

## Speaker Straus Emphasizes Importance of Retiree Health Care for State Budget

Tim Lee, *Inside Line*, 4-21-16

In April, Speaker of the House Joe Straus released a letter to the members of the House Appropriations Committee regarding his concerns for the state budget and the many factors that must be considered during the 85th Legislative Session that begins in January 2017. One of those concerns is the TRS-Care retiree health insurance program. Straus stated that “even with the critical infusion of funding to TRS-Care last session, a sustainable, long-term solution is still needed.”

Straus also noted that “writing a balanced and disciplined budget that appropriately funds our top priorities is going to be a significant challenge.” As the members of TRTA know, TRS-Care faces a budget shortfall of \$1.6 billion next session, putting the 250,000 participants of the program at risk of skyrocketing premium increases, benefit changes, or both.

The Texas Legislature has been making TRS-Care a priority during the interim between sessions, appointing a legislative committee to review potential solutions to the fiscal issues as well as the long-term sustainability of the program.

On March 30, the committee held its first hearing to discuss TRS-Care, (see April Legelog). During the meeting, each legislator was divided on how to approach the conversation of solving the TRS-Care crisis. Senator 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.

Rep. Phil 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, outlined the issues surrounding the program, including the

prolonged issue of the program being a “pay-as-you-go strategy.” [In the last session \$768 million was appropriated to TRS-Care as maintenance for two years] ... **The bottom line is this: more revenue is needed to keep TRS-Care solvent. The current pay-as-you-go method has almost been as expensive as a pre-funded method. A pre-funded method would be similar to the TRS pension fund, which receives yearly contributions from the state, active educators, and school districts.**

While pre-funding TRS-Care is the best option for its long-term solvency, and the method that would be most fair to plan participants, it is the most expensive option for the Legislature. 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 to pre-fund TRS-Care.

Achieving pre-funding might be a lofty goal, as Straus indicated that the state sales tax has “registered five monthly declines,” and crude oil prices are averaging \$37 per barrel, down from \$60 per barrel. While Straus noted that Texas is “better able to weather the peaks and valleys of a volatile energy market,” he warned that Appropriations Committee members will have to make difficult choices to balance the state’s budget.

Though most education associations in Texas concurred that pre-funding was the best option for TRS-Care, the reality of how the fiscal issues with the program will be resolved remains to be seen, and will be a point of contention during the 85th Legislative Session.

The fact is that TRTA and our members are leading on this issue. We are grateful for the attention being given to TRS-Care; TRTA knows that we have many friends in the Texas Legislature. The solution to this difficult problem may include different benefit strategies; however, TRTA believes that no matter what may be discussed regarding the health care plan, a serious discussion on additional state revenue is needed to keep this plan intact now and for the future. **Said more simply, TRS-Care is out of money and all public education retirees participating in TRS-Care need to join TRTA in this fight for additional state funding!**

**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.

### **House Districts 128 (LaPorte) and 18 (Dayton) To be in Republican May Run-off**

**House District 18 (Dayton to Huntsville area)**  
**Ernest Bailes** and **Keith Strahan** are contesting.  
There are no Democratic candidates.

**House District 128 (La Porte, Baytown northward to hwy 1960) incumbent Representative Wayne Smith** faces challenger **Briscoe Cain** in the Republican primary run-off. There are no Democratic candidates. Rice political scientist Mark Jones commented that “Smith’s only hope is that between now and May, he can find some good opposition research on Cain that weakens him” [Texas Tribune, 3-3-16]

#### **In each of these House races urge friends or relatives in the area to ask three questions:**

1. Do you support a defined benefit plan for all current and future TRS retirees?
2. Do you support providing reasonable, affordable healthcare for TRS retirees?
3. What will you do as my legislator to ensure that the TRS pension fund and TRS–Care health insurance program are preserved and improved?

Last week Tim Lee sent out a reminder of the above races and of two Senate contests and three other House races around the state. **Usually fewer than 10% of the voters show up in a run-off primary so, as Tim said, “That means even one vote -- your vote! -- can change the outcome of an election.”**

#### **Senate Run-offs to watch:**

**Senate District 1 (Tyler area)** Sen. Kevin Eltife is retiring. Republican candidates facing each other in the primary runoff are: **Bryan Hughes vs David Simpson**. There are no Democratic candidates vying for this seat.

