

AFPE UPDATE

Summer 2009

President's Message

By: Tom Tudor

**AFPE
ANNUAL
MEETING
OCTOBER 12TH
1 PM
DOUBLEWOOD INN
BISMARCK**

**AFPE
PO Box 1141
Bismarck, ND 58501
701-224-1815**

Now that legislators have concluded their work and we've all had time to digest what played out during the 61st Legislative Session, it's time to start working toward the next one!

The session proved particularly fruitful for active state employees, with significant increases for actives. State employees were rewarded for their hard work with a 5 percent adjustment for each of the next two years plus significant "equity" dollars to help make necessary adjustments for those positions that have lagged well behind the market. The salary package did not go through without some significant opposition however. Members of the ND House differed from the Senate on most issues and made repeated attempts to reduce the percentage increase as well as the amount of equity money. In the end the 5 and 5 percent remained intact, but the equity pool was reduced to a compromise amount of roughly 16

million dollars.

On the retiree side of things, AFPE finally succeeded in passing an increase to the retiree health credit. The current credit that PERS retirees get will be increasing from \$4.50 to \$5.00 for each year of service. The credit is intended to offset the retiree health insurance premium payments but has struggled to keep up with the increases seen over the past 15 years. Retirees will not see a "13th check" or an increase in annuity payments this biennium due to the issues in the market. The PERS fund has struggled over the past year and has sustained significant losses. These losses prevented the legislature from authorizing any adjustment or supplemental payment for PERS retirees. Typically, gains from the PERS fund are used to make supplemental payments or adjustments, but with the fund in its current state there are no gains to draw from.

With healthcare costs constantly on the rise,

Medicare eligible PERS retirees will be happy to know that, due to an adjustment in the Blue Cross Blue Shield rate, PERS has elected to improve the benefits received. The PERS supplemental plan which many retirees elect has been changed to mirror a Medicare Part F plan, which will provide for less "out-of-pocket" costs for members when receiving medical care. Notifications have gone out from BCBS and PERS with the new benefits going into effect this month.

Although the 61st Legislative Session may not have proved as fruitful as was hoped, both actives and retirees should feel positive about the outcomes. Active state employees will soon be seeing deserved increases in pay and retirees will be getting some much needed help with their medical bills.

Best wishes to all of you and have a great summer!

Health Credit Increase Passes

In previous sessions, AFPE worked hard advocating for an increase in the retiree health insurance credit that eligible PERS retirees receive. The credit, as you know, provided \$4.50 per year of service to the state each month, to be applied toward the cost of a retiree's health insurance. Simply put, a 20-year state employee would receive \$90.00 which would be automatically applied to the premiums retirees pay each month.

During 2006, AFPE lobbied

hard to pass an increase. Working with Governor Hoeven's office prior to the session to get an adjustment put into the executive budget and the interim Employee Benefits Committee, AFPE was confident that an increase would pass during the 2007 session. When it was all said and done, the outcome wasn't what we desired. After the bill passed the Senate with an almost unanimous vote, the bill struggled in the house and fell 4 votes short of passing.

Jumping ahead to 2009, AFPE working again with Executive and Legislative branches had a bill that would provide a modest increase to the health credit, raising it from \$4.50 to \$5.00 per year of service. Once again, the Senate passed the bill without difficulty and it went to the House for approval. After many hours spent visiting with legislators the bill went to a vote on April 6th and passed by a vote of 50 yeas versus 41 nays. A narrow margin, but a victory nonetheless.

Your

AFPE Board

**President
Tom Tudor**

**Vice President
Kelly Schroeder**

**Board Members:
Lenor Dollinger
Howard Sage
Bill Gunnerson
Francis Schwindt
Dave Zentner**

**Questions about
your PERS
benefits?**

**Call the PERS
office at
701-328-3900**

Issues of note from the 2009 session

Salaries, Roads, Tobacco and Wal-Mart

The 2009 session was about as interesting a session as many can remember. With the state enjoying a surplus of \$1.2 billion and much of the rest of the country in economic turmoil, North Dakota was one of the few bright spots. A host of other interesting issues presented themselves during the session from highway funding and stimulus money to pharmacy ownership.

Early in the session, state employee salaries seemed to be a top priority as the Executive budget outlined plans for a 5% increase in each year of the upcoming biennium and approximately \$24 million in equity dollars. The issue soon faded from the spotlight as disagreement about appropriate increases and how the dollars would be distributed developed between the House and Senate. Eventually, the equity dollars were reduced to around \$16 million and both houses settled on the originally proposed 5+5 increase with the Office of Management and Budget getting greater control over dollars for unfilled positions and equity.

