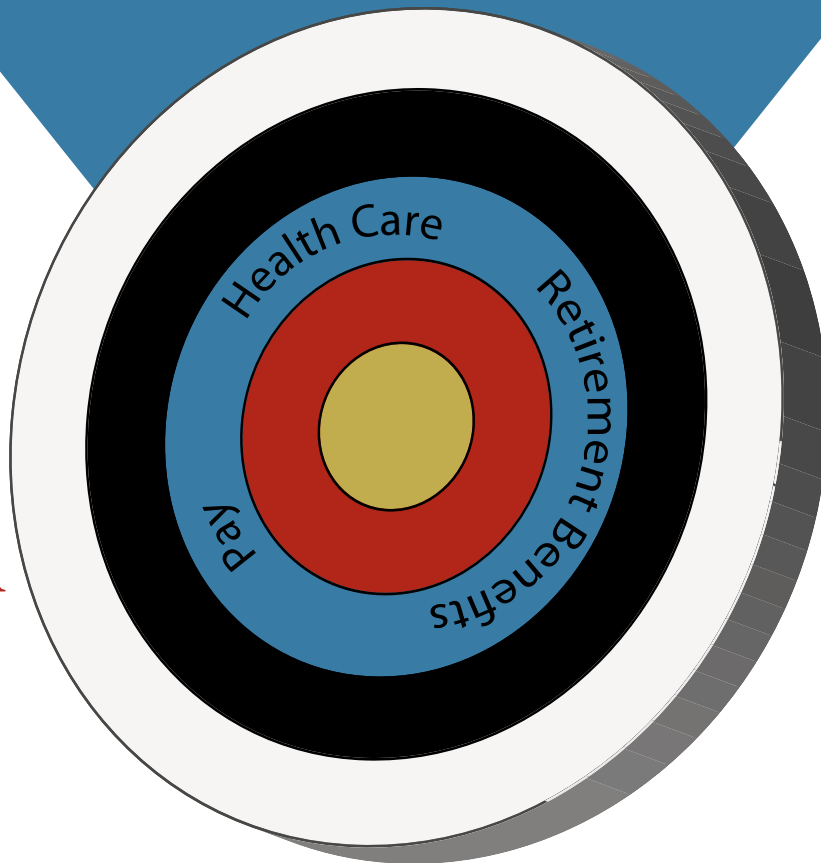


TPEA's Legislative Agenda for the 2011 Session

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The Texas Public Employees Association is proud to be recognized as the leading legislative advocacy organization for active and retired state employees in Texas. At the very core of our legislative advocacy efforts is our Legislative Agenda, which we develop and put forward every two years in preparation for the biennial meetings of the Texas Legislature. The Legislative Agenda is first developed by TPEA staff in consultation with the Legislative Committee, which sends its proposed Agenda to the TPEA Board of Directors. The TPEA Board then considers the Agenda, makes any necessary changes, and recommends the proposed Legislative Agenda to be voted on by TPEA's membership at the Association's Annual Delegates Meeting in the summer preceding the session.

"Since I've been Executive Director, we've worked hard to develop a concise, hard-hitting Legislative Agenda," said Gary Anderson. "We try to distill our priorities down to the three to five most essential goals for state employees and retirees, and these generally involve the core economic issues affecting employees and retirees - pay, health care, and retirement benefits."

Developing the Agenda

The process to develop the 2011 Legislative Agenda began with the appointment of the co-chairs of the Legislative Committee by TPEA President Gilbert Jordan. In recent years TPEA has sought to ensure that the concerns of

active and retired employees are equally represented, so the Legislative Committee has been co-chaired by both an active and a retired employee. Paul Wenzel with TxDOT in Wichita Falls and Charles “Dickie” Travis, retired, of Austin, served as co-chairs this year. The other Committee members are: Tammy Foster Nelson with DADS in Lufkin, Jennifer Concannon with TWC in Austin, Mark Majek with the Board of Nursing in Austin, Gilbert Jordan of El Paso, and Irene Webster of Linden, both with TxDOT, who serve as *Ex Officio* members as President and President-Elect of TPEA, respectively. TPEA appreciates the hard work and guidance of our Legislative Committee members.

