

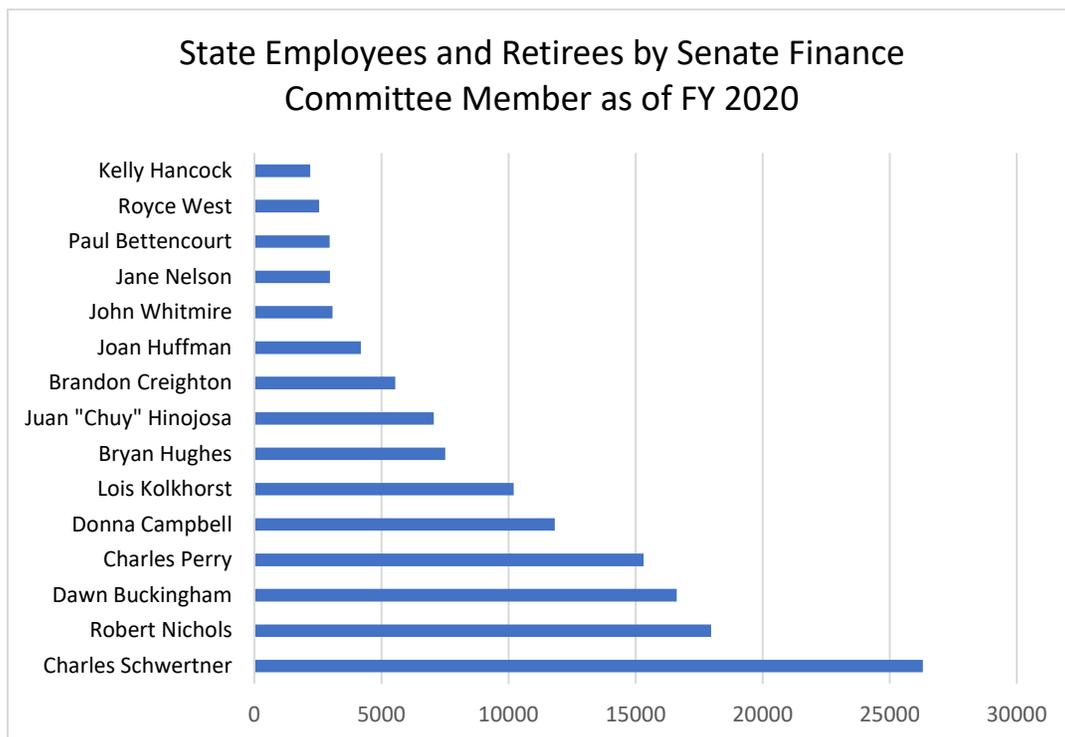
Senate Finance Committee

May 4, 2022

Interim Charge, Inflation: Review and report on the effect inflation is having on the business community and state government, including state salaries, retiree benefits, the state economy, and cost of state services.

I am Ann Bishop, Executive Director of the Texas Public Employees Association. Founded in 1946 by dedicated state employees, TPEA has advocated for more than 75 years to promote and preserve the salaries and quality benefits enjoyed by state employees and retirees. These benefits make it possible for Texans to devote themselves to careers in public service. TPEA is the only nonunion, nonpartisan association serving state employees during and after their careers. Thank you for the opportunity to talk to you about the effects of inflation on current and retired state employees alike.

You heard testimony about the impact of inflation on various businesses, and inflation is not just an Austin issue. As you can see from the chart below, state employees and retirees live and work across the state, and state employees in your district are hit with an inflation storm.



TPEA recently surveyed state employees and retirees to determine the percentage of people (active and retired) who have had to take second jobs to make ends meet. The survey confirmed what we had heard anecdotally; a significant percentage of your state employees and retirees hold second jobs. Such essential items as eggs, meat, utilities, and taxes are increasing at double-digit rates across the state.

What surprised us was that many state employees and retirees wrote to us telling us how inflation has impacted them. These state employees are the very people who have kept Texas afloat through fires, floods, freezes, and the pandemic. They have done so with a remarkable combination of commitment and competence. Most have not had a real pay raise since a 2% increase in September 2014.

Andi:

Last year, I qualified for **housing assistance** because my income was below 80% MFI for Austin. State employees should make enough money to be able to afford a place to live without government assistance.

Latoya:

As a TWC employee of 11 years, I have never been more afraid than I am now. I started as a WDS II - III earning \$2,500 – 2,700 before taxes and benefits from 2010 to 2019. 2019 I was promoted to WDS IV earning \$3,024 before taxes and benefits. Hardly comparable to some who have come after me and before me.

Here is the economic impact I'm facing.... I have rented my current home for 16yrs at a current rate of \$1,150. My lease is up in June. The landlord is increasing rent to \$1,400. Extremely out of my budget. I have no choice but to move. I've been searching high and low within the **Dallas** area for a 2 bedroom for me and my son. The lowest I could find in a semi safe area is \$1,254. The problem with qualifying is apartment complexes require you make 3 times the rent. I cannot even qualify for a 1 bedroom with those qualifications. I'm scared my son and I will be homeless.

