



Pensions Committee Hearing witnesses Crucial TRTA testimony

Last week TRTA state Legislative Chair Bill Barnes sent out an account of the House Pensions Committee hearing on May 4 where several bills that affect teacher retirees were heard. He noted a long, busy, often tense day of hearing bills, points of order and debates. The day would not end until 8:20 that evening after the hour-long hearing of the House Pensions Committee. The audience included several TRTA members mostly from local retired teacher units, but also TRTA President Fran Plemmons and Executive Director Tim Lee. Two retired teachers, Delores Gomez [Magic Valley RTA] and Linda Wilson [San Antonio], gave testimony on the difficulty of living without a COLA. Of course the predominant speaker on each bill was Director Tim Lee. Bill Barnes described his presentation as “outstanding.” Watching the archived video on Texas Legislature Online I could add articulate, knowledgeable and persuasive to Bill Barnes “outstanding.” Listening to all this testimony were all six members of Chairman Dan Flynn’s committee including Rep. Dennis Paul who listened attentively to each speaker. However, Barnes in his email, implied the chief reason the committee was so attentive: the efforts of thousands of TRTA members and officers persistently communicating with legislators. As Barnes put it, “I certainly appreciate their willingness to attend and support. We are still in conversations with House and Senate leaders. Ronnie Jung [TRTA consultant] and Vicki Truitt [TRTA Lobbyist] are working diligently every day for our members to get the benefits they deserve. I am so blessed to have the opportunity to work with this outstanding team. Your work on the Legislative Committee is greatly appreciated. Keep your members informed and keep those communications going to the Legislators asking for support.”

The testimony for each bill, as I watched the video, appeared to center on four elements: 1. TRS retirees who offered often-emotional pleas to provide a COLA, 2. the sponsoring legislator who basically explained purpose and basics of the bills, 3. Tim Lee who offered TRTA reasoning for support of the bills and 4. TRS Director **Brian Guthrie** who acted as a neutral expert on the effect of each bill on the TRS fund. **Pensions Chairman Dan Flynn** (R-Van) sought questions from committee members after each speaker but only Rep. Phil Stephenson was forthcoming with some important clarifying questions. There were 22 non-speakers present who signed up as favoring the various bills and there were none against.

All these bills were left pending but can be voted out at any time. Those bills are:

- HB 2873** by Rep. Alma Allen--relates to a 10% COLA and 4% thereafter. But the Legislative Budget Board (LBB) had noted a serious actuarial soundness problem so no actual payments would be possible.
- HB 1967** by Jim Keffer - a 13th check for TRS retirees who retired from 2004 to 2014. Approximately one-third of our 320,000 retirees did not get the last supplement. TRS Director Brian Guthrie testified that HB1967 would **not** jeopardize the soundness of the fund.
[A Senate companion is SB1833]
- HB 45** by Mando Martinez—would provide a permanent COLA based on the Consumer Price Index. However, the Legislative Budget Board had warned of an actuarial soundness problem.
- HB 1149** by Ana Hernandez—providing a partial COLA to the largest adjustment that would still keep the TRS fund actuarially sound.
- HB 2974** by Dan Flynn- sets up a joint interim committee to study TRS-Care options. Chairman Flynn articulated much of the TRTA rationale for support of the interim study.
- HB 3259** by Abel Herrero— would provide a one-time 3% COLA for TRS retirees who retired after 2004 but TRS Director Guthrie testified that the bill in its present form would render the TRS fund unsound. [Senate companion:SB1991]

Pensions Hearing: Tim Lee's View

Tim Lee, Inside Line, 5-8-15

During a May 4 meeting, the Texas House Pensions Committee reviewed... bills that if passed would provide benefit increases for annuitants of the Teacher Retirement System of Texas (TRS). The Texas Retired Teachers Association (TRTA) was present at the hearing, with many members attending and testifying. TRTA is grateful to House Pensions Chairman Dan Flynn (R – Canton) for allowing these bills to be heard in committee....

All of the bills reviewed during the hearing were left pending in committee. Several additional steps would be required in order for any of the bills to pass and for TRS retirees to receive some form of benefit increase. The bills must first be passed out of the House committee, voted on by the entire body of the Texas House of Representatives, sent to a Senate Committee and passed out of committee to the entire body of the Texas Senate, then sent to the Governor.

