



TRTA Lobby Day Set for March 20

TRTA has set the date for Lobby Day, 2013. It will be **Wednesday, March 20, 2013 in Austin**. District IV Legislative Chair Marcy Cann is organizing the event and is asking for our CCART participation number by the end of November. That way we can calculate costs and begin collecting individual unit money (no more than \$22 per person) in December and complete by mid- February.

District IV is paying half the cost of the buses so the fee should not exceed \$22 and that includes bus, bottled water and a sandwich from Jason's Deli.

Marcy says that **pickup locations** will hopefully be the same as last time: Meyerland Shopping Center, Katy Merrell Center, **Barnes and Nobles at Baybrook Mall**. At this time we think **pick up times** will be about the same as well. We generally leave between **5:45am** and 6:15am in order to be seated in the Capitol by 10:00.

In her email Marcy said:

"We always have a great time and a great group. I am counting on this year being no exception. I will get details to you later, but for now, just get some numbers. We will ask for each local unit to send one check along with a list of members attending and their bus pick up location. We will get legislative chairs together to make the appointments in Austin and get that published in mid-February, so everyone will know when different meetings are going to be held."

It's Now Senator Larry Taylor and State Representative Greg Bonnen

Larry Taylor will be one of six new Texas Senators in January for the 83rd Session of the Texas legislature. For the last dozen years he has been our State Rep for the northwestern half of Galveston County but Senate District 11 sprawls from La Porte and Deer Park to Angleton and Texas City and parts of Galveston so his constituency is much larger and more diverse. It also means more political influence; he's now one of 31 senators instead of 150 representatives. The mix of 19 Republicans and 12 Democrats will be the same as last session.

I asked Taylor's office for a special statement to be directed at members of CCART. His communication

officer Matt Welch emailed the following message, "State Senator-Elect Larry Taylor said, **"my goal is to ensure adequate funding for the teacher retirement plan and to ensure its viability and security for the future."** I'm hopeful that "adequate" means enough to make the TRS fund "actuarially sound." However, the word "adequate" could also mean "minimal" which would signify a Constitutional minimum of 6% leading to the conclusion that "soundness" is not his goal. We are now very near that Constitutional minimum with no hope of becoming "actuarially sound" (meaning **no** cost-of-living adjustments) unless the state contribution is boosted above 7%. As for the fund's **"viability and security,"** even under the worst case scenario no one sees anything less than "viability and security" for the next fifty years. **The real question is how to get the fund up to "actuarial soundness."**

Our new State Representative for District 24 in January will be Dr. Greg Bonnen. He will be one of 43 freshmen joining the 150-member Texas legislature for the first time; 24 legislators will be sophomores having been first elected in 2010. It looks like almost half will be learning or continuing to learn the special legislative protocols, machinations and traps need to thrive in the Texas' law-making thicket. Rep-Elect Bonnen sent the following message to CCART:

"I look forward to working with CCART to defend and strengthen the integrity of the TRS-Care health insurance program and TRS defined benefit pension plan. I value your tremendous contributions to education in this state and welcome your advice, concerns and ideas as I work to protect and promote your interests at our State Capitol. Please do not hesitate to contact me at 832-715-8697. It is an honor to serve you."

Dist. 129 State Rep John Davis recommends a "revisit" to the state contribution for TRS

Rep. John Davis sent us the following message: "While pension funds in other states and municipalities have struggled to weather the economic challenges of the last few years, the TRS fund continues to show strong performance in the face of difficult market cycles. This success must be taken into account next session when the legislature begins discussions around increasing the long-term sustainability of the fund. **I also believe that we will need to revisit the issue of the state contribution to the TRS fund."**

South of us (District 23) long-time retired teacher supporter **Craig Eiland** won re-election. Texas Monthly editor Paul Burka called this victory a "bright spot" and helped produce a more balanced partisanship in the House: 95 Republicans and 55 Democrats. It was 102 to 48 in the last session. **It's no longer a Republican supermajority.**

Galveston County Elections Delayed 2 Hours November 6th

Galveston County CCART members who tried to vote Nov. 6 before 9a.m. found that polls were not open for business. But why the delay? The following explanation is was part of a story in *The Galveston News* last week:

A "startup process of the county's electronic voting system prints out all of the races to be voted on at a location to guarantee there are no votes in the system before the election begins. The zero-out report is required by law and has to be done the day of the election....