**Senate District 24 (Fredericksburg/Killeen area)**  
Sen. Troy Fraser is retiring. Republican candidates facing each other in the primary runoff are: **Dawn Buckingham vs. Susan King**. Democratic candidate Virginia Leeder won the Democratic primary.

#### **House Run-offs to watch:**

**House District 5 (just north of Tyler)** Rep. Bryan Hughes has stepped down to run for the Senate. The following Republican candidates will face each other in the primary runoff election: **Cole Hefner vs. Jay Misenheimer**. There are no Democratic candidates vying for this seat.

**House District 54 (Killeen/Lampasas area)**  
Rep. Jimmie Don Aycock is retiring. The following Republican candidates face each other in the primary runoff election: **Austin Ruiz vs. Scott Cospers**.

Sandra Blankenship won the Democratic primary.  
**House District 73 (New Braunfels/Fredericksburg area) Rep. Doug Miller** faces challenger **Kyle Biedermann** in the Republican primary runoff. There are no Democratic candidates vying for this seat.

### **Who’s on the Ballot in the May 24 Run-off**

*(Houston Chronicle recommendations are underlined)*

#### **Democratic Ballot:**

Railroad Commissioner

**Cody Garrett vs. Grady Yarbrough**

#### **Republican Ballot:**

Railroad Commissioner

**Gary Gates vs. Wayne Christian**

Judge, Court of Criminal Appeals, Place 2

**Mary Lou Keel vs. Ray Wheless**

Judge, Court of Criminal Appeals, Place 5

**Scott Walker vs. Brent Webster**

In Galveston County Commissioner’s race

**Tim Paulissen vs. Darrell Apffel**.

### **WEP reform remains in committee**

The U.S. House of Ways and Means Committee is still holding HB711 to reform the Windfall Elimination Provision (WEP) with Rep. Kevin Brady’s (R-The Woodlands) proposed Equal Treatment of Public Servants Act (**HR 711**).

**TRTA Director Tim Lee has urged us to contact our Congressman and thank them for co-sponsoring HB711. Indeed, 21 of the 36 Texas delegation are co-sponsors. All in the Houston area including all three of our local representatives are co-sponsors.**

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](http://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](http://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](http://www.weber.house.gov)

## New budget process means unprecedented power for governor

Lawrence Collins, *Texas Tribune*, 4-22-16

The heady days of the Texas Legislature's superiority in state budget writing seem to have come to a close in favor of giving the governor an unprecedented amount of power over how the state spends its money. On April 14, Lt. Gov. Dan Patrick and Senate Finance Committee Chairwoman Jane Nelson sent out a piece of correspondence that portends major changes for how the budget is written and how bills get passed next session — and probably forever: "The Senate Finance Committee will be incorporating the principles of zero-based budgeting when drafting our state budget and for transparency

purposes will be requesting supplemental programmatic level budget information."

This means that the Senate will file a bill in January 2017 with zeroes for all state agencies and that it will report a committee substitute in approximately April 2017 with line-item program budgets, not the broad — and largely veto-proof — strategy budgets of the last 25 years. This is the next step, technocratic as it is, in a major power change at the Capitol.

The governor never had it so good.

### **The beginnings of a change**

The seeds for the now-fertile field of the governor's line-item veto authority were planted more than a decade ago, and Mike Toomey plowed the first row. On May 2, 2003, I walked into to the conference room behind the House Committee on Appropriations with Sen. Teel Bivins, chairman of the Senate Committee on Finance, and Billy Bob Brunson of the Lt. Gov. David Dewhurst's office. We were to meet with House Appropriations Chairman Talmadge Heflin and Speaker Tom Craddick's staff to discuss how the Conference Committee on the state budget was to proceed for the last few weeks of session.

