a whim cooked up with a friend, Shirley Staten, to celebrate our 70th birthdays. We ended up

being together for just part of the trip, but it was a glorious adventure nonetheless.



My husband and daughter saw me off from Anchorage. I arrived in Reykjavik, Iceland at 6:00 AM. My travel agent had arranged transfers, and I soon went by bus to the Blue Lagoon, Iceland’s huge thermal lake spa. The Lagoon offers naturally heated, delightfully warm water amongst deep snow and ice! I floated and swam about and got a mud facial in

the pool. A few hours later I retrieved my luggage and bussed into Reykjavik, to the Flying Viking Guesthouse. The driver got me about 3 blocks from my place, and I stepped off the bus to blowing winds and sideways rain. I was worried that I might not find the place in the storm, but I determinedly zipped up my raincoat, pulled up the hood and gloves, and went uphill where he had pointed. I asked for help several times until I found the guesthouse entrance. I felt relieved when the maid opened the door and curious when she told me that I had a big place. Indeed, the apartment had 4 beds, a full kitchen and bath, all to myself! I headed out to explore, often looking

back so I would recognize where I would return. People bustled past me in snow boots and heavy coats. I was dressed in layers wearing most of the long-sleeved warm clothes I had! I loved the small shops, beautiful cathedral, and enchanting lake with swans. I found several statues of women and children near a school, library, and preschool, which lent a sense of nurturing to the area. After the rainy, windy walk, I found a delightful restaurant with welcoming staff, and enjoyed a rice and chicken dish with naan. I felt strong from this first day’s adventure, like things were going along well because I handled what came my way and didn’t panic!

The next morning I was out at 6:00 AM to do the circle bus tour. The entertaining guide spoke English, so we chatted about our experiences. He said if we wanted to touch the geysers when they erupted, only use the finger we didn’t want. We got the hint. We had opportunities to walk for about a mile to various sights from the bus, which I appreciated. We saw magnificent waterfalls that were as big as Niagara and got a good look at Icelandic scenery and lots of sheep. We stopped for lunch (fish) and souvenirs, and after about 7 hours were returned to our rooms.

I was out of my room by 4:45 AM to get the shuttle to the airport. After 30 minutes, no shuttle. I was glad I had all the phone numbers on my phone! The tour company apologized and sent out a shuttle just for me! I didn’t panic, kept my cool, and got on the flight as planned.

The adventures continue... in the next newsletter!

– Carol Waters

To hear and see more of Carol’s adventure, join her on March 11, 12:30pm, at the next Central Alaska Retired Teacher Association (CARTA) meeting. Contact Gretchen Hove at gvhmlk@alaska.net.

NEA-Alaska Board of Directors Meeting – November 2016

1. **Executive Committee** discussed the following:
 - a. schedule for Executive Director screening and hiring
 - b. good number of interested applicants so far
 - c. still hoping to have someone on board by DA, although Lydia Garcia has generously agreed to stay until she is replaced
 - d. EC Search Committee will meet all day November 5 to screen applicants, and then weekend of December 17 in interviews with finalists
2. **Presentation by polling firm** on Alaskan attitudes toward legislature, financial situation of Alaska, and NEA-Alaska: good news about views of NEA-Alaska, public schools and teachers in particular; not so good about the level of support for seeing Alaska's fiscal situation as a crisis which will require some sacrifices including reducing PFD in order to solve. Retired people were among the strongest group in that recognition but they were only at about 35%.

Poll funded by grant from NEA provides some excellent, tested message points for NEA-Alaska to use in communicating with the public to try to successfully defend public school funding. There will be a detailed report to Delegate Assembly.