Because the county switched to voting centers this election, every system printed out reports for every race on the ballot. During the process, the machines printing those races ran out of paper, which had to be restocked... That further delayed the process....

[N]o one in the election division's management expected the process to take so long or that centers would run out of the paper rolls....

[One official said] "this [was] a much bigger election [than 2008] and that process will take much longer."

The delays drew national attention and resulted in a judge ordering that polls in the county stay open an extra hour and 54 minutes...." [galvnews, 11-8-12]

TRS Releases Investment Report for FY 2012

Tim Lee, *Inside Line*, 10-19-12

The Teacher Retirement System of Texas (TRS) released its FY 2012 Annual Investment Performance Report. The report states that TRS earned 7.58% on its investments for the fiscal year ending August 31. The fund grew by over \$4 billion to reach \$111.1 billion in assets.

The report confirms the success of the TRS Strategic Partner Network, which utilizes external partners in locating investment opportunities in private equity and real assets, for example. The TRS Strategic Partner Network program independently earned 11.4% during the fiscal year.

TRS Executive Director Brian Guthrie explains that the Emerging Manager program and the use of hedge funds aided TRS in its performance and helped the agency run its investment division more efficiently.

The report also includes information about expenses related to running the investment division, including salaries and building expenses.

TRTA members may recall that the fund's value was at \$95.7 billion in August of 2010 and quickly rose to \$108 billion in February 2011. TRS continues to perform well through difficult market cycles, coming from a low of

approximately \$70 billion during the crash of 2008.

While the news we have received... is good, TRS is not considered actuarially sound by Texas statute. In order for the TRS pension trust fund to be actuarially sound, it must be able to amortize its unfunded liability within 30 years. Right now, TRS has a funding period of "never."

While TRS is financially healthy and your monthly annuity is not at risk of vanishing, retirees who have not received a pension increase in nearly 12 years are feeling the pinch. In order for the fund to achieve the level of success needed to provide you with a permanent cost-of-living increase, the Texas Legislature must consider making a higher contribution to TRS.

Presently, the state contribution is 6.4% for FY 2013. The retirement system was receiving the Texas Constitutional minimum for the benefit program of 6% in the previous biennium.

As you have read in recent issues of the *Inside Line*, the legislatively mandated study of the pension fund performed by TRS indicates that incremental increases in the state's contribution can have a strong, long-term impact on the fund's investment returns.

TRTA will continue to work with legislators now and during the 83rd legislative session to increase the state's contribution to TRS while maintaining its defined benefit structure.

Medicare Advantage Update

Tim Lee, *Inside Line*, 10-19-12

TRTA continues to try and answer questions about the upcoming Medicare Advantage plan. Perhaps the most important questions TRTA has tried to answer over the last month are about medical providers in the plan. Many TRTA members emailed us their provider information to a special email account through doctorcheck@trta.org. There were a few challenges that developed out of using this email question and answer system. Surprisingly, they had nothing to do with technology issues, these problems really stemmed from rule limitations placed on Aetna and TRS from answering these emails directly, something we all believed was possible at the time, but turned out not to be the case (thank you federal rules governing Medicare Advantage plans).

Even still, TRS and Aetna worked diligently to help provide the necessary information so that TRTA could respond to these emails (well over 900 emails, and more than 3,000-plus actual provider questions). The bottom line is that TRTA has been responding to these questions as quickly as we receive new information about providers

from Aetna.