Impact of Looming Budget Deficit on Agenda

The one factor that overshadowed everything else in developing the Agenda was the recognition that, according to the best estimates, Texas will face a budget shortfall of at least \$11 billion and possibly as much as \$20 billion, when the legislature convenes in January 2011. “Looking at the material TPEA staff developed on the possible budget deficit was sobering,” said Legislative Committee co-chair Paul Wenzel, “we still hope to make progress on employee pay and helping retirees, but we need to protect what we have, particularly our health care benefits.”

TPEA staff also looked back at what happened in 2003, when the state faced an unexpected \$10 billion budget shortfall. TPEA’s analysis found that within the overall state budget, non-higher education state employees and general state government agencies received a disproportionate share of cuts and budget reductions. In 2003 legislators reduced the number of authorized state employees (FTEs) for non-higher education state agencies by about 10,000, while at the same time the number of authorized higher education employees was increased. Many of the cuts to state agencies and to state employee health benefits also generated significant ongoing savings for the state, while cuts in other areas were often temporary in nature.

TPEA believes that state employees and state agencies respect the fact that legislators have to make hard

choices when the state has financial difficulties, but it is important that whatever budgetary sacrifices have to be made should be balanced and widely shared. This was a hard-learned lesson of 2003 which we have incorporated into the first element of the 2011 Legislative Agenda.

Health Care Benefits at Risk Now and During Session

TPEA is currently working to prevent cuts in our health benefits. As the result of a \$142 million deficit that is projected for our health plan for next fiscal year (beginning September 1), ERS is considering a number of significant increases in out-of-pocket health care costs - deductibles, copayments, and stop loss amounts for medical services, prescription drugs, office visits and other cost sharing features. TPEA has sent out repeated emails informing employees and retirees of this situation. If you have email access and do not receive our email updates, it is vital that you sign up at www.tpea.org.

The ERS Board of Trustees is slated to consider these changes at its May 25th meeting. The causes of this problem are manifold - a failure by the Legislature to fund ERS at its requested level, a budget requirement that ERS should spend down its reserve fund rather than retain these funds to buffer any unexpected increases in health care costs, and an unexpected increase in health care costs above budgetary assumptions, especially by hospitals. TPEA isn’t blaming anyone for this situation, but it does recommend a balanced approach to close the deficit that doesn’t simply shift all of the costs onto state employees and retirees.

While it is likely that ERS participants will see increased out-of-pocket health care costs next plan year, TPEA believes that it is absolutely essential that any resolution of the current projected budget deficit asks health care providers to contribute to solving the problem through provider efficiencies. This makes sense, since the primary problem in our health plan is the fact that health care costs are increasing by approximately ten percent a year. TPEA is also working to see if there is a way to get additional funding from the legislature to help avoid increasing health plan costs for participants.

Even if TPEA is successful in limiting the impact of changes to close the projected ERS deficit, the next session presents a potential nightmare scenario for our health benefits. ERS has estimated it will need as much as \$700 million in new funds to maintain health benefits, even after the changes made to close the current deficit. Given that the Legislature will have to fashion a budget with an \$11 to \$20 billion shortfall, agencies and programs, including ERS, will likely be asked to cut funding. If ERS has already “maxed out” copayments, deductibles and other cost sharing features, the probable recourse of the Legislature will be reducing the share the state contributes for individual and/or dependent premiums. This is equivalent to a pay cut or an annuity cut for employees and retirees. TPEA’s Legislative Agenda makes it clear that maintaining the state’s current contribution structure for health benefits is our goal.

ERS Retirees Need Help

TPEA recognizes the fact that, going into the 2011 session, ERS retirees will have gone a full decade without any ongoing increase in their retirement benefits. And, unlike TRS retirees who received a 13th check in 2008, ERS retirees haven’t even received a one-time supplemental payment in nine years. Despite the looming budget deficit, TPEA is committed to finding a way to improve retirement benefits for ERS annuitants.

