

TRS-Care Joint Interim Hearing well attended and serious issues presented

based on the TRS website & Texas Legislature Online

The Hearing: 2:30 – 5:30 p.m. March 30, 2016
[you can watch the entire hearing at *Texas Legislature Online*, [www.capitol.state.tx.us/]

For those who attended or watched the online version committee members were all present and listening:

Sen. Joan Huffman (R-Houston) - Co-Chair,
Sen. Jane Nelson (R-Flower Mound),
Sen. Craig Estes (R-Wichita Falls);
Rep. Dan Flynn (R-Canton) - Co-Chair,
Rep. Trent Ashby (R-Lufkin), and
Rep. Justin Rodriguez (D-San Antonio).

Last year, TRTA successfully persuaded the Legislature to put \$768 million into TRS-Care and next session we may have to ask for more than double that amount. However, instead of "kicking the can down the road" as several legislators call the process we have followed for the last several years, we can reform the system to work efficiently. TRS Director Brian Guthrie presented seven possible solutions with the last one being some combination of the first six. Everyone appeared to agree that in the long run **Option One (pre-funding) would be the most efficient but building a "trust fund" would be the most expensive up front.** Someone quickly pointed out that Texas legislators rarely think beyond the next election. However, Pre-funding would build over the years a fund similar to the TRS annuity system so that returns on investments would pay most of the cost. On committee faces a noticeable wince sometimes appeared as Director Guthrie rolled off new contribution numbers required of a pre-funding approach. The state alone would move from half billion to two billion subsidies. For a moment the "kick-the-can-down-the-road" Option Two looked more attractive.

Virtually all of the committee, at one point or another, said that increasing the premiums on retirees

was deplorable and to be avoided. So the big question remained of who is to pay for a reformed TRS-Care after 2017? After retirees' premiums, the basic three agencies currently funding TRS-Care are

#1 the state at 1%,

#2 active teachers at .65%, and

#3 school districts at .55% of school employee salaries. To facilitate Option One all three would have to triple to quadruple the current percentage until the fund could begin pay for itself. However, Option Two (kicking the can...) will continue to require \$1.5+ billion every second year with no improvement year after year.

The entire booklet used by Director Guthrie can be seen on the TRS website at <http://www.trs.state.tx.us/>. Just look down the column labeled "What's New" and click on "TRS-Care Presentation to Legislative Joint Committee 3-30-16 [pdf]". On page after page graphics and charts describe how we got to this point. But on page 22 there is a thumb nail description of the six options:

Option 1 Pre-fund the long-term liability

Option 2 Fund on a pay-as-you-go basis through FY2021

2(a) Increase State contribution only

2(b) Increase State, District and Active Employee contributions

2(c) Increase State, District, Active Employee and Retiree contributions

2(d) Increase State, District, Active Employee and Retiree contributions; plan design changes

Option 3 Fund on a pay-as-you-go basis through FY2027

3(a) Increase State contribution only

3(b) Increase State, District and Active Employee contributions

3(c) Increase State, District, Active Employee and Retiree contributions

Option 4 Retiree pays the full cost for optional coverage

Option 5 Require purchase of Medicare Part B;

mandatory participation in Medicare Advantage & Medicare part D plans; otherwise, TRS-Care 1

Option 6 Fixed Contribution or Care-1 [likely \$400 monthly] for Non-Medicare retirees

The committee will return in a few weeks to hear TRS testimony on the effect of using a cafeteria approach to components of the above six options.

TRS-Care Joint Committee Meets as TRTA Hosts Rally at Capitol

Tim Lee, *Inside Line*, 3-30-16

“I’m just chalk full of good news today,” joked Teacher Retirement System (TRS) Executive Director Brian Guthrie after eliciting several prolonged sighs from members of the TRS-Care Joint Committee.

The TRS-Care Joint Committee is a sub-committee of the Texas Legislature charged with studying the TRS-Care health insurance program. The committee is comprised of three Senators and three Representatives, who heard testimony for three hours concerning TRS-Care’s financial instability.

The health care program will face a funding shortfall of \$1.6 billion by the start of the 2018-19 fiscal year according to Guthrie. Guthrie and the legislators reviewed options to solve this funding crisis. The funding shortfall has been caused by a discrepancy between the amount of money being put into the program, which is tied to active teacher payroll, and rising health care costs.

TRTA members testified about the importance of TRS-Care to the committee. More than 200 members of the Texas Retired Teachers Association (TRTA) were present during the meeting, which was standing room only and required an overflow room to be provided.

