



*By Tim Lee*

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By Tim Lee, Executive Director.

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## **TRS Projects Health Care Fund Out of Money by FY 2014**

This week in the House Pensions, Investments, and Financial Services (PIFS) Committee hearing, Mr. Brian Guthrie (TRS Executive Director Designate) reported on how bad things may get for the TRS-Care health insurance fund if legislators do not restore funding to the program. One “worst case” scenario projected that the TRS-Care fund may be operating with a budget deficit as high as \$585 million by the end of FY 2014.

These projections were based on proposed House and Senate budget reductions, and the expected increase of 7500 TRS retirements in the coming biennium. This would drain the TRS-Care fund of its \$700 million surplus and result in a funding deficit of \$265 to \$585 million by FY 2014. With a funding shortfall that high, TRS is likely to consider reducing benefits, raising retiree premiums or both just to sustain TRS-Care through the coming biennium.

It is likely that the number of new retirements may be much higher due to legislative cuts to public education. Early in the session, the House PIFS Committee heard testimony that the number of retirements could be as high as 15,000.

The issue for all TRS retirees is that cutting TRS-Care funding at a time when the program must cover thousands of new individuals is a bad decision; one that will cost plan participants through increased premiums or fees.

TRTA is working every day with legislative officials on this issue. Many of these legislators are responsive to our suggestion to restore TRS funding, but little action has

been taken to make this a budget priority. As many of you know, the last attempt in the House to restore TRS-Care funding was during the floor debate on HB 1 (the House budget bill). An amendment by Representative Garnet Coleman was deferred to a different section of the budget proposal and its fate is uncertain.

Budget discussions are still ongoing in the Texas Senate. TRTA is hopeful that the Senate's effort to look for additional revenue sources may help restore funding to TRS-Care. State Senator Robert Duncan is chairing a special committee that is working to find revenue sources for the coming biennium. TRTA is involved in these discussions and we are working every possible lead to protect TRS-Care premiums.

### **TRTA Legislative Initiatives**

A number of bills have been introduced to provide retirees with a supplemental payment this session. We are hopeful that the House PIFS Committee and the Senate State Affairs Committee will provide a hearing for these bills soon.

Specifically, the legislation filed in the House and Senate that may provide a supplemental payment in the coming biennium includes:

- HB 1699 by Representative Jose Menendez: provides that TRS pay a one-time supplemental payment directly out of the pension fund;
- HB 2150 by Representative Craig Eiland: provides that TRS pay a one-time supplemental payment directly out of the pension fund;
- HB 2341 by Representative Allen Ritter: provides for additional opportunities for the TRS Board to determine the fund's actuarial condition and its ability to provide retirees with a supplemental payment;
- HB 3542 by Representative Larry Gonzales: provides that retirees receive a supplemental payment from investment proceeds that exceed an 8 percent investment target; and
- SB 1333 by Senator Robert Deuell: provides that retirees receive a supplemental payment from investment proceeds that exceed an 8 percent investment target.

TRTA is meeting with members of the House PIFS Committee and the Senate State Affairs Committee asking that these bills receive a timely hearing. We appreciate these legislative members for thinking of new and innovative ways to try to help TRS retirees during difficult economic times.

## **Still Time to Get Things Done**

Time to get things done this session is disappearing quickly. TRTA members have done an outstanding job of making legislators aware of our issues. Some legislators have even commented that TRTA members are doing *too* good of a job communicating with their legislative offices. TRTA is undeterred, as we know there are thousands of interest groups contacting legislators about their issues.

TRTA must, and will, make our voices heard. The good news is that public education retirees are active, articulate, focused voters! Our participation in the legislative process is making a difference for hundreds of thousands of TRS retirees.

Thank you for your hard work on behalf of TRTA. Your dedication does not go unnoticed and we are grateful for your willingness to engage your elected officials. We will keep you informed about the progression of TRTA's legislative agenda and all budget news as it is updated.