Pharmacy ownership laws were

of great debate this session with significant efforts being made by companies such as Wal-Mart and Walgreens to change the law so that corporate-owned pharmacies could be operated in the state. The current law requires that all pharmacies must be at least 51% owned by pharmacists, preventing the aforementioned retailers from setting up shop in North Dakota. The effort was eventually defeated but remains the subject of significant debate with talk of an initiated measure and court challenges on the horizon. You can be sure to hear more about this issue in the future.

Highway Funding was also an issue of significance this session. The state was faced with the difficulty of recovering from unprecedented flooding throughout the state that damaged roads on top of figuring out how federal stimulus funds could be used for projects. The initial push by the legislature proposed substituting stimulus funding for road projects, but the stipulations on that funding prevented the state from pursuing it further. The legislature eventually appropriated the necessary dol-

lars to fund road projects at an appropriate level.

In the fall of 2008, the people of North Dakota passed an initiated measure that proposed dedicating a greater portion of the Tobacco Settlement dollars paid by tobacco companies to tobacco programs and education. The issue seemed simple at the time, but as the details emerged and the legislature began sorting out the details, controversy arose as to how the programs should be implemented. At the heart of the issue was duplication of state services. The ND Department of Health currently operates the state's tobacco programs but within the details of the measure there was a provision that essentially set up a new department within state government which would administer the programs in the measure without legislative oversight. Proponents of the measure and legislators worked furiously in the last days of the session to find compromise, but eventually the measure's supporters won out and the language as proposed in the measure was added to a budget bill and was passed by the legislature.

AFPE Fall Meeting:

Summer 2009

MEETING DATE: OCTOBER 12, 2009

LOCATION: DOUBLWOOD INN, BISMARCK

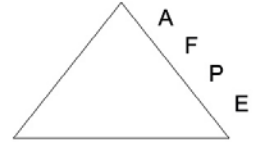
TIME: 1 PM

TENTATIVE LIST OF SPEAKERS

Steve Cochran, Director, RIO

Kim Christianson, Great Plains Energy Corridor

Sparb Collins, Executive Director, PERS



ATTENTION!

Interested in receiving email updates on retiree news?

AFPE is interested in sending out email updates to our members to let them know about important retiree issues.

To be added to the list, send your email address to:

bill@aptnd.com

Thank You Ron Leingang, Congrats Howard!



AFPE would like to thank Ron Leingang for his years of service to the Public Employee Retirement System board. A long time Human Services employee and AFPE member, Ron has served with distinction as both an active employee representative and retiree representative on the board. With Ron's help the PERS board has responsibly managed the benefits that are so important to both active and retired state employees. Best of Luck Ron as you move on to other things.



AFPE would like to congratulate Howard Sage on his election to the PERS board! Howard is a current board member of AFPE and will serve the state well as the new retiree representative on the board. We would also like to thank David Gunkel for his willingness to run for the board, Dave is also an AFPE member and would have served the board well. Both Howard and David previously served on the board when they were active employees.

Association For Public Employees Membership Enrollment Form

Name _____ Phone# _____ Email: _____

Address _____ City _____ State _____ Zip _____

Choose one method of payment and mail completed form to: AFPE PO Box 1141 Bismarck, ND 58502-1141

Retiree Members

_____ Enclosed is \$24.00 for annual membership payable by every January 1.

_____ **Preferred Method:** I voluntarily request ND PERS withhold \$2.00 per month and transfer the amount to AFPE for membership in the organization. The withholding remains in effect until I choose to terminate by written notice to ND PERS. The voluntary request for the withholding of dues applies to any increase the AFPE Board or it's membership chooses to make in the future.

Active Members

_____ Enclosed is \$60.00 for annual membership payable by every January 1.

_____ **Preferred Method (\$5.00 per month):** I hereby authorize the State of North Dakota or its Agencies to deduct from my earnings membership dues to the Association For Public Employees in accordance with its bylaws as certified in writing by the Association. The amount deducted shall be forwarded to the AFPE. This deduction will begin on the pay period starting _____ And will continue until written notice to cancel is submitted by me.

Social Security Number (necessary for auto withholding): _____

Signature _____

Date _____

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PO Box 1141
Bismarck, ND 58502-1141