To our deep surprise, Toomey, Gov. Rick Perry's Chief of Staff, was also present. Though never disrespected, the governor and his staff were not generally invited to day-to-day budget discussions — a practice that sometimes persists today — but Toomey was there at Heflin's behest. Significantly, he was there to do nitty-gritty budget work (and had all appropriate technical and confidential legislative documentation before him), not necessarily to assert a state constitutional role in budget writing.

A notorious hands-on workhorse, Toomey achieved massive new appropriations for his boss — The Texas Enterprise Fund and the Emerging Technology Fund, among others — in the middle of the largest budget deficit in the state history.

I don't recall Toomey being there throughout the conference committee that met publicly 17 times, but he was a force nonetheless. The Conference Report on the budget passed the Legislature with the same language and in the same format in which it had been passed for over a decade.

## **The governor's words worked**

Gov. Abbott wants a stronger budget veto, but he needs the Legislature to adopt some new phrasing in its budget bills to make this process easier. In August 2015, the Governor and his staff delivered these blistery words about the Legislative Budget Board: “The LBB’s application of ‘magic words’ has no meaningful impact on the Governor’s constitutional powers to limit the wasteful spending on items the institutions, on at least one occasion, did not even request to be funded.”

These words telegraphed an interest in a long, new relationship with the Legislature. On Thursday, the Senate said yes. As in 2003, it only takes one side to make an accommodation.

### **But what does all this mean for the budget process? Several things:**

Reining in legislators: Somewhat counterintuitively, the veto power the Senate appears to be teeing up only applies to legislator spending, not the kind of big-trend state spending that gets headlines. I don’t see major vetoes on any major cost driver such as Medicaid, public education, transportation, criminal justice or public safety, for the simple reason that it’s just too hard to do.

But special legislator projects? Hell yes. If the quote above wasn’t enough, the governor twists the screw here: “If the LBB staff’s view were the law, the Legislature could unilaterally eliminate the Governor’s line-item veto power simply by playing word games. This elevation of semantics over substance is antithetical to the whole point of the line-item veto power, which ensures that budget writers cannot control every detail of the State’s expenditures without subjecting their decisions to the Governor’s veto pen.” While the Senate’s stated tack is laudable and will “improve transparency,” it will also expose heretofore-discrete Senate and House politics. The public — and apparently the Senate — won’t care, but the governor does, and this will keep a tight leash on previously independent committee chairs and other spendy legislators. Perhaps more significantly, legislator eyes will be much more keenly focused on the governor’s interests.

And don’t undervalue the significance of the governor’s words or forget that the House and Senate finance chairs are hardcore Republicans, not liberal Democrats. This is akin to sending a certified letter to mom and dad that their behavior is questionable and that the future is going to look different.

The Senate will lead in 2017: The budget for 2018-2019, by tradition, will be a Senate bill. Historically, this has been a ceremonial designation, but it’s real this time. When the House and Senate get into conference committee in May 2017, they’ll be working off the Senate “program budget.” This means the House and Senate will be speaking vastly different budget languages in conference committee. Expect an unusual logjam with a hefty dose of legislator nervousness. Lobbyists would do well to get their items in the Senate bill early.

The governor will be in the room in May: Governors and their staffs have historically been relegated to drop-by status on budget matters. This was certainly the case for Abbott in 2015, by nearly all accounts. The governor and his team can be forgiven for mediocre budget results last session because with unusual speed and secrecy, the Conference Committee on the Budget met exclusively — just three public meetings, as compared to 17 in 2003 — and frequently “off-campus.”

No one could get to them in 2015, but 2017 is going to be different. The private rooms behind committee offices — commonly known as the Kool Aide Rooms — will have to be expanded to accommodate Governor’s staff in 2017.

### **Uncertainty**

There is a different variety of uncertainty on the horizon for the 85th Legislature. Last time, it was about new faces. Next time, it will be about new processes. **Unless there is a near-psychopathic change of course that causes the Senate and House to jointly defend against encroachment on their historic powers, I think you can expect a frantic kind of budget jockeying from all parties: legislative leadership budget initiatives, House and Senate members trying to bring it home for their districts and, no doubt, triple-down efforts from lobbyists trying to get their share.**