

Texas Classroom Teachers Association



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Testimony of the Texas Classroom Teachers Association

To the Sunset Advisory Commission

Regarding the Staff Report on the Teacher Retirement System of Texas

Presented by Ann Fickel, TCTA Associate Executive Director

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The Texas Classroom Teachers Association appreciates the invitation to testify before the Sunset Advisory Commission on recommendations regarding the Teacher Retirement System of Texas. We would also like to thank the Sunset staff, who solicited our input at several steps along the way.

We generally agree with the recommendations that were made for changes in TRS operations. The TRS staff and Board of Trustees have always worked well with us, and staff frequently talks to TCTA and the other stakeholder groups about upcoming changes or new ideas to get our input. But the Sunset staff has correctly identified a current problem in the agency's relationship with its members, and our comments today are directed primarily to the recommendations regarding the need to repair that relationship.

TRS has long been considered a trusted ally of the education community, but that reputation has been damaged in recent years. It is very important to point out that this is not entirely the fault of the agency. In the last couple of decades, a number of legislative changes (as well as investment losses due to market volatility) have resulted in lowered benefits, changes in eligibility and higher costs. TRS is often blamed for these changes when in fact they often only have the power to implement new laws.

However, TRS has created some of its own problems, and the most recent stir created with regard to TRS office facilities is a prime example. Those events don't need to be rehashed here, but mistrust was created or deepened on multiple fronts – first with regard to the sense that TRS was not managing members' funds responsibly, and second because of the perceived lack of transparency in the agency's actions and subsequent failure to fully explain those actions.

TRS walks a fine line when it comes to issues like employee compensation and office space. The relatively high salaries of the investment staff, especially in conjunction with the incentive compensation program, can be galling to public school retirees who are barely scraping by on a

fixed income. There was no empathy with the “need” for upscale office space for this division, when school employees often work in less than optimal conditions. However, we also recognize the benefit of providing competitive compensation and working conditions to attract and retain high quality investment professionals who might otherwise be lost to private industry.

Issues such as these could be easier for TRS members to stomach if the overall level of confidence in TRS were higher. It will be crucial in the coming months and years for TRS staff and Board to find better ways to communicate with members, to address issues in plain language, to be candid, even to monitor social media to learn more about what their members’ concerns are and to respond accordingly. TRS is a very structured and bureaucratic agency with a very professional face, which is in most cases a good thing, but the agency must find a way to humanize the staff and trustees and let members know that they are actually there to help, not to be a roadblock.

Some contributing factors to the damaged relationship:

- Members find it difficult to get good answers. It is crucial that TRS ramp up its efforts to fully staff and train employees in its call center. This has been discussed for years and that need has not been fulfilled. We believe some more innovative solutions could be considered, especially with the flexibility that working from home provides, including expanded hours in evening and on weekends. We appreciate the agency’s work on establishing regional offices and encourage expansion of that project as warranted.
- TRS laws and rules are complex and at times seem unnecessarily penalizing to members. There are now six tiers of retirement eligibility – not including early retirement options – that affect when a member is eligible for normal retirement and how their benefits are calculated. The laws regarding employment after retirement have improved to a degree, but it is easy for a member to inadvertently run afoul of retire/rehire provisions and lose a significant sum of money. Simplifying these laws and rules, if done in a way that benefits employees, would help members understand them better and should cut down on the need for counseling and the time required to answer questions.
- Benefit reductions greatly and negatively affect members, and it can seem as though TRS is not working for them.
 - Recent increases in contributions to the pension fund have been very helpful and very much appreciated. But given that (with a handful of exceptions) school employers do not contribute to Social Security, the state is getting a good deal on its overall retirement contributions – Texas’s contribution rates are among the lowest in the country. The lack of either an automatic cost-of-living adjustment or frequent ad hoc increases is very hard on members and continuing to bump up state contributions would help the fund afford benefit increases in the very near future.
 - Health insurance is a huge issue, and with regard to active employee insurance, TRS has absolutely no influence on the primary problem, which is funding. It is

extremely problematic that TRS administers the state-run health plan (TRS-ActiveCare), but that funding goes through the Texas Education Agency via school finance formulas. TRS cannot ask for an increase in health insurance contributions because there is nothing related to insurance funding in its budget, and TEA has resisted our annual requests to include better funding in its legislative appropriations request – which is somewhat understandable since that agency has no role in insurance issues.

We appreciate the Sunset staff's and Sunset Commission's attention to TRS issues, and that the report went beyond simple agency operations to address the damaged relationship between TRS and its members. This can be repaired, but it will require work from not only TRS but the Legislature, and from TCTA and other stakeholder groups. We stand ready to assist and look forward to working with you for the benefit of Texas school employees.