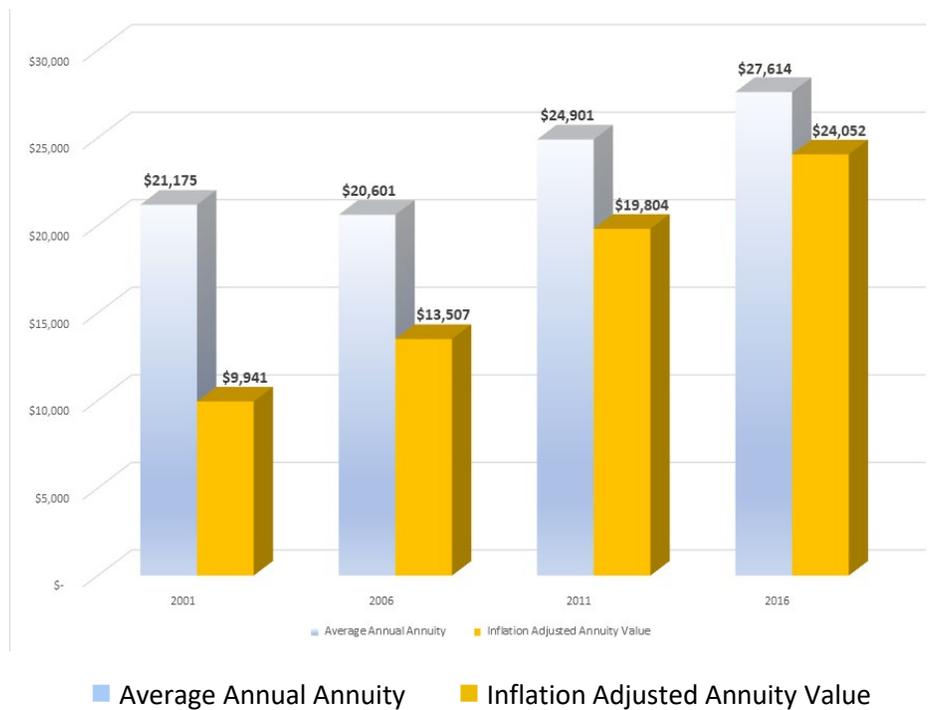
I may be forced to quit my job with the state to find something paying more, just so we can have a roof over our head. I don't want to do that. I love my job and I love working for the people of Texas. I know were all feeling the pain at the pump and grocery stores. In most cases, **I must depend on the food pantry.**

Please help with a cost-of-living increase. At least enough for me to qualify for an apartment. I'm single with a child. No extra income. I've tried working a second job for 2yrs, but it was exhausting and caused health issues. I don't want to become homeless. The rate inflation is going, it's very possible. And will happen if something doesn't change soon.

Retirees

As you might imagine, inflation is eating into the household budgets of both employees and retirees. Retirees have not seen an annuity adjustment for over 20 years. The chart below illustrates the average annual annuity and the inflation adjusted value of that annuity for various years. For example, people who retired in 2001 received an average annual annuity of \$21,175. Based on inflation, the value of that annuity is worth \$9,941 at the end of February 2022.

Average Annuity and Inflation Adjusted Annuity, various years



State retirees also sent us comments about the impact of inflation in their lives. These are real people across the state.

Jon:

I am afraid of the rocketing high property taxes. My brother is on Social Security and couldn't afford to pay the Caldwell County taxes and had to move out of his house. I'm afraid Hays County is the same. Our pension increases don't keep up with property taxes every year.

Judy:

It is important to stress the hardship on retirees who retired over 20 years ago and have received no cost-of-living adjustments.

Cindy:

My necessity bills have tripled monthly since my retirement. There is no way I could survive on my benefits alone, nor could I survive without them. Additionally, with the way inflation is rising across the country and particularly in Texas, my future does not look very bright either.

Kathy:

Everything else is going up (gasoline, groceries, interest rates, property taxes, general cost of doing business with others who've gone up on their rates for everything because of these same increased prices), but my retiree benefits haven't gone up one red cent since I retired 6½ years ago. Those other expenses have gone up, but my income hasn't.

Leticia:

Our salaries and retirement are not keeping up with inflation. Not just inflation on food essentials but also in rent. Rent in Austin and surrounding areas is outrageous, and as a recent retiree from the state, it will become impossible for me to continue to live in this area for too long. Will have to consider relocation to an affordable area. The state employees are providing a great service to the people of Texas why is this not reflected in the pay.

TPEA urges you to put a plan in place to address the corrosive effects of inflation on state employees and retirees. You will thereby be ensuring the retention of those quality folks who, in turn, keep Texas healthy, safe, and thriving.

Thank you for your time and consideration.