AEA-Retired Executive Board Meeting
December 14, 2010 10:00 AM – 2:30 PM AEA Headquarters, 345 E. Palm Ln, Phx
Minutes

Draft

Attendance: L. Somo, F. Bing, J. Stephenson, J. Horwin, K. Campbell, M. Aicone, A. Aber, S. Austin, D. Barlow, S. Boswell, J. Campbell, K. Freed, S. Linder, G. Mehok, C. Michels, J. Moy, C. Peters, B. Pierce, S. Ramos, D. Swinford, J. Zuniga, Chapter & Committee Chairs: T. Coleman, B. Joseph, S. Rosen, S. Sommer, R. Spitzer, L. Thieken, S. Sain, Guests: Jan Nichols, Bart James

Agenda Item	Minutes
1. Call to order	**President L. Somo** called the meeting to order at 10:10 AM
2. Approval of Agenda	D. Barlow moved, 2nd K. Freed to approve the agenda with flexibility. Added AEA Pres. Andrew Morrill to speak about possible ASRS pension plan legislation. PASSED
3. Approval of minutes	K. Freed, 2nd G. Mehok to approve the minutes from November 9, 2010. PASSED
4. Financials	**Treasurer J. Stephenson** led a discussion about present financials. J. Horwin moved, 2nd F. Bing to approve and file for audit. PASSED
5. Legislative Report	**Jennifer Loredo,** AEA lobbyist gave predictions and expectations for 2011 AZ legislative session. 1st time in AZ history there is a super-majority in both house and in senate, with same party governor. (More than 2/3 in each). How is Gov. Brewer dealing with possible overrides of veto? Possibly making deals such as, "If you override my veto I will help to kill your bill when it comes up." There is now opportunity for "Emergency Clause" to protect the health, welfare of state, a law may go into effect immediately, rather than the typical 90 days after sine die. AEA has friends in 3 republican legislators we helped to elect: Leg. District 1, Karen Fan; Leg. District 22, Steve Urie; Leg. District 7, Heather Carter. Budget Shortfall 2010: $825 billion Ed. Jobs Money: the last Stimulus Bill to preserve education jobs is going to go away. Some school districts are saving $ so that when big cuts come, they have some padding. Locals are using bonus, furloughs, and saving money to deal with future cuts. Kavanaugh, Appropriations Chair notes he doesn't want to cut k-12 due to taxpayers' voices on Prop 100. Medicare/Access $1 Billion more than planned is needed to address those who joined due to Great Recession. Because AZ is one of 4 states who chose to cover far more than most other states, we are being punished by the new Federal Health Care bill. This means AZ (and the 4 other states) are being pitted against the universal health care bill. Rumors: •Capital outlay for building may be cut or eliminated by state leg. Reduce school year back to 175 days. This was increased from 175 to 180 days, through statutory bill to deal with the perf. Pay legislation.