As TRTA members rallied before the meeting, four legislators came to thank the educators for their public service. Representatives Justin Rodriguez (D-San Antonio), Dan Flynn (R-Canton), Trent Ashby (R-Lufkin) and Phil Stephenson (R-Wharton) all came to greet the TRTA gathering, and their kind, inspirational words provided an uplifting moment during a day full of long sighs and headshakes. During the meeting, each legislator was divided on how to approach the conversation of solving the TRS-Care crisis. Sen. Craig Estes (R-Wichita Falls) began the meeting by providing a statement of determination, but halfway through conceded that solving the crisis would require everyone to contribute. Stephenson however was adamant that retirees **should not** have to have any cost increases or

benefit reductions. “It should be the burden of the actives and the state,” Stephenson said.

Tim Lee, TRTA’s Executive Director, was the first to provide public testimony. Lee outlined the issues surrounding the program, including the prolonged issue of the program being a “pay-as-you-go strategy.” This current strategy required the state to provide \$768 million to keep the program solvent through the current biennium. Though Guthrie would later go on to state that this figure might be short, as the program is only projected to have \$24 million in it by Aug. 2017.

“There is no silver bullet or one thing that we can blame,” said Lee. “The bottom line is this: we need more revenue to keep this program solvent.”

Lee noted that the current pay-as-you-go method has almost been as expensive as a **pre-funded method**. Pre-funding TRS-Care is the best option for its long-term solvency, and it is the method that would be most fair to TRTA members. However, pre-funding is the most expensive option for the Legislature, as it would cost the state a total of \$2.7 billion during the 2018-19 biennium and \$2.8 billion during the 2020-21 biennium.

Along with TRTA, several other associations testified to the committee. Among those testifying were the Texas Association of School Administrators (TASA), the Association of Texas Professional Educators (ATPE), the Texas American Federation of Teachers (Texas AFT), the Texas State Teachers Association (TSTA) and the Texas Classroom Teachers Association (TCTA). Many associations stated that pre-funding the plan was the best solution. Guthrie ended his testimony by providing his take on the future of TRS-Care.

“Whatever you decide on is putting a Band-Aid on a fundamentally flawed system,” said Guthrie. “Come up with a new model of providing health care.”

The Primary Runoff Election will be held on Tuesday, May 24, 2016. Early voting will begin on Monday, May 16, 2016 and continue through Friday, May 20. Last day to ask for a ballot by mail - 5/13/16.

Lee Testifies at WEP Hearing in DC

Tim Lee, Inside Line, 3-16/22-16

The U.S. House of Ways and Means Committee discussed propositions to alter a Social Security provision known as the Windfall Elimination Provision (WEP) on March 22. The WEP is an unfair formula that was enacted 1983. It prevents public workers such as educators, firefighters and police officers who pay into state pension plans from receiving their entire sum of Social Security earnings. For many members of the Texas Retired Teachers Association (TRTA), the WEP has long stood as a barrier to receiving the retirement benefits that they earned through working in other professions that paid into Social Security.

Seventeen associations nationwide, including TRTA, showed their support for HR 711 in this letter.

AARP showed its support for the bill with a press release on March 10. Additionally, four new Congressmen co-sponsored HR 711 on March 15.

Thanks to the hard work of TRTA members and other associations across the nation, HR 711 now has 64 Congressional co-sponsors.

The Ways and Means Committee meeting represented a positive first step towards resolving this long-time inequity. The committee heard testimony from five panelists, including TRTA's Executive Director Tim Lee, about the history of the WEP, and how Rep. Kevin Brady's (R-The Woodlands) proposed Equal Treatment of Public Servants Act (**HR 711**) would help restore balance and security to millions of retired workers' lives. Congressman Brady began the meeting by expounding on the unfairness of the current, outdated Social Security formula, and explained how his proposed bill would provide fairness to the public workers. The (WEP's) one size fits all approach is unfair," Brady said. "Our solution takes into account all earnings."

Social Security's Chief Actuary, Stephen Goss, was among the witnesses in the meeting. Goss reported that if HR 711 were enacted immediately, 84 percent of retirees impacted by the WEP would receive an additional \$77 per month in Social Security benefits. "The current proposal (HR 711)... would be a more appropriate approach," Goss concluded.

Tim Lee's testimony included an appeal to the concern about the future of teaching. Lee stated that without fair and satisfactory compensation packages, many potential teachers would avoid the profession. Rep. Kevin Kelly of Pennsylvania concurred with Lee's assessment, and recounted his daughter's path towards becoming a teacher. His story highlighted her hesitance about the teaching profession due to compensation concerns.

The committee members also discussed a proposal in President Obama's budget that would mirror very similarly Brady's proposed bill. However unlike HR 711, Obama's proposal would take 10 years before going into effect. Tim Lee urged the committee to consider Brady's proposal, as the need for many retirees to receive the benefits is immediate.

Jason Fichtner, a senior research fellow at George Mason University, followed Lee's statement by saying "justice delayed is justice denied."