3. **Report on NEA audit of NEA-Alaska's finances:** short version – we're in very good shape, but not surprisingly, very dependent on dues (89% of our budget.) Therefore, we need a continued strong focus on member engagement, turning agency fee members into active members, and forestalling any legislative efforts to eliminate agency fee and/or payroll deduction; each of the last two political events would be obviously severe blows to our fiscal health.
4. **Budget Presentation:** Vice-president Jessica Cook presented a two-year budget that contains a number of cost savings: (1) continuing to hold the spring Board meeting in Anchorage rather than Juneau (Fly-ins now consist of regular lobbying trips by leaders throughout the session.) (2) a potential change in the distribution of AKtivist from hard copies to electronic as a default with the possibility of obtaining a hard copy with an opt-in; after much discussion, it was agreed that before any change is implemented, the Board will decide whether the change should be on an opt-in or opt-out basis (3) elimination of the pocket calendar on a 15-10 vote; the spirited discussion centered on the demographic realities about the appeal of digital v. paper sources of information to members; the Board's

consensus was that DA may choose to restore the money for this program, as they did the last time its demise was attempted. At some point, the demographics of DA may tip against the continuation of a paper calendar; perhaps that time is DA 2017. I guess we will see.

Nancy Allen was present at the meeting because she is a member of the Budget Committee, and will also be at DA once again as a member of the Fiscal Note Committee. At the request of a Board member, Nancy explained the financial history of our local's relationship to NEA-Alaska. Once again, we received an ovation from the Board for our current self-sufficiency.

5. **Paid off the mortgage on the NEA-Alaska building in Juneau from the undesignated reserve:** this action, recommended by the Budget Committee and the state leadership, will save hundreds of thousands of dollars in future expense.
6. **Hall of Fame:** NEA-Alaska/Retired's nomination of Nancy Allen, seconded by FEA by action of their Board of Directors, was unanimously approved by the Board. Aside: Nancy Allen was surprised at DA!!

Cont. on pg 5

Good for You

AARP published a list of 15 top superfoods for folks over 50. How many are in your diet?

- Dark Chocolate
- Greek Yogurt
- Blueberries
- Green Kale
- Apples
- Oatmeal
- Asparagus
- Olive Oil
- Broccoli
- Pears
- Butternut Squash
- Quinoa
- Coffee
- Salmon
- Fava Beans



“Directors Meeting” Cont.

7. **The DA Review Committee** reported on their recommended changes for DA 2017, based on the input from the delegate feedback forms.
- a. Steering and Rules worked with staff to try to improve the logistics of the NBI process that caused great frustration last year.
 - b. There will be a focus on improving the training for new delegates, so local presidents are asked to encourage their new delegates to be sure to attend.
 - c. There will be no Hot Topics this year. The time will be added to committee work, although there may be a focus on its replacement, the new federal law, ESSA.
 - d. As I reported after the September meeting, Tim has appointed Board committees to work on the goals of the Association between DAs. At this meeting, he proposed aligning those Board committees with DA Committees and combining some committees as follows. The Board approved his re-alignment with the exception of retaining a separate committee on Bargaining.
 - d.i. Governance/Constitution and Bylaws
 - d.ii. Communications
 - d.iii. Government Relations and Community Outreach (includes former School Funding and Retirement)
 - d.iv. Strong Locals
 - d.v. Special Education
 - d.vi. Leading the Professions (formerly Professional Issues)

- d.viii. Educational Support Professionals
- d.viii. Human and Civil Rights
- d.ix. Bargaining and Employee Rights (combined)

Note: You will see that the DA Retirement Committee will be combined with School Funding under GR. Tim’s rationale was that the majority of our issues involve legislative and/or regulatory action. Rich and I supported this change on a trial basis. If we find that our issues are not appropriately highlighted, we can return to a separate committee in 2018.

Personal note from Susan: I actually think that this might help us advocate more effectively for positive changes in Tiers Three and Four which must be a high priority for everyone, and especially us. I was shocked to learn that this year nearly 50% of our members are in one of those terrible tiers. There are very few Tier 1 folks still working and the Tier 2s are shrinking as a percentage and are going to be in an increasingly difficult position politically within the Association.

Renaming Anchorage office training room: Hollis “Hank” Harrison Room: as per NEA-Alaska/Retired Board motion, which was supported by action of the AEA Board. This motion was unanimously passed and Hank will receive this surprise at DA.

– *NEA-Alaska Region R Directors Susan Stitham and Rich Kronberg*

(Gayle Harbo was excused from this meeting.)

