



EVERY TEXAN

Formerly Center for Public Policy Priorities

Testimony for Senate Bill 7 (87th Legislature, 2nd Called Session): Relating to a One-Time Supplemental Payment of Benefits Under the Teacher Retirement System of Texas

Every Texan envisions a Texas where people of all backgrounds can fulfill their potential and contribute to our community. More than 410,000 Texans have already contributed to our communities as dedicated teaching professionals and support staff in our public schools, working long enough (24 years, on average) to qualify for defined-benefit pensions through the Teacher Retirement System (TRS). Many of these retirees worked for school districts that did not pay into Social Security, making the TRS benefit their only retirement income. For those not yet covered by Medicare, rising health care costs pose a significant challenge.

Every Texan thus supports SB 7 and the “13th check” it would provide hundreds of thousands of retired Texas educators. However, we join other advocates in preferring that the Legislature enact a permanent Cost of Living Allowance (COLA), something it has not approved since 2013 -- and even then, only for teachers and other eligible beneficiaries who had retired by 2004.

SB 7 stipulates that no later than January 2022, a TRS retiree will receive an amount equal to their current monthly benefit, or \$2,400 -- whichever is lower. This means, as a recent op-ed by Rep. Glenn Rogers explains, that roughly 136,000 retirees will receive less than \$1,000 (the amount of their current annuity), and another 101,000 retirees will get at least \$1,000 but less than \$2,000. If monthly benefit amounts had kept up with increases in the US Consumer Price Index since the last time a TRS retiree COLA was approved, benefits today would be 15% higher than they currently are, better equipping retirees to deal with rising medical and other expenses.

We understand that a COLA would cost more than a one-time 13th check, which even with a \$2,400 cap, requires \$701 million. In response to legislators concerned about the costs, we respectfully ask that they consider that the increase in border security spending being proposed --from \$797 million in 2020-21, to \$2.9 billion (with HB 9) -- is \$2.1 billion. That two-year increase is enough to fund a 13th, 14th, and 15th check.

Every Texan thanks the committee for this opportunity to comment.