



Dear Legislator,

Thank you for your service in the 87th Texas Legislature. On behalf of the more than 11,000 active state employee and retiree members of the Texas Public Employees Association (TPEA), including many in your district, we look forward to working with you during the 87th Legislative Session to find solutions to some of Texas's most pressing issues.

One issue vitally important to our members — the thousands of essential public servants who faithfully keep the State of Texas operating and bring your legislation to life — is the Employees Retirement System Pension (ERS Plan). ERS' consulting actuary for retirement benefits, Gabriel Roeder Smith & Company, recently completed the required actuarial valuation of assets and liabilities for the ERS Plan. They reported that the ERS unfunded liability is \$14.7 billion as of August 31, 2020, and is projected to increase to \$19 billion on August 31, 2025, if no additional funding is provided.

While I was executive director of ERS, I worked with the Legislature to flatten the downward trend. Benefit structures and contribution rates were adjusted several times. Benefit reductions, applied to new hires, were enacted by the Legislature in 2009 and 2013, resulting in three distinct groups of member benefit levels for active employees with three different cost structures. Since September 1, 2015, the ERS Plan has received state and member contributions totaling 19.5% of payroll per year. Unfortunately, even with these changes, the fund continues to accrue unfunded liabilities.

On behalf of our members, we urge you to “resolve to solve” the ERS Plan funding issues on behalf of your workforce. These approximately 146,000 state employees



deliver the vitally essential services necessary to keep the state economy up and running.

TPEA and our members stand ready to work with you during the session to move ERS down the road toward the constitutional mandate of actuarial soundness. We understand that you will have very tough choices to make in the budget process come spring. Still, as our state grapples with the economic, social, and personal suffering brought on by the novel coronavirus, we cannot afford to leave behind those who put themselves on the line so that we can all pursue a better life.

Thank you for your attention and your dedicated service to our state.

Ann S. Bishop

Ann Bishop, Executive Director
Texas Public Employees Association

Dear Legislator:

Please give this letter your most careful consideration. We write to you on behalf of the 143,000 active, 110,000 retired, and 15,000 inactive vested state employees who have served you and all Texans in so many extraordinary ways.

These truly essential workers have put themselves at risk and made exceptional efforts to carry out the state's vital missions and mandates. Whether maintaining or patrolling Texas' vast roadways and waterways, preserving the peace, overseeing our extraordinary natural areas and resources, keeping our prisons secure, preserving public health, or serving the disadvantaged, these dedicated public servants have done so despite erratic and limited pay raises. Their primary source of financial security was and remains a comprehensive set of benefits anchored by the promise of a pension upon completing their careers.

However, the state retirement pension fund at the Employees Retirement System (ERS), the provider of state employee annuities, is now so severely underfunded that it faces fund depletion by 2061. ERS' current unfunded liability is over \$14 billion.

This shortfall developed over the past quarter-century as the Legislature in most years did not appropriate monies sufficient to satisfy the funding requirements for the basic benefits established by the Legislature in the statute. During that time, state employees have always paid their portion of pension funding out of every paycheck. ERS actuaries calculated these funding needs in accordance with the Constitution and sound accounting principles for achieving actuarial soundness. While it is unlikely given the current economic challenges to expect such a long-developing problem to be fully addressed in the current biennium, it is fair to request that the Legislature make a substantial commitment to restoring the ERS fund to soundness.

Please note that the cost to meet these already incurred pension/funding obligations remains a state liability, and it is becoming ever more expensive. Not addressing the pension funding obligations is, of course, a cost that will be borne both by current and future taxpayers and will negatively impact the state's bond rating over time.

ERS has included an Exceptional Item Request in its budget request for the 2022-23 Biennium that would put the fund on a path to actuarial soundness. We stand united in fully endorsing ERS' request and give it our strongest support.

The promise of a modest but secure retirement is critical to three hundred thousand state employee families. Employees and retirees have held up their end of the bargain,

and we are asking the state to do its part to protect our pension fund. Please put your highest priority on adequately funding the ERS pension fund.

Sincerely,

Ann S. Bishop

Ann Bishop, Executive Director
Texas Public Employees Association

Jeff Ormsby

Jeff Ormsby, Executive Director
AFSCME Texas Corrections

Clay K. Taylor

Clay Taylor, Director
Department of Public Safety Officers Association

William C. Hamilton

William C. (Bill) Hamilton
President, Retired State Employees Association

Joey Davidson

Joey Davidson, President
Association of Texas Liquor Enforcement Agents

Luther Elmore

Luther Elmore, President
AFSCME Texas Retirees

Quint Balkcom

Quint Balkcom, President
Game Warden Peace Officers Association

Joe Montemayor, Organizing Coordinator
Texas State Employees Union



Texas Corrections



To the Honorable Representative Kyle Biedermann,

First of all, congratulations on your decisive victory and reelection to the Texas House of Representatives. I understand and know that your main priorities for the Texas State Legislature this session are the important right for Texans to legally own a firearm to be able to carry it as well as the continuous fight for an independent Texas. You are doing a great service to ensure the voices of the citizens are heard in the halls of the Texas Legislature!

