

# "Together"

## AFSCME TEXAS ★ RETIREES CHAPTER 12

A Retiree Chapter  
of the American  
Federation of State,  
County and Municipal  
Employees, AFL-CIO

Summer 2019

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## Senate Buzz Saws State Retirees

The 2019 Texas legislative session started out positively, with the House chamber recommending about \$300 million in its supplemental budget to shore up the Employees Retirement System pension fund. This additional funding would have maintained the fund's debt at its current level. Outgoing president Maura Powers testified before the House Appropriations sub-committee in support of this funding.

In the last days of the session, appointed committee members from the Senate and House met to hash out the final budget. The five senators (Jane Nelson R-Denton, Joan Huffman R-Houston, Lois Kolkhorst R-Brenham, Robert Nichols R-Lufkin, Larry Taylor R-Galveston) slashed all funding for the pension plan from the budget, declaring that this was the session for teachers, not state employees. Both the governor and lieutenant governor endorsed this action by their silence.

The senators' decision means that the debt of our pension plan will continue to grow at a rate of billions of dollars, when it could have been stabilized for relatively few dollars (1% of payroll). The graph

below shows the effect of no additional funding, which is the red line.

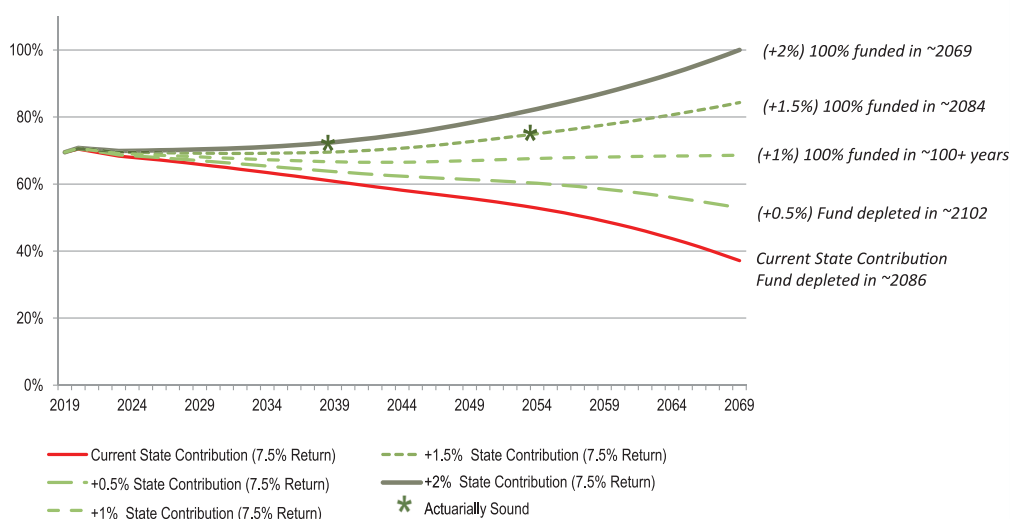
Capitol observers have commented that the senate's actions indicate a willingness to let the pension fund fail, so that state employees can be shifted to personal savings accounts for their retirements. While the state will still have the obligation to pay off the current debt that it owes, it would be without a defined benefit pension plan going forward, which has been a

goal of the far right for many years. For current retirees, there is a risk of reduction in the amount of their annuities while the plan winds down.

Is there anything that can be done to avert this dark future? We believe so. It requires state employees and retirees to get engaged in the political process that is determining our future. A good start would be to deny reelection to Senators Nichols and Taylor, who will be on the ballot in 2020.

### Impact of Increases to State Contribution

ERS  

State contribution rate change assumed effective for FY2020. Projection based on required February update and assume no change to current assumptions including the assumption that the actuarial value will return 7.5% in all future years. Unrecognized gains and losses are assumed to be offset by future investment returns.

4/23/19

## Our Initiatives

Our chapter has, for several sessions now, been working on a bill (HB 596) to allow a retired state employee to run for a seat on the ERS board. Currently, only active employees are eligible to run for any of the three seats. Appointees fill the other three seats.

We made a lot of progress with the bill. President Luther Elmore testified in support before the House Pensions Committee. All state employee and retiree groups supported it, except the Texas Public Employee Association. The House passed it early on and sent it over to the Senate, where it languished after the governor's office decided to oppose it. Apparently, the governor perceives a retiree on the ERS board to be a dilution of his power. Nevertheless, because retirees make up nearly half of the ERS membership and because retirees are very much in favor of this bill, we will continue to advocate for it in future sessions.

On another bill, our chapter, along with the Texas Alliance for

Retired Americans and the Center for Public Policy Priorities, advocated for over five million Texans who have no mechanism for saving for retirement at their workplace. The bill would have allowed the state to serve as an administrator of a savings plan for those workers. We thank Senator Menéndez of San Antonio and Representative Walle from Houston for sponsoring the bills (SB 1411 and HB 4037).

Bills similar to this have been filed and passed in other states. Opposition has come from the National Federation of Independent Businesses, insurance companies, investment advisors, and chambers of commerce. Those same interests are at work here. Consequently, the bill made little progress this session.