We know this has been a frustrating transition, and we appreciate your patience and understanding as we have tried to help as much as possible. If you are still waiting to hear about the providers asked about in your email, we are working to get you that information as quickly as possible (TRTA has responded to about half of the emails we have received so far). For an immediate answer, you can always call Aetna and speak to a representative. Hold times on this toll-free call-in service are generally less than 1 minute. As you read in the TRTA Voice magazine, Aetna is the best and only source for information on your medical provider(s) acceptance of the new Medicare Advantage plan.

We know that specific provider information is critical to you knowing more about staying in or opting out of this new plan option. We are replying to emails as quickly as possible, but to restate, the best way to get an answer about your provider questions is to call Aetna. That number is 1.866.217.2409.

October Dist. IV Convention Speech in Katy Suggests TRTA “Enemies List”

Don Vardamen, TRTA state Secretary – Treasurer delivered a hard-hitting speech at the October District IV Convention in Katy. Vardamen, a Republican, commented that some of these ten enemies were Republican think tanks who “seem to have gotten off track” on teacher retirement issues.

The following is the major portion of the Katy speech dealing with likely TRTA antagonists anticipated during the 83rd Legislative Session:

In the last legislative session, we were able to kill two bills which would have destroyed our Defined Benefit retirement plan. We already know that the forces that are pushing for a change in our retirement are geared up and ready. They have been working steadily; they have unlimited resources and they mean serious business- but so do we! Just as we were certain that it would, the exhaustive study by TRS has shown irrefutably that the Defined Benefit retirement plan is the best value for tax payers of Texas, for the economy of Texas and for the retirees of Texas.

Why then does this battle still continue? It is due to misinformation, misplaced allegiance to the concept of "less government". and greed!

Today, I am going to name names and call the roll of those who are working to fix a system that is not broken. Make no mistake about it; these are our enemies and they are the enemies of our state. We cannot change their minds; we cannot convince them of the errors of their ways. You know the expression,

“I have made up my mind; don’t confuse me with the facts.” This is true of these people and organizations. Then you may ask, “Why do I need to know who they are?” What we can do is refuse to vote for candidates who have aligned themselves with these enemies and we can work to educate those already in office who have been, and will be, lobbied by these people. So, I want you to take note and be ready to quiz your legislators and those running for office about their relationship with these individuals and organizations.

The following are the TRTA TOP TEN MOST WANTED ENEMIES! Their names and pictures should be posted on the walls of every retired educator in Texas!

ENEMY #1: Laura and John Arnold Foundation

- Founded in 2008 by John and Laura Arnold
- Provided initial financial support to California pension Reform
- Asserts that DB plans are fiscally irresponsible
- Published "Creating a New pension System" and "GASB Won't Let Me- A false objection to Public Pension Reform" in 2012 advocating for pension reform.

ENEMY #2: John Arnold and Laura Arnold

- John's net worth on 2011 was \$3.3 billion
- Former natural gas trader at now collapsed Enron
- CEO of now closed Centaurus Energy Master Fund in Houston
- Laura is a Houston- based attorney
- Former executive at a Houston-based energy company
- Sits on board of "Teach for America"

ENEMY #3: Texas Public Policy Foundation

- A 501(c)3 non-profit, non partisan research institute
- Mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policy makers and the Texas public policy debate with academically sound research and outreach
- Their Center for Fiscal Policy published numerous studies in 2011 stating opposition to DB plans
- Their Director is Talmadge Heflin who served twenty-three years in the Texas House of Representatives and contributed to the ERS fund and is now eligible to receive a Defined Benefit annuity!
- Held a private forum in 2011 where Bill King and other noted DB opponents spoke on the shortcomings of DB plans
- Supports the switch of all public sector plans to DC plans
- Center for Fiscal Policy manages Texas Budget Source website to monitor budget waste
- Noted contributors include: Cato Institute, State Policy Network, Heritage Foundation and Koch Industries PAC

ENEMY#4: Bill King

- Former mayor of Kemah, Texas
- Noted Anti- DB player
- Often writes opinions/editorials for Houston Chronicle which bash Defined Benefit pension plans
- Has connections with Greater Houston Partnership
- official website (<http://www.billkinghouston.com>, but has not been updated since November 2011
- Has worked with the Texas Public Policy Foundation