However, there is one more hugely important fight that I want you to consider, I respectfully request honoring legislative commitments to our state employees. As a 27-year state employee and now a very recent retiree, I would like your attention to a most important agenda item for this Legislative Session. The **Employees Retirement System (ERS)** will run out of funds as soon as 2061. Part of the problem is ERS has been underfunded for the past 20 years and a biennium slipped away entirely without funding state employee retirement. Unfortunately, during this last Legislative Session there was proposed legislation to shore up the fund by allocating \$150 million to ERS but that did not pass.

ERS Retirees have gone 19 years without any cost of living increase due to the consistent underfunding of the pension plan. It is disappointing to have dedicated state service and at this moment not be able to ever see any possible increase due to a pension plan that is not actuarially sound. Meanwhile, the Teacher Retirement System (TRS) was appropriated \$1.1 Billion during the last Legislative Session. Not only was TRS made actuarially sound by the passage of this legislation, it allowed them to provide their retirees with a 13th month check in 2019. TRS also granted a 13th month check in 2007 and a cost of living adjustment(COLA) in 2013. During this same timeframe, ERS last granted its retirees a COLA in 2002.

State law requires an actuarially sound pension fund and for any unfunded liability to be paid off within 31 years. As reported by Mr. Porter Wilson, Executive Director for ERS, "the longer the situation is not addressed, the sooner the fund could deplete, and the more costly it will become for the state to meet its obligations for future retirees." This unfunded liability has major impacts to the state's credit rating as well. As Comptroller Glen Hegar has stated, "While Texas has received the highest possible credit rating from Moody's and Standard and Poor's (Aaa-stable since 2012 and AAA since 2013, respectively), **unfunded pension liabilities have earned Texas declining debt scores in recent years.**" If the pension fund continues to be disregarded in the same manner as last session the credit rating so vital to Texas is put at risk. For myself, there is no justification for not providing actuarial sound funding for ERS and the people most vital to the state's economy, State of Texas Employees.

Your serving in the legislature allows you the opportunity to restore ERS to be actuarially sound for all state employees, both active and retired, including your staff who are state employees too! Let's not make up for budget deficits by continuing to underfund ERS. Your job is certainly made a lot easier by attracting and retaining a talented state workforce that meets the needs of the voters in our District.

Thank you for your service to the citizens of the State of Texas. I look forward to hearing from you.

Kelly Zrubek

Dear Representative Goodwin,

I know it's been a while since we've run into each other, I hope all is well. Please say hello to Kaitlyn, the kids still talk about the summer she watched them. I am grateful for your service to the House District 47 and proud to be one of your constituents! I love showing off my coffee mug I received from you at our last in-person "coffee with constituents" and look forward to your Zoom and Facebook updates!

I am writing to express my concern over the underfunding of the ERS pension plan. As a state employee, I am deeply concerned about the Employees Retirement System of Texas (ERS) Pension fund's fiscal health. All three pension funds managed by the Employees Retirement System (ERS, LECOSRF, and JRS 2) continue to be underfunded, but the purpose of this email is to ask your support to address the underfunding of the ERS main plan.

ERS' consulting actuary for retirement benefits, Gabriel Roeder Smith & Company, recently completed the required actuarial valuation of assets and liabilities for the ERS Plan. They reported that the ERS unfunded liability is \$14.7 billion as of August 31, 2020, and is projected to increase to \$19 billion on August 31, 2025, if no additional funding is provided. Although there was some discussion about supplemental State pension funding to ERS in 2019, it did not come to fruition. My concern is if the Legislature does not start early to resolve the pension funding issue, the ultimate funding needed to solve it will be unmanageable, and state employees who contributed to their retirement plan and dutifully kept Texas's State operating will be left without the retirement security they earned.

In closing, I ask that you work with ERS and your colleagues to address the ERS pension fund's unfunded liability. Please let me know if I can assist you in any way. Thank you for your leadership on behalf of your employees and the citizens of our state.

Respectfully,

Victoriano Casas III

Dear Mr. Dutton,

Congratulations on your reelection and thank you for your service on behalf of Texas's good people in House District 142. I applaud you and your staff for all you do.

As a retired state employee, I am deeply concerned about the Employees Retirement System of Texas (ERS) pension fund's fiscal health. All three pension funds managed by the Employees Retirement System (ERS, LECOSRF, and JRS 2) continue to be underfunded, but the purpose of this letter is to ask your support to address the underfunding of the ERS main plan.

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Best regards,

Delvin L. Dennis