TRTA is working with legislators closely to help retirees, with a focus on finishing that job that was started during the 83rd Legislative Session. As you may recall, Senate Bill 1458 was passed in 2013 and made the TRS pension fund actuarially sound for the first time in many years. As a result of the bill's passage, more than 200,000 TRS retirees were able to receive their first permanent cost-of-living increase since 2001. However, more than 100,000 TRS retirees did not benefit from the raise. The TRS pension fund has the capability to provide such an increase to these remaining retirees at this point in time. However, as our members have learned throughout the years, a pension increase can only be approved with action by the Texas Legislature.

TRTA fully supports legislation that would provide some type of benefit increase to TRS annuitants this session. TRS retirees live on fixed incomes and must rely upon action from the Texas Legislature to improve their livelihood. 95% of school districts in Texas do not pay into the federal Social Security program, meaning the vast majority of TRS retirees do not receive additional monthly income beyond their average monthly TRS annuity of \$1900.

In the Texas Senate, many of our friends on both sides of the aisle are also considering ways to assist retirees this session. Sen. Jose Menendez (D – San Antonio) is

attempting to pass legislation that would help retirees with an actuarially sound benefit increase.

Many other bills are also competing for time on the calendar. We appreciate Sen. Menendez and the members of the Senate who have worked to support ideas helping TRS retirees.

The entire Senate is rallying to the work being done by the Senate Finance Committee and its chairman, Sen. Jane Nelson (R – Flower Mound), that addresses our health care funding needs. The Texas House took action last month to fully fund TRS-Care, and the Senate is working on this plan now, as well.

Tim Lee Highlights Pending Bills

Tim Lee, Inside Line, 5-8-15

The Texas Retired Teachers Association's (TRTA) legislative agenda is progressing in the Texas Legislature. TRS-Care, the health insurance program more than 240,000 retired public educators rely upon, is on the verge of receiving \$768 million to fund its budget shortfall. We have many people to thank for the attention and urgency legislators applied to the TRS-Care issue.

When the 84th Legislative Session started, TRS-Care was out of money and headed for a potential disaster. Texas legislative leaders and budget writers wasted no time putting forward an idea to fully fund the pending shortfall and protect retirees' health care for the coming biennium.

The Texas House placed \$768 million to fund TRS-Care in the "supplemental appropriation" bill and sent it to the Senate. Rep. John Otto (R – Dayton), Chairman of the House Appropriations Committee, made two major announcements on the House floor telling his fellow Representatives about the plan. Rep. Joe Straus (R – San Antonio), Speaker of the Texas House, stated on Twitter that the Texas House supports retired teachers!

We are grateful to ALL of the members of the Texas House, especially the dedicated leaders who developed this solution. TRTA will provide more information about this plan and those involved in our upcoming news bulletin review of the legislative session.

The Texas Senate made a special announcement on April 8 to a standing-room only crowd of TRTA

members in the Senate gallery at our Day at the Capitol event. Sen. Jane Nelson (R – Flower Mound), Chairman of the Senate Finance Committee, told the crowd the Texas Senate was going to fully fund the TRS-Care shortfall. Her announcement was met with thunderous applause from the audience.

The Texas Legislature has been listening to TRTA members. They appreciate your service and your dedication. We have many friends in the Texas Legislature, but our work is not over!

Final action on the bill that will fund our TRS-Care shortfall has not yet occurred. HB 2 is in the Senate Finance Committee, and we need that legislation to progress to ensure TRS-Care will receive the necessary funding.

TRTA has every reason to believe the Legislature is working in a positive way to support you and this important matter. This action alert is our request to you to encourage your legislator as this session winds down into the final month.

Legislators are still prioritizing your interests. A number of other bills have been filed with the intent to help retirees who did not receive a benefit increase last session. Last session, SB 1458 provided a 3% cost-of-living increase to TRS retirees who retired before September 2004.

However, session days are getting long, negotiations on other matters are intense and many interest groups are messaging legislators constantly.

Now is the time to send some words of encouragement to the legislators who started this session by thinking of you and your health care program. Let's show the Texas Legislature that TRTA appreciates the hard work and support our legislators have provided! Send your legislator an email thanking them for their hard work by using a first and last name indicating house or senate:

examples { *dennis.paul@house.state.tx.us*
greg.bonnen@house.state.tx.us
larry.taylor@senate.state.tx.us

With time left this legislative session, we may still see other actions that will benefit TRS retirees. TRTA will work for you every day; protecting your earned benefits and looking for ways to improve your retirement security.

