



The Torch

The official newsletter for Indiana state employees

Governor reinstates pay increase for state employees

By now most state employees are aware that Governor Mitch Daniels has announced that after a two-year pay freeze, most will be eligible for a modest pay increase in 2011.

In the letter, the governor said those who receive a positive performance review will receive, on average, a 1.3 percent increase. The raises will be a flat amount: \$1,000 for employees who earn an evaluation of outstanding (approximately 5 percent of employees); \$750 for those who exceed expectations (10 percent of employees) and \$500 for those who meet expectations (75 percent of employees). Employees who are evaluated as needing improvement or who do not meet expectations will not receive a pay increase.

“It has been very disappointing to me that we have not been able to recognize financially your hard work over the last two years,” Gov. Daniels wrote. “Of course, few of the taxpayers who pay our salaries have had pay increases, and many have lost income or their jobs. Still, I have really regretted our inability to give pay raises during this recession.”

State employees did not receive pay increases in 2009 or 2010 when the governor reduced spending throughout the executive branch of state government as state revenues fell off during the national recession. However, the pay for performance evaluation plan the governor instituted in 2006 has remained in place, and outstanding performance has been rewarded through

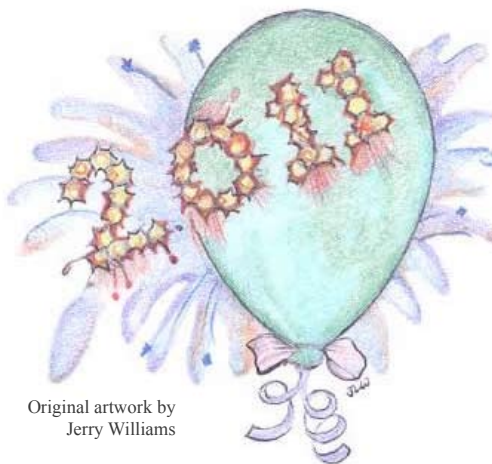
the state’s spot bonus program and the governor’s public service achievement awards.

For the third year in a row, Gov. Daniels will not accept the salary increase that the General Assembly approved for him three years ago. The governor has also asked the leaders of the state’s executive branch agencies to forego a salary increase.

State employee reviews are currently being conducted and the pay increases will be effective in February.



Read the governor’s letter at www.in.gov/spd/2460.htm



Original artwork by Jerry Williams

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Submit your story ideas in an e-mail to: spdcommunications@spd.in.gov

Taxes

How will tax changes affect your pay?

The federal government has released the new tax rates for 2011. Beginning with the Jan. 5, 2011, pay date, the employee portion of the Social Security tax will be reduced from 6.2% to 4.2%. This tax reduction is only for 2011, as rates are scheduled to return back to 6.2% in 2012.

If you are not in a Social Security-eligible position, this change will not affect you.

The federal tax tables have also changed. Link to the new tax tables here: www.irs.gov/pub/newsroom/notice_1036.pdf

Find SPD on Facebook

Check out the State Personnel Department on Facebook and while you’re there, “like” us.

On Facebook, SPD staff will advertise hard-to-fill positions, answer questions from potential candidates and post communications related to agency initiatives.

Please remember, since Facebook is not an allowable webpage from your work computer, you will only be able to view it from home or on your mobile device. Find us and refer your family and friends today.



Find us on Facebook

State budgets: Day of reckoning approaches nationwide

It might be a new year, but the story remains the same – many states continue to spend more than they take in. Negotiating budgets will present even more challenges than previous years. Most federal stimulus money directed to the states will have expired, revenue from sales and income taxes is increasing slowly in many places, yet demand remains high for Medicaid and other state services.

States that have relied solely on federal bailouts to temporarily close their budget gaps will soon find themselves facing significant funding cliffs that can only be addressed by painful cuts in services or raising taxes on their citizens at a time when many can least afford it.

However, many of the problems faced by states are not due to revenue declines brought on by the most recent recession. Rather, the recession has brought to light underlying budgetary calamities that many states have allowed to fester for far too long. The drop in tax revenues exposed decades of financial irresponsibility, reckless spending, extravagant employee benefits and accounting gimmicks used to hide deficits.

60 Minutes recently aired a segment titled “State Budgets: Day of Reckoning” (view story at www.cbsnews.com/video/watch/?id=7166293n) which highlighted the mounting fiscal crises for states that have for too long ignored the fiduciary responsibilities their citizens have entrusted them with. Some of the most egregious examples mentioned in the story:

California drastically cut state funding

to higher education in an effort to reduce its \$19 billion deficit; this action resulted in state universities



raising tuition by 32 percent. The state’s credit rating is approaching junk status and it now spends more money on public employee pensions than it does on the state university system.

