



ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

Vol. XXX — No. 7

SERVING OVER 295,000 MEMBERS

January 2005

Taxpayers Contribute 14.9% of Last Year's Revenue!



Retirement Systems of Alabama Revenue Resources*
FY October 1, 2003 – September 30, 2004

Revenue (in Millions)	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>	<u>Combined</u>
Employee	\$ 253.9	\$ 168.5	\$ 2.4	\$ 424.8
Employer	\$ 312.5	\$ 170.7	\$ 9.0	\$ 492.2
Investment Income	\$ 1,634.3	\$ 725.8	\$ 22.0	\$ 2,382.1
Total	\$ 2,200.7	\$ 1,065.0	\$ 33.4	\$ 3,299.1
Revenue (Percent)				
Employee	11.5%	15.8%	7.2%	12.9%
Employer	14.2%	16.0%	26.9%	14.9%
Investment Income	74.3%	68.2%	65.9%	72.2%
Total	100.0%	100.0%	100.0%	100.0%

* State plus public and quasi-public agencies

(Editor's note: Investment Income is net all losses.)

Riley Signs Plan to Cut Insurance Costs

David White, *Birmingham News*

Gov. Bob Riley signed into law his plan to trim state government's health insurance costs by an estimated \$300 million over five years.

The estimate may or may not prove true. William Ashmore, the state insurance official who developed the estimate, says only time will tell if it's accurate.

...Riley said he expects his plan to trim cost increases by \$50 million in 2006 and by \$88 million a year starting in 2010.

Parts of Riley's plan took effect immediately. Others won't take effect until next Oct. 1. For instance, Riley's plan immediately gave the 14-member state teachers' insurance board and 13-member state employees' insurance board broader power to raise premiums and other out-of-pocket expenses on public employees and retirees, but only if two-thirds or more of voting board members agree.

It also immediately let the insurance boards offer supplemental coverage to any employee or retiree who volunteers to be covered by a spouse's insurance and drops primary coverage by the state. A

continued on page three

A Second Positive Year — After Two Bad Ones

The Retirement Systems of Alabama Schedule of Investment Performance

Fiscal Year Ending September 30, 2004

Total Portfolio	<u>1-YEAR</u>	<u>3-YEARS</u>	<u>5-YEARS</u>	<u>10-YEARS</u>
Teachers' Retirement System	10.71%	6.00%	4.12%	8.61%
Employees' Retirement System	10.06%	5.41%	3.77%	8.51%
Judicial Retirement Fund	11.34%	3.74%	2.40%	8.37%

Editorial: *The Birmingham News*

“The failure of a symbolic vote showing that Alabama has moved beyond its racist past is biting the state where it hurts: its already shaky national image....

Already, there have been stories in *The New York Times*, *USA Today* and other newspapers around the country, as well as editorials and columns.

‘For reasons that our Yankee imaginations cannot fathom, Alabama is still wrestling with ghosts other parts of the South exorcised decades ago,’ opined a *Pittsburgh Post-Gazette* editorial last week.

‘Here’s how far we *haven’t* come in this country, wrote *Charlotte Observer* columnist Fannie Flono... ‘On Election Day, Alabama residents couldn’t muster enough votes to obliterate antiquated and unenforceable Jim Crow laws from the state’s constitution.’

To which many Alabamians—who regard outsiders’ criticism as kindly as they do plans to raise taxes—will say big, fat, hairy deal. Except Alabama’s failure to remove racist language from the constitution, and what the rest of the country thinks about it, is a big deal.

‘It’s one thing to have something off in the corner (of the constitution) that nobody’s paying attention to,’ says J. Gabriel Chin, a professor of law at the University of Arizona. ‘But to make a decision to keep it creates the risk of giving the false impression that people support racism or they’re sorry schools are not segregated anymore.’

...But Alabama, because it was the epicenter of the civil rights movement, is ripe for exploitation when the state lives up to stereotypes about race.