Legislative Report continued	•Add 12 minutes to each day. Every cut that has gone into effect over past 3 years will continue. •Crandall, Senate Ed. Chair would like to get rid of Career Ladder. (Plus Gilbert School Distr. Sued the state.) Rollout a statewide incentive program to take its place, with new money so that it doesn't go away and more districts than the present 28 have it available. •Retirement Pension program: Kirk Adams has a bill. May not be successful this year, but it will come back. Continue to educate membership and external about ASRS defined benefit plan for educators •Alternate Contribution Rate for Return to Work: this will be charged to the school districts. Jennifer mentioned that AEA's approach this year will be more one-to-one, continue practice of teams of parents, educators, administrators going to state capital on Ed. Day at Cap; only those with meeting appointments with legislatures, rather than large group to whom the legislators do not listen, with school districts taking the lead at their own districts to educate community and legislators, in order to build support for AEA impact at the voting booth. This has most impact on legislators.
6. Membership	S. Boswell reported that there are presently 1919 members. We need to continue our recruitment efforts. The Every Member Option Asssessment of $6 has been mailed to each member.
7. Officer Reports Linda Somo: President's & NEA B.O.D.	President Linda Somo: NEA Board report : decrease in membership causing changes to budget; change of dates for NEA Retired Annual Meeting to June 28-30; consolidation of time frame between Annual Meeting & RA; hotel not yet set; Alabama Directors had to return home because their legislature dealing with a bill to prohibit payroll deduction of union dues; will spread to all states if passed there; lobbying efforts – Mitchell & Kirkpatrick already kicked out of offices; Grijalva in new office; lots of new staff; Hill in turmoil; lots going on (Dream Act, Extension of Tax Cuts, etc.) Those planning on running as Delegate for NEA RA must submit nomination by Jan. 14th; form is in recent AEA Advocate Form for AEA Retired Annual Meeting & AEA Delegate Assembly in your packet (and in new issue of Conduit); fill out today and give to Juan or Ken. If running for the Board, Treasurer or President, fill out form and turn in today to Juan or Ken. Information from NEA Retirement & Benefits Forum is in your packet. If several Board members requested a particular piece of information, I copied it for everyone. Included in your packet are several important pieces of information: differences between DB & DC pension plans; talking points for supporting our current DB pension program (these both came from AEA and were distributed to all attendees at the AEA Organizing Conference that Steve Ramos and I attended; protection of our DB pension was the main topic during lunch and all attendees were given materials that helped them understand the importance of protecting what they currently have In your packet are two other pieces of information that came from NEA: the Dream Act, facts vs. myths; and an economic fact sheet that gives great talking points for supporting funding for education NEA Retired West Regional Conference will be held at the Hyatt Regency – Tamaya

Kathy Campbell	Resort and Spa, in Santa Ana Pueblo, NM, April 9-11, 2011. John Campbell & I will be funded by NEA. I have nominated Danny Barlow & Carmen Peters to attend as the first time attendees to have the room funded by NEA. I have approved Frank Bing, Julie Horwin, Jean Stephenson, Judy Moy, and Kathy Campbell to attend. I have had one other request to attend (Gary Mehok), but I will need to check the budget before approving. If there are others who are interested, please let me know and we will try to work something out. Flights are really reasonable right now, and the room rate is somewhat lower than usual. If we did partial funding, we could send more. Judy Moy & Frank Bing will be attending the NEA West Regional Conference in Salt Lake City, UT, in Jan. Do we want to do a fundraiser at the AEA Committee Day on Sat., Feb. 5th for IMPACT? If so, we need to plan for it. Ticket sales for drawings for donated items, as we have done in the past. Last two years we raised over $800 each year. (Executive board agreed today, that they wish to support fundraiser at AEA Committee Day. Kathy announced deadline for Les Reynolds award. See latest Conduit to find the nomination form and deadline.
8. Elections Committee	Forms were passed out, and may be found in the latest Conduit. See president's report above to see officer positions open. There are also a number of positions open on the AEA Retired Executive Board. See forms and deadlines available in the Conduit and online at www.azedretired.com
9. AEA Director – Judy Moy	See attached AEA B.O.D. minutes for December, 2010 meeting.
10. ASRS – Steve Ramos	Steve Ramos reported that ASRS continues to respond to the Arizona Republic articles with documents available to the public online. Including: ▪ ASRS Follow-Up to Republic Series ▪ ASRS Director Paul Matson Op-Ed article ▪ ASRS Cost Saving Initiatives ▪ ASRS Research Paper - A Comparative Analysis of Defined Contribution and Defined Benefit Retirement Plans ▪ ASRS Legislative Initiatives By Year Arizona House Speaker Kirk Adams late Friday laid out a sweeping proposal for changes to Arizona's public pensions. The Mesa Republican said his office has been working on overhauling the systems since September. He disclosed the plans following publication of The Arizona Republic's investigation into the state's six public-pension programs. Adams said he expects proposed changes to meet strong opposition from hundreds of thousands of current and future retirees. "This is going to be bruisingly difficult," Adams said. "All hell will break loose." Adams plans next session to ask lawmakers to: • Eliminate the Deferred Retirement Option Plan for public-safety officers. This program costs tens of millions of dollars, providing lump-sum payments to police and firefighters who agree to defer retirement for up to five years and stay on the job. • Prohibit public employees from retiring and returning to work. The practice of "double-dipping" reduces contributions to the pension systems by millions of dollars.