Illinois is recognized by service providers as a deadbeat state. It doesn’t have money to pay its bills because it spends twice as much as it collects in taxes. Dan Hynes, Illinois’s Comptroller, currently has about \$5 billion in outstanding bills in his office and not enough money in the state’s coffers to pay them.

Hynes admits the state is about six months behind in paying some tens of thousands of vendors who have provided services for the state. “That would include everyone from the University of Illinois, which is owed \$400 million, to a small pharmacy in Chicago that has been waiting months for \$200,000 in Medicaid payments. Then there are the 2,000 not-for-profit organizations that are owed a billion dollars by the state.”

Arizona sold several of its state buildings – including the State Capitol and the buildings that house the Supreme Court and legislative chambers – in an effort to raise cash. The state then entered into a long-term lease with the purchasing group of investors. This move will cost the taxpayers of Arizona an estimated \$400 million in additional interest over the term of the lease. The state also eliminated Medicaid funding for most organ transplants.

Fortunately, Indiana under the leadership of Governor Daniels has placed itself in a much different, and enviable, position. Decisive and meaningful actions to reduce state

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Governor Daniels meets with two Cub Scouts at the recent Crossroads of America Council’s Governor’s Luncheon for Scouting.

Help needed to restore Indiana's historic battle flags

Some historic items at the Indiana War Memorial (IWM) are in need of a bit of a makeover and you can help. The Indiana Civil War Flags Commission is raising funds to restore more than 450 flags that represent the legacy of Indiana regiments that served in the Civil War and the Mexican-American War.

The IWM has 450 flags and since the beginning of the project, only 10 have been restored.

“The flags are part of our legacy,” Brig. Gen. J. Stewart Goodwin, the IWM’s executive director said. “The goal is to eventually return these flags to courthouses in the areas they originally represented.”

All flags were collected by General Lew Wallace in 1866 and turned over to the state. Over time, the flags have suffered deterioration despite being in a hermetically sealed vault.

“Some are in good shape,” Goodwin



Above are two of the many flags in need of restoration. The top flag is the 123rd Regiment flag and below that is the national flag of the 9th Regiment.

said. “Some are potato chips. But we have the technology to fix them.”

Goodwin has a textile conservator from Purdue that has worked on the 10 flags that have been restored, including the current restoration of the two flags of the 19th Regiment. With some additional funding, more flags can be restored.



The 5th Regiment flag from the Mexican War is on display at the Indiana War Memorial after restoration.

economy there are still people with disposable incomes that maybe didn’t know about this that would like to help,” Goodwin added.

“It’s not about (an individual) just writing a check. I want to invite them to the War Memorial, take them into the vault and become a part of restoring history.”

For more about the battle flags visit www.in.gov/iwm/2339.htm. If you would like to donate to restore these relics of the Civil War era, visit the Indiana War Memorial or call J. Stewart Goodwin at (317) 232-7616.

Prescriptions

Mail order is easy with Medco

For employees who mail order prescriptions through Medco, using its automatic payment system, make sure your credit card is current.

Medco offers two automatic payment options: credit card and e-check. To update your credit card information, log onto www.medco.com and then follow the directions once you click on “Update your credit card information.”

E-check is an automatic payment system that lets you pay for your mail-order prescription drugs through your checking account. With e-check, you won’t have to worry about updating your credit card expiration date. There is a 10-day grace period between the time Medco sends your order and the day the amount is deducted from your checking account. Visit www.medco.com and once logged in, click on “Update your bank information for e-check” then follow the instructions.

You can also provide credit card or e-check information by calling Medco’s toll-free Member Services phone number at 1-877-841-5241.

“Even in this

Brush up to prevent heart disease

Take good care of your teeth and you may also be taking good care of your heart. A number of recent studies have revealed a link between periodontal (gum) disease and heart disease.

Gum disease can occur without any evident warning signs and is often painless, but several indicators can signal the disease. Talk to your dentist if you notice any of these indicators:

- Gums that bleed easily
- Red, swollen, tender gums
- Gums that have pulled away from the teeth
- Persistent bad breath or bad taste in the mouth
- Permanent teeth that are loose or separating
- Any change in the way the teeth fit together when biting
- Any change in the fit of partial dentures

There is a correlation between early indicators of gum disease and atherosclerosis, which causes coronary artery disease and affects about 13 million Americans. Specifically, a study published in the *New England Journal of Medicine* noted that gum disease plays a role in blood vessel dysfunction, a condition that improves with intensive periodontal treatment. This intensive treatment may include scaling and root planning, locally administered antibiotics and tooth extractions.