To economic developers in other

states, there are no mitigating factors to explain away the ‘no’ vote. No fear of higher taxes, as opponents claimed. No principled stand against any and all proposed amendments until Alabama gets a new constitution. To industry hunters recruiting against Alabama, the November 2 vote will be used as proof this state’s racist past isn’t past.

‘It’s difficult for me to believe this type of thing isn’t going to be used by competitors,’ Chin says.

...If Alabama is serious about moving beyond its ugly past, it should remove all the racist language from its constitution.

The sleeping dog is wide awake. The question now is, just how badly will Alabama allow itself to be bitten?” ■

Demagoguery Thrives

By Wayne Flynt

Demagogue: A person who stirs up the people by appeals to emotion and prejudice in order to become a leader and achieve selfish ends.

That’s the Webster’s New World Dictionary definition of demagogue. It is a strange word bequeathed to us by the ancient Greeks, and it has a sad history in Alabama. Although we didn’t invent political demagoguery, we certainly perfected it.

During World War I, Alabama-born Baptist preacher (and Florida governor) Sidney J. Catts barnstormed across Alabama blaming Catholics for every witch’s-brew at every crossroads (of course all in the name of Jesus). One of his demagogic speeches in Birmingham set the stage for a Methodist minister’s murder of Catholic priest James E. Coyle. The national press pilloried Birmingham for weeks afterward, calling the city the “American hotbed of anti-Catholic fanaticism,” where the “murder of a priest had been added to the achievements of bigotry.”

A decade later, Alabama’s U.S. Sen.

J. Thomas Heflin gained national notoriety for his attacks on the Knights of Columbus and Catholics in general (all in the name of Christ and conservative Protestant Christianity).

Again the state became a national laughingstock. A Maryland senator dismissed Heflin’s views as “the flimsiest bubble that ever found lodgement in an empty head.” The *New York Sun* added: “The feeling of most Americans toward Heflin is one of indescribable loathing.”

Three decades later it was a new trinity of demagogue and a different issue that besmirched the state’s reputation. Gov. George C. Wallace, Selma’s sheriff James G. Clark Jr. and Birmingham police commissioner Eugene “Bull” Connor represented Alabama to a national audience, all in the name of lily-white Christianity.

Accused Birmingham’s African-Americans of being “impudent, unruly, arrogant, law breaking, violent and insolent,” Connor turned a thriving metropolis that in the 1950s contained only 15,000 less people than Atlanta into a backwater city smaller than Atlanta by a quarter million people in 1970.

The 2004 election cycle has supplied Alabama yet another generation of demagogue led by Roy Moore, Tom Parker and John Giles. With a vote for Amendment 2 that would have removed racism from Alabama’s constitution, the state had the opportunity to close the door on a wretched past and begin the 21st century with a new message and a clean image. Without Moore, Parker, Giles and their lesser Republican henchmen railing against it, Alabamians would have done just that.

One part of that racism was Amendment 111, passed in 1956 as a piece of last-ditch segregationist legislation. That amendment even revoked the obligation of Alabama to educate its children. Let those who could afford education send their children to private schools, the logic went, and let black children grow up ignorant.

VOTERS MISINFORMED

Enter messengers Moore, Parker, Giles and their cohorts. Passing Amendment 2 (which would have repealed that 1956 law) would harm home-schoolers, lead to free adult education and prepare the way for federal or state courts to increase taxes for schools, they harangued.

That lots of uninformed Alabamians

Holiday Success!



New meaning has been given to the phrase “My ship has come in” for Alabamians! America’s newest cruise ship terminal officially opened three months ago. This \$20 million terminal is funded by the RSA and supported by the city of Mobile.

The new terminal is home to the *Holiday*, a 1,452-passenger Carnival Cruise Lines ship. Carnival officials estimate the *Holiday* will make 75 voyages a

year, carrying 120,000 people to Mexico and the Caribbean and generating a local economic effect of \$12 million annually.

Most cruises are sold out through March 2005, making it a huge success. In addition to the Southeast, records show guests are coming from as far away as New York, Michigan, and Canada.

For more information on the *Holiday*, call 1-800-CARNIVAL (227-6482), and start a great trip from Mobile!

