

September 7, 2020

To the Members of the Texas House Committee on Appropriations

Comments on Interim Charge 2 – Actuarial Soundness of the ERS Pension Fund

It is my hope this Committee is actually going to make a difference in the pension funding for the Employees Retirement System of Texas (ERS). I retired in 1999 with 35 years of service with the State of Texas. The last cost of living adjustment (COLA) I received was effective January 2002. There have been no annuity increases or 13th month checks for the past 18 years. I don't know how much longer I can wait since I'm now 78 years of age.

I'm not going to provide you with fancy charts or colorful graphs to reflect the underfunding of the ERS pension fund these many past years. (An article in the *Austin American Statesman*, dated February 6, 2015, Sen. Kirk Watson blames the Legislature for allowing the pension fund to be underfunded. He was quoted as saying it is **“the fault of the Legislature we're even having this discussion”**.) (Another article in the *Austin American Statesman*, dated May 14, 2015, reported, “The state first reported an unfunded liability in 2003, but it has grown exponentially since then amid insufficient contributions, the economic downturn and a dwindling workforce. The number of employees contributing to the plan has declined in recent years, while the number of retirees and beneficiaries has steadily increased over time”.) **What data or information has been provided or used by the Legislature these past years to not address this ongoing problem?**

In the last session there was legislation to allocate \$150 million to the ERS pension fund which did not pass. The Legislature instead prioritized new spending for public education, property tax relief, Hurricane Harvey relief and the Teacher Retirement System (**TRS**). The Legislature appropriated \$1.1 Billion to the TRS pension fund which allowed them to become actuarially sound and provide their retirees with a 13th month check in **2019**. TRS has also provided their retirees with a 13th month check in **2007** and a COLA in **2013**. Again, **ERS has made NO such payments to their retirees since 2002**.

Cities, counties and school districts take care of their employees, even if it means raising taxes. **It's time for the Legislature to take care of your employees.** Not every State employee lives in your District but you have constituents living in your District that interact with State employees on a daily basis. You certainly expect your employees to provide excellent customer service for your voters.

Your job is very simple. Adequately fund the ERS pension fund. State law requires an actuarially sound pension plan and for any unfunded liability to be paid off within 31 years. **STOP** kicking the can down the road. It appears the road is fast approaching a **DEAD END**.

Thank you for your service to the citizens of the State of Texas.