In 2009 TPEA recognized that the ERS retirement fund was unlikely to ever be restored to actuarial soundness unless major changes were made to the plan. TPEA worked with key legislators and our ally, the Department of Public Safety Officers Association (DPSOA), and legislation was enacted that will put the retirement fund back on a course to actuarial health, as long as investment returns are sufficient.

TPEA will also guard against any efforts to reduce retiree health benefits during the 2011 session. In the past there have been proposals to force retirees out of the ERS drug plan and onto Medicare Part D. Another specific threat to retirees was a plan to reduce or eliminate the state contribution for their dependent coverage. TPEA will aggressively work to assure that any changes affecting retiree health coverage protect current retiree benefits

and fully “grandfather” current employees.

Enhancing Employee Compensation Always a Priority

Pay for state employees continues to lag behind what other public and private employers in Texas pay their workers for comparable work and skills. The state’s enormous budget shortfall will admittedly make efforts for substantial across the board pay raises difficult.

TPEA was able to win support for targeted pay raises for TDCJ correctional and unit staff in 2009, and TPEA Executive Director Gary Anderson was able to negotiate the \$800 Retention Payment that most other state employees received on August 31, 2009. TPEA will continue to fight for better pay for all state employees during the 2011 session. Failure to invest in the state workforce for a prolonged period will return the state to the out of control turnover rates seen at the beginning of the past decade. Lawmakers need to protect the taxpayer’s investment in the state workforce by assuring state agencies can retain quality employees and compete for new workers. This will be especially important as the economy recovers and competition for workers increases.

Help TPEA Succeed

TPEA is only as strong and as successful as our membership makes it. Our professional staff lobbies and communicates with legislative leaders about our priorities and needs, but legislators are much more likely to support our efforts if they hear from employees and retirees, particularly their constituents, on these issues. So don’t be shy about communicating with legislators. The only limitation on employees is that they should not use state time or equipment to engage in advocacy efforts. Use this article and TPEA’s Legislative Agenda to inform lawmakers, particularly during the upcoming election season. Use the TPEA website and our highly informative email updates to get informed and involved productively. TPEA appreciates your support, and we need your help to succeed.



TPEA Legislative Agenda for 2011



Support Equitable Methods to Resolve State's Budget Deficit

TPEA recognizes that the Legislature will face significant challenges in resolving the state's 11 to 17 billion dollar budget deficit in 2011. Efforts to close the deficit should be broad based and equitable across every area of the state budget and all state expenditures should receive equal scrutiny for efficiency and effectiveness.



Preserve Affordable ERS Health Benefits

Active and retired state employees have worked hard for their health benefits, including foregoing pay raises as health care costs have escalated out of control. The Legislature should acknowledge that affordable health benefits are a primary incentive to reduce turnover and maintain an efficient and experienced workforce. Preserving affordable ERS health benefits is an investment in efficient state government.

TPEA supports preserving the state's current contribution policy for active and retired ERS members by contributing the full contribution for members, and half the contribution for dependents. TPEA also opposes any significant increases in deductibles, coinsurance or copayments that would create economic barriers to participants accessing needed medical services or prescription drugs.



Improve Standard of Living for ERS Retirees

TPEA will continue to work to improve the actuarial status of the ERS retirement fund to allow an increase in ERS annuity payments or a one time supplemental payment.

TPEA opposes any efforts to reduce health care benefits for state retirees or their dependents.



Enhance State Employee Pay

TPEA believes all state employees deserve a cost of living pay raise each year of the biennium of at least 2 percent, with an appropriate dollar minimum increase.

TPEA supports providing funding for all state agencies for adequate merit pay awards. At a minimum, all state agencies should be appropriated one percent of payroll to fund merit pay increases awarded on an equitable basis across all occupational categories.

TPEA supports targeted pay raises for particular occupational or agency groups that have experienced excessive turnover or whose compensation is significantly below market rates.