Think Your Job Can't Be Sent to India?

Source: *FORTUNE*

“If you think your job is safe from offshoring, think harder...Millions of Americans in management and the professions are about to be blindsided by the next step. They have observed these developments with some detachment—a shame about the engineers, but it could never happen to us...”

The more immediate problem is the rise of medical tourism. Americans facing bank-breaking surgery are flying to India, having their procedure done in a sparkling new high-tech Indian hospital, seeing the Taj Mahal while they’re there, and flying home, all for a fraction of what they’d pay in the U.S. Examples: A hip replacement that’s \$39,000 in the U.S. in \$3,000 in India. Heart-valve replacement that could total \$200,000 in the U.S. was recently \$10,000—including airfare—for a North Carolina man. An Indian service industry trade group estimates that next year Indian healthcare companies will take \$800 million in business from the U.S....”

believed such rubbish is obvious. That lots of white racists still live between the Chattahoochee and the Tombigbee rivers is equally obvious. That many Alabamians would rather see their children half educated and woefully unprepared for the modern economy rather than pay more taxes is slowly dawning on more and more of us. That many citizens care more about the future of middle-class children than about the children of the poor people is also apparent. And to be fair, many progressive voters now believe, with considerable evidence in their favor, that the only way to force a new constitution is to vote down every amendment to the current one.

But voters didn’t decide the fate of Amendment 2 based on their careful reading and reflective thought about a vague 1956 law. They were misinformed and demagogued by Roy Moore, Tom Parker and John Giles.

These three men (like Catts, Heflin, Wallace, Clark and Connor before them) are not stupid. They know full well the racist origins of the 1956 law. They know that no “clean” new amendment in 2005 can leave the 1956 law intact and still remove racism from our

constitution. They know a circuit court judge in 1993 struck down the amendment they cherish. They know the state Supreme Court twice upheld that ruling. They know the state recently passed an amendment requiring that any court-authorized tax increase be referred to a statewide referendum so no judge can unilaterally raise taxes. And they know the consequences of their demagoguery will be a national campaign of ridicule unparalleled in recent Alabama history....

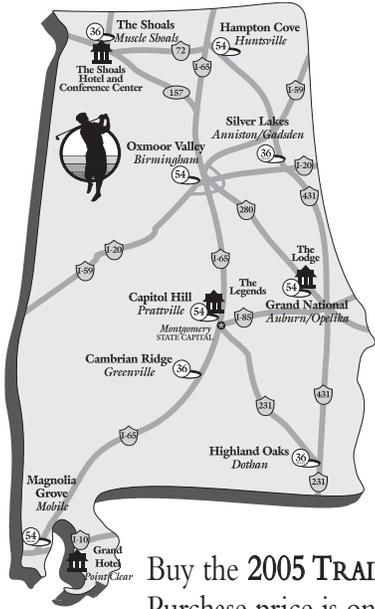
When your newly graduated sons or daughters sadly inform you that despite love for family, kin and community they have decided to strike out for greener pastures elsewhere, blame Roy Moore, Tom Parker, John Giles, et. al. They have been accused of racism. I am convinced they are innocent of that charge. But they have proved themselves (all in the name of Christ) guilty of demagoguery, which is alive and thriving in the Heart of Dixie. ■

Wayne Flynt is Distinguished University Professor at Auburn University. His most recent book is “History of Alabama in the Twentieth Century,” published by the University of Alabama Press.

Riley’s Plan *continued from page one*

supplemental plan could cover out-of-pocket expenses due under the spouse’s coverage. Also under Riley’s plan:

- The boards must make smokers pay higher premiums starting October 1, but no amount is set. State officials say the monthly increase likely will be about \$20.
- People who work elsewhere after retiring from the state after September 30 must rely on their new employer for primary insurance coverage, if that employer pays for 50 percent or more of the total insurance cost.
- Public employees who retire after September 30 must pay higher premiums if they worked fewer than 25 years for the state. But retirees with more than 25 years’ service will pay lower premiums. ■



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