The failure of our state government to act on the financial and economic impact of millions of Texans going into their "golden years" without any gold is dereliction of a state's duty to its people. We plan to push for action again next session.

## Other Legislative Initiatives

The Comptroller took another run at creating a "Legacy Fund," which would divert some investment earnings from the Rainy Day Fund to pay down the pension debt in the ERS and TRS plans. This did not make it past the goal posts, but does seem to have inspired the legislature to move a portion of the Rainy Day Fund into investments with a rate of return slightly higher than insignificant.

The funeral home industry was successful in its effort to allow ERS death benefit beneficiaries to assign those benefits to a funeral home. HB 3522.



Rep. Gina Hinojosa  
addressing convention

## President's Corner by Luther Elmore

In March Texas State Retirees held our biennial convention in Austin.

Our President for the past six years, Maura Powers, stepped down and was elected Vice-President and I was elected President. In addition, we elected a new treasurer, Joe Thrash, and a new Board member, Sandy Smith. Trustee Karen Pettigrew and Board member Christine Monzingo's terms came to an end.

We thank them both for the many hours they devoted to improving the financial record-keeping and personnel policies for the chapter. Their leadership will be missed.

During the convention we also heard from distinguished speakers. State Representative Gina Hinojosa (Dem-Austin) reviewed issues related to state retirees still before the

Legislature. Porter Wilson, Executive Director of ERS, spoke about funding issues and legislation that would impact our pension plan. Philip Ashley from the Comptroller's Office addressed the plan to create a Legacy Fund which



would provide a dedicated stream of funding for the ERS and TRS pensions.

We also heard from our own AFSCME Political Director, Joe

Hamill, who discussed the impact of the 2018 elections on the Legislative Session. All in all, it was a terrific convention with a tasty barbecue lunch and many door prizes.

Several chapter members volunteered to help out at the convention made it a success under the direction of our operations manager Jessica Acosta: Yolanda Delgado, Rose Ann Reeser, Cynthia Hayes and Angela Crowder.

On a personal note, I am honored and delighted to now serve as your President. My father was a union carpenter in central Florida, so I descend from a union background. I worked for the State of Texas twenty-six years with the Comptroller's Office and the then General Services Commission. The challenges that face us will not get any easier, but all of us will work to our utmost to protect the benefits we earned during our employment with the State of Texas. I look forward to working for and with all of you.





## New Board Members Elected



**Sandra Smith**

Sandy Smith is a new board member who was born in Houston and grew up traveling around the world with her Air Force parents. Her first job with the State of Texas was at the Department of Health as a part-time dental assistant. During her 24 years of state service she also worked at the Comptroller's Office, the Texas Education Agency, and the Chiropractic Board.

Sandy believes that a strong union provides us with a voice to advocate for our state retirement benefits. She has a special interest in helping us improve our online presence.



**Joe Thrash**

Joe Thrash is our new treasurer, replacing Joe Seely (now a trustee). After graduating from the University of Texas Law School, he worked for Bob Bullock at the Comptroller's Office for 10 years. He also worked in the Governor's Office and the Lieutenant Governor's Office. The last 21 years of Joe's 42-year career were at the Attorney General's Office, retiring in 2016.

Joe has been a member of our organization for over five years. He has a special interest in becoming our new Secretary Treasurer.

We are very pleased that Sandy and Joe have volunteered to serve on the board. Welcome!

## Special Guests at Our Board Meeting



Ben Hodapp (second from left), from AFSCME Retirees headquarters in Washington, and Carlos Lopez, our AFSCME area coordinator located in Los Angeles, joined us at our June 6, 2019 Board meeting.

They came to explain the new membership database AFSCME is rolling out. This updated system will make AFSCME's communications with its members more efficient. We are pleased that this will be up and working in a few months.

## ERS Election Results

On July 12, ERS announced that Brian Barth was elected as a new trustee. Our endorsed candidate, Cora Bennett, lost by 315 votes, less than one per cent of the 33,723 votes cast.

A huge thanks to all AFSCME members who voted.

We congratulate Brian on his election, and we look forward to working with him.



## New Membership Drive a Big Success!

After gratefully receiving the opportunity to serve as the new "Office Operations Manager." It brings immense joy to share our goals and accomplishments.

The board members and I raced at high speed, sending out recruitment letters in January.

Our mission was to gain new members to our organization, while in our legislative session. With the substantial support, we received, the numbers were skyrocketing well over what we all predicted. Chapter 12's new membership grew by 1,594 new members. This fantastic amount gave us a total of 7,153 members.



My goal is to continue to increase our membership before our next legislative session, because "No" simply will not be an option on my watch.

I am not only prepared to stand up for all our members. I am prepared to take an even bigger stand for my future and all the future new retirees to come.

Let us work diligently together, continue to grow, and not lose sight of what we strive to achieve as we have come too far to give up now. We can and we will do this together!

— Jessica Acosta



# AFSCME TEXAS RETIREES



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## Say Hello To Your Board Members!



Board members (l-r): Luther Elmore, Dorothy Parker, Peggy Seely, Sandra Smith, Cynthia Hayes, Maura Powers, Joe Seely, Don Crowder, Joe Thrash.

Board members not pictured: Josefina Soto, Angela Crowder, and Dick Lavine.