

Testimony on behalf of
Retired State Employees Association of Texas (RSEA)
Before
House Appropriations Sub-Committee on General Government
(including ERS budget)

Mr. Chairman and Members,

Thank you for the opportunity to speak today on behalf of the Retired State Employees Association in support of the budget of the Employees Retirement System of Texas. I am Bill Hamilton, President of the Association.

Our organization is composed of an 11-member, all-volunteer Board who are state retirees; we are not compensated for our service. Our focus is primarily on the status of state retirees, and we have approximately 3,000 members in our association.

We have three priorities, in this order:

1. Get and keep the state pension fund to a status of actuarially-sound;
2. Have an insurance benefits program whose trademarks are cost-containment, wellness, and customer-friendly – because any diminution of our health care benefits is essentially a reduction in our annuity; and,
3. Get a retiree on the Board of Trustees.

Reflecting on these priorities, I'm here today to support the budget request of ERS especially including its exceptional items.

As you work on your recommendations to the full Appropriations Committee, I would like to draw your attention to four areas:

1. ERS' recent adoption of a funding policy to guide and inform future funding decisions for the retirement fund;
2. The re-establishment of the Group Benefits Advisory Committee to get consumer input on employee and retiree insurance benefits program administered by ERS;

3. Comptroller Hegar has been doing extensive research and making recommendations on how to address the State's long-term funding liabilities, including the state pension systems; and,
4. Finally, I hope you will have some time to study the constitutional provision which, in general, limits the state's contribution to 10% of the state payroll. There are different interpretations of how this constitutional provision is to be applied. LBB believes the ceiling for the state's contribution should be calculated on a biennial basis, that is for each biennium. ERS believes, that the calculation should be based over the actuarial life of the fund, i.e., based on "sound actuarial principles." This is the basis for the ERS exceptional item for approximately \$500 million additional funding to put the fund on a path toward actuarial soundness.

RSEA supports the ERS position regarding the constitutional provision and we, therefore, also support the related exceptional item from ERS.

We hope the committee will be able to bring consideration of these four areas into its deliberations as it researches the ERS budget proposals.

Thank you for the opportunity to speak to you today in support of the ERS biennial budget request for the 2020-21 biennium.

Finally, thank you for your service and we appreciate this opportunity to address the committee.