	• Prohibit public officials convicted of crimes related to official duties from receiving pensions. • Eliminate the pension system for elected officials and move judges who are in that plan into the larger Arizona State Retirement System. Pensions for elected officials are the best in the state. • Change the state's pension plans, which have guaranteed payouts, to401(k)-type systems. • Refer a constitutional amendment to voters in 2012 to allow pension benefits to be reduced. A provision in the Arizona Constitution prohibits benefits from being diminished. ASRS spokesperson, Dave Cannella responds to Kirk Adams Speaker of the House, Kirk Adams' proposal to transition state pensions from defined benefit plans to market-based systems that would operate more like a 401(k) would require the state to dramatically increase the amount it pays in retirement benefits to current employees and retirees. "When you close a plan, [the cost] steadily increases, and the further out you go, the higher it gets," said Arizona State Retirement System spokesman Dave Cannella. The current ASRS contribution rate for both employees and employers – in this case, the state and other governmental entities whose employees are enrolled in the system – is 9.6 percent. Were the system to be closed and replaced with a market-based plan, the contribution rates would jump to 20 percent by 2020, Cannella said. By 2030, the rate would be 32 percent, and it would increase until there were no more employees paying into the system, ultimately leaving the state responsible for paying all benefit costs beyond the return on the fund's investment. Cannella said he couldn't give an estimate for how much such a reform would cost the general fund, but the sheer size of ASRS leaves little question the bill would be steep: At the end of FY10, ASRS has 536,011 total members, including 98,625 retirees currently receiving an average of $1,649 per month. Last fiscal year, ASRS paid out a total of $2.2 billion to retirees. The fund has rebounded to $25.6 million. Returns on investments in 2009 were 14% and 2010 should come in around 12%.
11. AZ IMPACT –	L. Thieken reported that the Phoenix professional development seminar planned for December has been postponed until April 1, 2011.
12. Chapter Chair Reports	**Ted Coleman: The Prescott Chapter** met on November 18th at the Golden Corral in Prescott. Ted shared some of the information from the NEA Retired Benefits Forum he attended in MD. Steve explained the danger ASRS is in and how it is doing in contrast to current newspaper reports. Gary Kensing reported that he had written a letter to the editor concerning misleading statements in the paper. Gary and his wife Karen and Helga Krantz took the orange and blue recruiting posters to have placed in local schools. Ted had already had one placed in Ash Fork. It was decided not to meet in December and the date and place of the January meeting will be decided online after the first of the new year. **Barb Joseph: Phoenix Chapter** meeting that was held Thursday, Nov. 18, at Metro Tech High School in the Culinary Arts Dept. Jason Czerwinski, representing the AZ Capital Museum was our guest speaker. Because there was a Thanksgiving buffet being held that same day in the Culinary Arts Dept. for the Phoenix Union H.S.

	District employees, we were invited to partake of the meal, which was prepared and served by the students in the Culinary Arts Dept. Next meeting will be Tuesday, Jan. 25th at 10:30 at the Metro Tech H.S. Culinary Arts Dept. **Suzan Austin: Scottsdale/Paradise Valley Chapter** meeting was held on Nov. 22, from 11 AM to 1 PM for lunch at the Macayo's on N. Scottsdale Rd. There were twelve in attendance. The guest speaker was John Campbell, who responded to the articles in the *Arizona Republic* on pensions. The meeting is on Jan. 10 at the same time and place. We hope that those of you who worked in Scottsdale/PV, or who live nearby will join us!
13. Raffle & Dec. Gift Exchange	Carmen Peters won the raffle: $56 collected, half donated to AEA Retired. Ken Freed facilitated the fun gift exchange.
14. Adjourn	Meeting was adjourned at 12:15 PM
15. Lunch	Great lunch provided by Chompies

Respectfully submitted,
Julie Horwin,
AEA Retired Recording Secretary