

ERS Local Units are Responsible for Their Former Employees' Retirement Benefits

Recently, the Employees' Retirement System of Alabama (ERS) informed a withdrawn local unit, the North Baldwin County Health Care Authority (the Authority), that their retirement fund was depleted and ERS could no longer pay benefits to the Authority's retirees. Since then, the Authority has paid money into their retirement account so that ERS could continue to pay its retirees, at least temporarily.

Local county, city, public or quasi-public employers who choose to join ERS and have it administer their retirement funds are governed by the provisions of § 36-27-6, Code of Alabama, 1975. That statute mandates that the local unit is solely responsible for the funding of its retirees' benefits.

Specifically, it provides that "[n]otwithstanding anything to the contrary, the retirement system [ERS] shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this section, for which reserves have not been previously created from funds contributed by the such employer or its employees for such benefits."

§ 36-27-6(i).

In this case, the Authority was a quasi-public local entity which joined ERS pursuant to these provisions in 1991 and subsequently withdrew from participation in ERS in 2001. Section 36-27-6(j)(4), which governs the treatment of withdrawn local units, provides that the withdrawn unit "shall agree ... to maintain the reserves...for the existing beneficiaries." It also states that "[s]hould the reserves (of a withdrawn unit) prove inadequate, such employer shall agree to appropriate such amounts as may be necessary to maintain the existing benefits."

It is important that retirees of local units who join ERS realize that the employer is liable for their retirement benefits, even after the local unit withdraws from the system. The staff of ERS is ready to answer any questions retirees may have concerning the liability of participating local units. They may call ERS toll-free at 877-517-0020. Retirees may also want to contact their former employer to discuss the funding status of their benefits. ■

"Merry Christmas"

(continued from pg.1)

In addition to generating \$20 billion in new economic activity, approximately 232,000 individuals would become insured. By using federal funds to assist our state's poor citizens, the women, children, disabled, and elderly who fall into this group will continue to have medical care.

Did you know that some hospitals WILL LOSE current reimbursement for the poor when Alabama does not accept Medicaid expansion? That alone will result in the closure of some rural hospitals, devastating communities that depend on those facilities. From an economic standpoint, it will be almost impossible to recruit jobs to a county without a hospital. Note the domino effect.

The uninformed argue that this is just another "entitlement" as if completely unaware that taxpayers are already paying for the poor and uninsured. Now we are being given the chance for federal funds to pay the costs and that is bad?

Our past governors have traveled the world to find companies to locate here. Alabama has paid hundreds of millions of dollars for a mere 1,000 jobs. Industrial recruitment has been absolutely critical to Alabama's development. Yet when another study funded by the Alabama Hospital Association (www.alaha.org) says Medicaid expansion will create 30,700 JOBS OVER SEVEN YEARS, our "Doc" Governor claims the study is bogus.

That is nonsense and raw politics at its worst. If the study is only 50% or even 25% correct, this would STILL be our largest job creation since the government brought a "Rocket Doc" to Huntsville after WWII, without spending hundreds of millions

of Alabama tax money for the jobs.

Alabama's "Doc" Governor will continue to state in the months to come how "...he has saved us taxpayers a billion dollars," without mentioning that he has done so on the backs of our public employees. Remember, as he refuses Medicaid expansion, he has wasted \$4.5 billion dollars and thousands of jobs. That is shameful – all because of putting his political agenda ahead of what is good for Alabama. ■

Alabama's Per-Pupil Spending Has Dropped 20 Percent Since 2008

By Brian Lyman, *Montgomery Advertiser*

Education spending cuts by state, as percentage of budget: 2008-present

1. Oklahoma: -22.8 percent
2. **Alabama: -20.1 percent**
3. Arizona: -17.2 percent
4. Kansas: -16.5 percent
5. Idaho: -15.9 percent

Education cuts as per-pupil spending: 2008-present

1. **Alabama: -\$1,242**
2. Wisconsin: -\$1,038
3. Kansas: -\$950
4. Idaho: -\$930
5. New Mexico: -\$874

Source: Center on Budget and Policy Priorities

Alabama's per-pupil spending has fallen more than 20 percent since 2008, according to a report issued by the Center on Budget and Policy Priorities.