Election News

You Need to Know

NEA-Alaska/Retired Election Results

NEA-Alaska Board of Directors
Gayle Harbo • Susan Stitham

**Delegates to 2017
Representative Assembly**
Barbara Stek • Bill Bjork

**NEA-Alaska Retired
Board Director-at-Large**
Rod McCoy

NEA-Alaska PACE
Nancy Allen • Roxanne Abajian

Alaska Retirement Management Board Update



The Alaska Retirement Management Board met in Anchorage on December 8 and 9. The Board meeting followed meetings of three committees on Wednesday: the Audit, Actuarial, and Defined Contribution Committees.

The Audit Committee heard a presentation of a clean audit by KPMG. CFO

Kevin Worley, from the Division of Retirement of Benefits, was praised for his fine work especially with all the new requirements of the Government Accounting Standards Board (GASB), which require individual employers to book their pension obligations and now their other pension benefits such as health care. The Division has done a great job of auditing employers to make sure pension dollars withheld are properly credited to employees.

The Actuarial Committee received a draft of an Actuarial Handbook prepared by one of our actuaries, Leslie Thompson, of GRS. It will be a very useful document for new trustees as we are continually improving our process of gathering information.

The Defined Contribution Committee heard a presentation from Empower, previously Great West Life, the group that manages the dollars put into various mutual funds by employees hired after July 1, 2006. The turnover among these employees is very high. Most stay only five years until they are vested in the employers' contribution, then take their money and the employers' money and leave the state for a better and more secure retirement. Empower is trying to

find ways to encourage members to leave their money in the system until they are ready to retire. They have opened an office in Anchorage and are willing to visit schools and make presentations regarding financial planning.

The new Deputy Commissioner of Administration was present at the December meetings. His name is Ryan Colgan, originally from Fairbanks, a Lathrop graduate, and a former legislative aide to Jim Whitaker. He replaces John Boucher who retired in November. John spent much of his time getting the health care program for the Defined Contribution retired members finalized. Two TRS members were the first to retire from the DC plan since it requires 10 years of service and retirement when you are Medicare age eligible. July 1, 2016 marked the beginning of 10 years for the DC program.

Most notable at the Board meeting other than the election of officers - Gail Schubert, Chair, Rob Johnson, Vice Chair, and Gayle Harbo, Secretary - was the announcement by Gary Bader, the Chief Investment Officer for the past 14 years, of his retirement effective February 1, 2017. Mr. Bader has done an outstanding job during his tenure to build an investment team of "homegrown" Alaskans who care not only about our members and our retirement system but also who love Alaska and will continue to make it their home. The team is very stable and so very professional. He has also worked to educate trustees on new investment ideas and opportunities. We should be very proud of the work Mr. Bader has done and we wish him a happy and satisfying retirement.

The ARM Board next meets in Juneau, March 1-3.

– *Gayle Harbo*



NEA-Alaska Hall of Fame

Nancy Allen was inducted into the Hall of Fame by unanimous vote of the NEA-Alaska Board of Directors. Nancy has served on numerous committees over the years and continues to give time and effort to NEA-Alaska. She has been a spokesperson during staff bargaining and has served for many years on the Fiscal Note Committee. On a national level, Nancy represented NEA-Alaska on the NEA Resolutions Committee and was on the NCATE Board for six years.

Nancy was nominated by NEA-Alaska/Retired and the Fairbanks Education Association. "We believe that the more than 30 years of her faithful service should be celebrated by installing her in NEA-Alaska's Hall of Fame."

Nancy is an amazing worker who always has the betterment of the Association and its members in mind. This is a well-deserved award.

Congratulations to Nancy Allen, the 34th member of NEA-Alaska to be inducted into our Hall of Fame!!