This study, along with other research, confirms that dental benefits continue to play an important part in maintaining overall health. Regular brushing, flossing and dental checkups are more important than ever for your heart and general wellness. And since heart disease is the leading cause of death for Americans, brush up for your heart health.

Debit card changes announced for OTC purchases

Before you use your debit card for over-the-counter (OTC) medications during 2011, make sure that purchase falls within the IRS' new guidelines for Health Savings Accounts (HSAs) and health Flexible Spending Accounts (FSAs).

Effective with the New Year, come new rules. Debit cards will be reprogrammed so that you can no longer use your FSA or HSA debit card to purchase OTC medicines or drugs. See [IRS Notice 2010-59](#).


For HSAs, the changes, effective Jan. 1, involve:

- The definition of an HSA-eligible qualified medical expense will no longer include over-the-counter medications unless prescribed by a physician. This change does not affect medical or diagnostic devices, equipment or supplies.
- The tax penalty on withdrawals from an HSA that are not used for qualified medical expenses will increase from the current 10 percent to 20 percent.
- If you use your HSA debit card, be sure to keep all records of your transactions, in the event you are audited.

For more direction on using your Tower Bank HSA debit card, log onto www.towerbank.net

Even more recent changes have been announced that have a greater impact on those with health FSAs purchasing over-the-counter medications. Effective after Jan. 15, to purchase over-the-counter medications with your FSA debit card, you must have a prescription to do so – whether at a pharmacy, mail-order or web-based vendor.

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Today I will...

take the MyHealth Assessment and take action.

When you open your eyes each morning, you begin making decisions. Choose better health today. You can start by taking the MyHealth Assessment at www.anthem.com

The MyHealth Assessment is essentially a health calculator. It asks questions. You provide answers. Then you get a confidential report that tells you:

- How you're stacking up health-wise.
- Ways to improve.
- If you qualify for other health programs that may be offered through your benefits plan at no extra cost to you.

Better health shouldn't wait 'til later. Take the MyHealth Assessment today at www.anthem.com

There is no cost to you to take the MyHealth Assessment. *Your identity and any information you provide or receive will remain confidential.

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State budgets...

government spending several years ago coupled with the prudent use of reserves provides Indiana with the opportunity to have a structurally balanced budget in FY 2013.

In response to the updated revenue forecast in December, Budget Director Adam Horst stated, "We hope it's accurate; if so, it confirms the governor's policy that through tight spending control we can balance the next budget without increasing taxes or any reduction in K-12 education."

While dozens of states have raised taxes by more than \$30 billion since the beginning of the national recession, Indiana has lived within its means and served as a model of how government can effectively and efficiently deliver critical services to its taxpayers.

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Debit card changes...

The requirement to obtain a prescription does not apply to insulin. Debit cards may continue to be used for medical expenses other than OTC medications or drugs.

If you use your health FSA debit card, the vendor (Medco) or your pharmacy is responsible for maintaining all documentation for FSA OTC purchases.

For more information about the changes to FSAs, log onto the IRS Web page at: www.irs.gov/newsroom/article/0,,id=227308,00.html. That page also mentions HRAs and Archer Cards, which are not a part of the state of Indiana health care plans.

For a list of items that meet the definition of medical care, review the IRS guidelines at: www.irs.gov/pub/irs-pdf/p502.pdf

PERF

Notify PERF of your changes

Any time you have a change to your personal information, you need to notify not only the state (your employer), but you must also contact the Public Employees' Retirement Fund (PERF).

Personal information includes changes of name, address, beneficiary, marital status, etc. Many employees believe that simply notifying your employer of these changes is sufficient; it is not. It is your responsibility to inform PERF or these changes will not be updated in your account.

How you notify PERF is dependent upon your specific information change. Some changes can be updated by logging into your secured PERF online account. Others can be updated with a form available on PERF's Web site. Still others require you to call the PERF Customer Service Center at (888) 526-1687.

For more information on how to keep your account up-to-date, feel free to call PERF. When calling the Customer Service Center, you will need your PERF Pension ID and passcode. If you do not have this information, please hold the line and you will be connected to a service representative.

Alerts

Certain diabetes test strips recalled

The Federal Drug Administration (FDA) and Abbott Diabetes Care recently announced the recall of 359 different lots of glucose test strips. These test strips were marketed under the following brand names: Precision Xceed Pro, Precision Xtra, Medisense Optium, Optium, OptiumEZ and ReliOn Ultima. Although these test strips are over-the-counter (OTC) products, they are covered under some pharmacy benefit plans.

The reason cited by FDA for the recall was insufficient absorption of blood into the test strip, which may give falsely low blood glucose results posing a risk to the patient's health.

Abbott Diabetes Care will replace affected strips at no charge with new product equal to the amount currently in the customer's possession. Abbott advises customers to send all affected product currently in their possession to Abbott.

