

TPEA testimony for House Appropriations Committee – March 1, 2021

Thank you for this opportunity to express our strong endorsement of the Employees Retirement System's appropriations request for the 2022-23 biennium.

As you know, ERS's actuary, Gabriel Roeder Smith & Company, has estimated that the ERS Trust will run out of funds in 2061. It makes no financial sense for the state to continue to allow the ERS Retirement Trust to deplete year after year. As ERS seeks in its exceptional item request, pre-funding benefits will save the state billions of dollars in the long run because, according to ERS, depleting the fund costs four times more than simply maintaining an actuarially sound contribution rate, to begin with.

We urge you to act on behalf of your workforce, the approximately 142,000 state employees who deliver the vital essential services necessary to keep the state economy up and running. The Legislature has every reason to be proud of the work your employees are doing every day. Despite the dizzying population growth in the state over the past 25 years, the number of state employees has remained the same since 1993.

Rather than a bloated bureaucracy, Texas government is lean and efficient. Your employees work harder and smarter than in any other state in the country. They also show up in times of unprecedented crisis, as we have experienced during the past year. Despite the thousands of state employees and their families who have tested positive for the novel coronavirus, your workforce continues to perform the jobs necessary to protect public health and safety, process desperately needed unemployment benefits, provide health care for the most vulnerable Texans, and serve the businesses and occupations that rely on them to keep the doors open. These men and women, many of whom are working under extreme duress, have earned your attention to the long-term viability of their hard-earned retirement benefits and the maintenance of their health benefits.

Doing nothing is not an option. A stable and financially sound retirement plan is one of the things that makes a career in public service financially feasible as opposed to the private sector. While the average state employee salary is about \$48,000, almost two-thirds of state employees make less than that, and 25% earn less than \$36,000. State employee pay is generally uncompetitive with private sector employment, but that does not mean that we have to accept high employee turnover rates and the loss of about four out of every ten new employees who move on within two years of entering service. No business could operate this way for very long, and neither can the business of state government.

TPEA and its members stand ready to work with you this session to move ERS down the road toward the constitutional mandate of actuarial soundness.