NEA-Alaska Board Meeting – January 11-12, 2017

Before the meeting convened on January 11, the full Board had the opportunity to socialize with Glenn Bafia, the finalist for NEA-Alaska Executive Director, set to replace Lydia Garcia who is retiring after ten years. After an executive session in which the members of the Search Committee shared their reasoning behind the unanimous recommendation that Glenn be hired, the Board returned to open session and cast a unanimous ballot for Glenn. He will be here during DA and begins working on February 6th, after he winds up his employment as an executive manager for the Washington Education Association. Glenn brings a wide and deep experience in governance, having been an elementary teacher, local and state teacher leader in Florida, and then a Uniserv Director and manager in Washington. He also spent more than five years as the Executive Director of the Seattle local, where he worked harmoniously with a governing board. He made several comments in the interview that particularly resonated with me: he waited for the Alaska executive director job to open and applied for no other vacancies; he then told us that what immediately appealed to him about NEA-Alaska was the fact that our mission statement highlights our commitment to work for a great public education for all Alaskan children as well as excellent working conditions for public school employees. Finally, Glenn mentioned without prompting that he thinks retired members have a lot to contribute to the organization, particularly in the rapidly approaching “new” world without agency fee. I think that our retired local will find Glenn an extremely helpful partner.

The Board approved a three-year agreement between NEA-Alaska and NSO-Alaska, reached by interest based bargaining and led by our own Nancy Allen. Our contract continues to provide for fairly compensating our employees

while safeguarding the Association’s resources, the dues of our members.

The Board met with the auditor and learned that NEA-Alaska continues to be in excellent financial health, particularly in contrast with a number of other state associations. Lydia Garcia and the now-retired Kaye Sullivan deserve a lot of credit for their years of excellent stewardship.

The Board changed the title of “Assistant Executive Director” to “Uniserv Program Director” to more accurately reflect the responsibilities and duties of the job. The new position is currently vacant. The Board then spent time in Board committees, preparing for the work at DA, and participated in a demonstration of the Evaluation Toolkit on the NEA-Alaska website which is designed to share best teacher practices in response to the Danielson teacher evaluation model used by most districts in Alaska right now.

On the next day during regional reports, we heard very clearly about the frustrations of the directors from our rural regions, particularly regions 1, 2 and 4, in making contact with their local presidents and building working relationships that connect the locals to the state. As I am writing this at DA, I can report that the body just approved a New Business Item to allow the scheduling of face-to-face annual meetings of the rural local presidents and their directors, in association with trainings and other meetings, to actively move in the direction of building strong communication networks. This will become increasingly important in light of the potential loss of agency fee.

Respectfully submitted,

– Susan Stitham, Gayle Harbo, Rich Kronberg



Special Honor

You may have remembered reading about Hollis “Hank” Harrison in a previous newsletter. What an amazing educator! Hank has been president of NEA-Alaska, an NEA Director for Alaska, a delegate to the 1972 NEA Constitutional Convention, a 1981 NEA-Alaska Hall of Fame inductee, and the Alaska Teacher of the Year in 1972. If these contributions are not enough, I will add that, to date, Hank is the only Alaskan to have been a member of the NEA Executive Committee.

So that has left us in a quandary – what accolade can we now bestow?? Aha, we have it.

The main training room at NEA-Alaska’s office in Anchorage will now be known as the Hank Harrison Conference Room!! Congratulations to Hank for his dedication to NEA-Alaska!



4100 Spenard Road
Anchorage, AK 99517
www.neaalaska.org or
email: info@neaalaska.org

Kudos to Hank Harrison and Nancy Allen! Read more inside!

“And Time Stood Still...”

As I walked into the Thursday afternoon Delegate Assembly meeting of NEA-Alaska/Retired, I saw that among the newly retired joining us for the first time in the Region R caucus was Bill Ernst, most recently an active member of the Fairbanks Education Association and a fifth grade

teacher. Not remarkable in itself, I grant you, but what stopped the clock was the fact that Bill is an alumnus of Lathrop High School, Class of 1973, where he was also a member of my British Literature class. I long ago learned that my mother’s saying, “You’re always the same age inside,” is

very true. But it’s hard to maintain that illusion when suddenly both you AND your student are retired teachers. That said, I look forward to more years of working with Bill as he brings his dedication to NEA-Alaska to his new local, us.

– Susan Stitham



Calendar of Events

March

- 21-23 NEA Retired Organizing Conference
- 27 Seward’s Day
- 31 Board of Directors Meeting

April

- 1 Board of Directors Meeting
- 17 Legislative Session Ends
- 21-23 Spring Conference

May

- 2 National Teacher Appreciation Day
- 29 Memorial Day

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