For more information contact Abbott Diabetes Care customer service at 1-800-448-5234 or go to the Abbott Web site at www.precisionoptiuminfo.com. You may also find more information about the recall on Medco's Web site: www.medco.com

Around the state

Wander Indiana on a snowmobile

There's more than one way to travel through the snow. Check out the snowmobile trails snaking across Indiana. Check for open trails at www.indianasnowmobilers.com and click on current trail reports.

Indiana has nearly 200 miles of snowmobile trails for your enjoyment. The official state snowmobile trails include Buffalo Run Trail in St. Joseph County, Heritage Trail in Allen County, Miami Trail (Elkhart County) and Salamonie Trail (Huntington and Wabash counties). The 2011 snowmobile season runs through March 31.

Snowmobilers must obey Indiana laws and follow all safety rules and regulations.

State parks give you many reasons to not be bored this winter

Winter has set in and we may as well make the best of it. So take advantage of activities at a nearby Indiana state park.

For instance, you could go for a sleigh ride at Whitewater Memorial. Or slide down Fort Harrison's sledding hill, open during park hours when snow cover and weather permit. Experience the Battle of the Bulge re-enactment, Jan. 8 at 2 p.m. at Fort Harrison.

Need more ideas? Take a walk. Spring Mill's annual off-trail winter wander hike is Jan. 1 and Brown County's annual winter hike is Jan. 15. Check out the Indiana Dunes geocache adventure on Jan. 15.

Cross-country ski at Pokagon, the only cross-country ski rental on a state property. It's open from 9 a.m. to 5 p.m. on weekends, when there's at least five inches of snow.

Register now to view bald eagles in the wild during the annual Upper Wabash Eagle Watch on Feb. 18 and 19. The sessions begin with a talk about bald eagles at the interpretive center then participants will travel to popular eagle spots. A stop will be made at a nearby roost site to watch the bald eagles fly in for the night. To register, call 260-468-2127 or visit the Upper Wabash Reservoirs Interpretive Services [website](#).

Turkey Run Inn has quite a few offerings this new year. The inn starts off with a Girlfriend Getaway Spa Weekend on Jan. 14 to 16. This two-day package offers workshops on jewelry making, aromatherapy, relaxation techniques and nutritional discussions from local businesses. Also scheduled are small group breakout sessions made on candle-making, facials, Jacuzzi-time and meals.

This package features rooms at 50% off and the weekend getaway package

is only an additional \$99 per person. Make your reservation online, using group code 0114GG. When reserving this getaway package you will only be charged for your first nights lodging. Upon check-in you will be charged for the second nights lodging, as well as the \$99 package price (per person).

The next weekend, on Jan. 22, take part in the eagles to woodpeckers hike. One week later, the park offers the Winter Wonderland Trail Walk Weekend, Jan. 28 to 30. Hike the trails during the day and warm up by the fireplace at night. Package includes a basket with mugs, hot chocolate, trail guides, \$10 Narrows restaurant coupon, breakfast coupon for two and an astronomy show at the Nature Center. Rooms are 50% off. Package is \$29.99 plus room cost. Use group

code 128WWL when booking online.

Get your reservation in early to celebrate Valentine's Day. The park will host a romantic weekend getaway Feb. 12. The getaway includes a romantic meal for two with music by Gentleman of Note, complimentary gift in room, Sunday breakfast for two and one night lodging. The entire all-inclusive package is only \$199. Use group code 0212SP.

For any of the Turkey Run State Park activities, register online at www.in.gov/dnr/parklake/2435.htm, using the appropriate group code.

Check this out!

40 % off room rates at all seven state park inns now through March 13, 2011. More details are posted at www.in.gov/spd/2439.htm



Today I will... fight my risk for diabetes with a pair of sneakers.

Stillness can bring illness. That's why it's so important to stay physically active. Regular exercise benefits your body on the outside and inside and it's especially helpful with blood sugar management.

The MyHealth Assessment at www.anthem.com can be a great tool to help you calculate certain personal risks for conditions like diabetes. It can even suggest ways to help better manage it. Just answer some questions and get a report that suggests where you may make improvements with some how-to suggestions to help keep smaller health issues from turning into bigger problems.

Better health shouldn't wait 'til later. Take the MyHealth Assessment today at www.anthem.com There is no cost to you to take the MyHealth Assessment.

*Your identity and any information you provide or receive will remain confidential.

Sources:
Diabetes Prevention Program study - www.diabetes.niddk.nih.gov
Harvard School of Public Health - www.hsph.harvard.edu

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Presents

The 20th Annual
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January 13, 2011
12:00 pm (noon)

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