TRTA Director Tim Lee has urged us to contact our Congressman and thank them for co-sponsoring HB711. Indeed, 20 of the 36 Texas delegation are co-sponsors, all in Houston area including all three of our local representatives.

Additionally, members should contact any friends or family members that may live in other states, and ask them to contact their Congressmen.

For those members who live in Harris County west of Hwy 3 your congressman's address:

Congressman Pete Olson (Dist. 22)
514 Cannon House Office Building
Washington, DC 20515
(202)225-5951 or (281)485-4855
Email: www.olson.house.gov

For those members who live in Harris County east of Hwy 3 your congressman's address:

Congressman Brian Babin (Dist.36)
316 Cannon House Office Building
Washington, DC 20515
Phone: (202) 225-1555
Email: www.babin.house.gov

For those members who live in Galveston County your congressman's address:

Congressman Randy Weber (Dist. 14)
510 Cannon House office Building
Washington DC 20515
(202) 225-2831
Email: www.weber.house.gov

Brady Bill supported by AARP

Bob Jackson, *Austin Am. Statesman*, 4-4-16
Jackson is director of AARP Texas.

Over the years, millions of retired state and local workers — including teachers, police officers and firefighters — have received sharply reduced Social Security benefits, simply because they have had multiple jobs during their careers and weren't allowed to pay into Social Security at all of them.... While the intent was to make the system fairer, the formula actually penalizes those who have had jobs both inside and outside the Social Security system.... Congressmen Kevin Brady who chairs the House Ways and Means Committee, and Richard Neal (D-Massachusetts) have filed a bill to restore fairness in calculating Social Security benefits for these workers.... HR 711, which AARP fully supports, is also backed by another prominent Texan — Congressman Sam Johnson (R-Plano), who chairs the Social Security Subcommittee. Also actively working to fix the problem is Texan Tim Lee, who as executive director of the Texas Retired Teachers Association (TRTA) leads the largest association for retired public and higher education employees in the country.

....[T]he problem may be keeping many Texans from becoming teachers at all. Someone who knows this firsthand is retired Marine Lt. Col. Link Ermis. The 54-year-old paid into Social Security for more than 25 years before taking a job as a middle school teacher in Huntsville in 2007. If he keeps teaching for another 15 years, he told us, his teacher pension and Social Security benefits combined would amount to less than if he just took Social Security based on his past contributions. He plans to roll his teacher pension earnings into an IRA and take the lower Social Security payment. "No matter what course I take, I'm punished because I chose to work as a teacher after military retirement," says Ermis.... Much has changed for the better for educators over the years, but this Social Security provision has lingered on for more than three decades....

For Patricia Vorhees, a retired elementary school teacher from Conroe, it all boils down to an issue of fairness. We're entitled to the money because we earned it," she says. "I feel that it is wrong that I, and others like me, collect a very tiny amount of the money we earned."

Parent PAC Wins Big first Primary

txparentpac.com, 3-12-16

Fourteen candidates endorsed by Texas Parent PAC won their primary elections March 1, and five additional candidates face runoff elections on May 24. ...

Texas Parent PAC helped the winning candidates in many ways, including campaign coaching, promotion via email and social media, and funding to pay for mailers, TV and radio advertising, signs, canvassing, campaign staff, and phone call services.

Two first-time candidate winners have school board experience... **Gina Hinojosa** has served on the Austin ISD school board since 2012 and was president of the board. **Stan Lambert** was on the Abilene ISD school board for eight years and also served as board president.

Recounts Resolved in Lege Races

From txparentpac.com & teachthevote.org 3-15-16

In House District 55, incumbent Rep. Molly White (R) faced a tough challenge by Hugh Shine (R), who was endorsed by Texas Parent PAC. Shine defeated White in the Republican primary election on March 1, but White asked for a recount. As reported this week, Shine remained the winner by a margin of **104 votes** upon completion of the recount, and White conceded her loss to him. Shine will become the new state representative for the central Texas district since there are no Democratic, third-party, or independent candidates on the ballot in November.

Meanwhile, in the closely watched race to succeed Sen. Kevin Eltife (R – Tyler) in **Senate District 1**, Bryan Hughes (R-Mineola) easily won the plurality requiring a run-off in May with the second place spot. A recount requiring two weeks finally determined that David Simpson (R– Longview) edged out ParentPAC endorsed James K. "Red" Brown (R) by only **13 votes**. Given past voting records teacher groups will likely support Rep. Hughes in the May run-off.

A Reminder: While the turnout for Super Tuesday was better than anticipated, it is common for voters to skip the Primary Run-off Election. TRTA wants members to know that **YOUR VOTE MATTERS** and even more in the Primary Runoff! So, get early voting on your May schedule **NOW!** And don't forget your local elections May 7. For Dickinson ISD it's a critical bond election.