ENEMY#5: Josh B. McGee

- Arnold Foundation Vice President for Public Accountability Initiatives
- BS/MS Industrial Engineering
- PhD in Economics, University of Arkansas
- Former Doctoral Fellow and Research Associate in Department of Education Reform at University of Arkansas
- Author of LJAF special report on pension reform

ENEMY #6: Michael C. Nichols

- Chair of the Financial Management Task Force for City of Houston
- Former Senior VP, Administration, General Counsel and Corporate Secretary of Sysco Corporation
- Directed and implemented the elimination and conversion of Sysco's DB plan into a 401 (k) plan
- leading advocate of converting city DB plans into DC plans
- Claims pensions are the leading issues facing city deficits
- Proponent of fundamental pension reform at state and city levels

ENEMY#7: Jason Richwine, PH.D. Heritage Foundation

- Senior Policy Analyst for Empirical Studies, conducting quantitative analysis on immigration, welfare, education and family structure
- Joined the Domestic Policy Studies department which provides modeling and research assistance to the public policy community
- His articles have been published in the Wall Street Journal, New York Times and the Dallas Morning News

ENEMY #8: Andrew Biggs, Ph.D. Am. Enterprise Institute

- Resident Scholar with research areas in State/Local Government Pensions, Public and Private Sector Compensation and Social Security Reform
- Previous experience includes :Deputy Commissioner of Social Security Administration, Associate Director of the National Economic Council and Social security Analyst for the Cato Institute

ENEMY# 9: Charles and David Koch

- Estimated combined worth is \$44 billion
- Own virtually all of Koch Industries, a conglomerate headquartered in Wichita, Kansas, whose annual revenues are estimated to be a hundred billion dollars

- Lifelong libertarians and have given more than a hundred million dollars to right-wing causes, action groups, think tanks, and individual politicians
- Charles Koch co-founded the Cato Institute
- David Koch created Citizens for a Sound Economy, an advocacy group to pursue the Koch agenda
- Citizens for a Sound Economy have since split into two entities: FreedomWorks, headed by former Rep. Dick Armey (R-Tx) and Americans for Prosperity Foundation with David Koch as Chairman
- Monies dispersed to these organizations and candidates have political ties to the elimination of public DB plans
- As of July 9, 2012, over \$1.1 million has been donated to candidates who support pension reform.

ENEMY #10: Am. Leg. Exchange Council (ALEC)

- No other organization in America has such assets as this group in terms of funding, ideas and influence on key decision makers
- Engaged in the pension reform debate and the elimination of DB plans
- Their policy goal, per their website involves addressing States unfunded liabilities. They believe that States should consider replacing their outdated defined -benefit plans with 401 (k) -style defined contribution plans for new employees. This would provide new employees with secure and portable retirement assets, and could potentially eliminate the nearly \$3 trillion in unfunded pension liabilities facing the states.
- have published two papers promoting the conversion of defined benefit plans to 401 (k) plans
- Publish Rich State, Poor States: ALEC-Laffer State Economic Competiveness Index

- Now you have your list of TRTA's Ten Most wanted Enemies. Remember their names, be aware of their influence, and remember that they are a very big threat! As you talk to your legislators, to active teachers, and to the general public, our message needs to be loud and consistent:
 - TRS is not broken; it is a solid, well-managed fund, and can provide benefits without any changes until 2075.
 - Defined Benefit plans that are held up as bad examples have not been well managed have been underfunded. and have built-in COLAS. None of these is true of TRS.
 - The Texas Constitution guarantees public school employees a pension. Research shows that the best value for the taxpayer and the retiree is a Defined Benefit Plan.
 - 95% of Texas teachers receive no Social Security benefit and would have no safety net in a Defined Contribution plan.
- We have now posted our TEN MOST WANTED list on the post office wall. Be active with your voice and your vote in defeating our Ten Most Wanted TRTA Enemies!