Conference Committee begins Job of blending different House and Senate Budgets

The House has passed a \$209.8 billion budget after an 18-hour marathon debate, and the Senate has passed a \$211.4 billion somewhat different budget. Each chamber has named five members to slice, dice and generally hash-out differences in the two versions. With almost \$770 million in the HB2 supplemental budget slated to bolster TRS-Care, education retirees have a stake in the contest over budget allocation. However, so far there appears no perceptible opposition to sustaining TRS-Care.

The House budget conferees are:

House Appropriations Chair John Otto, R-Dayton,
Vice Chair Sylvester Turner, D-Houston,
Trent Ashby, R-Lufkin,
Sarah Davis, R-West University Place,
Larry Gonzales, R-Round Rock.

Otto and Turner are veteran deal-makers from the last session two years ago but Ashby, Davis and Gonzales are budget conferee first-timers.

The Senate budget conferees are:

Finance Chair Jane Nelson, R-Flower Mound,
State Affairs Chair Joan Huffman, R-Houston,
Lois Kolkhorst, R-Brenham,
Juan "Chuy" Hinojosa, D-McAllen,
Charles Schwertner, R-Georgetown.

The above lineup, Texas Tribune's Eva Hershaw noted, "includes three of the seven women currently serving in the Senate."

The Texas Senate version of the budget would cut property and franchise taxes by 15% exempting businesses that make less than \$4 million annually. The Senate budget would also allocate more than \$2 billion to cover the costs of a local property tax cut. The House version expresses a preference for cutting sales taxes and leaving the homestead exemption be. Both appear to support lowering the business tax but differ over how much.

House members dispensed some nonbinding "instructions" to the budget negotiators, including a request to not address tax cuts during the negotiations. As of May 10, Gov. Greg Abbott appears reluctant to discuss his preference.

Ten Facts Every TRTA Member Should Know

Tim Lee, *Inside Line*, 4-22-15

1. TRTA is represented in the Texas Legislature by a professional lobbyist, Vicki Truitt, who served many years in the Texas House of Representatives and was Chairman of the Pensions, Investments and Financial Services Committee for several sessions.
2. During FY 2014, TRS earned \$19.4 billion in investment earnings for your pension fund.
3. Every \$1 in benefits paid by TRS generates \$2.34 in economic activity.
4. Over \$892 million in state revenues and \$342 million in local government revenues were generated by TRS retirement benefit payments in 2014.
5. One out of every 20 Texans is a member of TRS.
6. TRS currently has more than 1.4 million participants, growing from 38,000 in 1937.
7. Every legislator in Texas knows someone who is an educator! Our voice is powerful, and best of all, meaningful to those who represent us. Be sure to stay in contact with your elected officials throughout the 84th Legislative Session!
8. TRTA provides a toll-free Legislative Hotline that allows you to call your legislator's Capitol offices: 1.888.674.3788. Every day is a good day to call and say, "Thank you for your support!"
9. TRTA members gave from their hearts more than 5,585,260 hours of volunteer service in 2014, equivalent to a value of more than \$130 million.
10. Retired educators volunteer in schools and promote lifelong learning by providing more than 700,000 books to children through the Children's Book Project, including 139,438 books last year alone!

You are the most important factor in TRTA's success in the Texas Legislature! Your dedication and motivation to provide quality retirement benefits for your fellow retirees and pre-retirees is what matters the most!

Thank You!

Contact Your Legislators

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Lee Warns of anti-defined-benefits lobby

Lee, 4-22-15

Great solutions are developing for the TRS-Care funding shortfall, and many legislators are looking at ways to provide possible benefit increases to annuitants of the Teacher Retirement System of Texas (TRS). Many devoted TRTA members are responding and inquiring about the Texas Senate's actions that are aimed at increasing retirees' benefits....

[But] as recently as April 20 during a House Pensions Committee hearing, various anti-pension interests testified that defined benefit pension plans are not sustainable and should be terminated! Even with the passage of SB 1458 in 2013 and an actuarially sound and robust TRS pension fund, defined benefit opponents continue to press legislators to eliminate these valuable and necessary retirement plans! TRTA continues to be a powerful voice reinforcing the value of our TRS defined benefit plan and its strong actuarial condition! We are making progress in resolving the TRS-Care situation, with an eye on a future that ensures our retirees have access to reasonable health care benefits at an affordable cost. We cannot do this without the support of our members and the friends we have in the Texas Legislature! This week and the weeks to come will be busy, as TRTA continues to advance your issues and our legislative agenda.