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ERS requests additional funding for employee retirement and health benefits

The Employees Retirement System (ERS) has requested an additional \$378.7 million in general revenue funding during the FY 2016-17 biennium in order to fund employee pension programs at their actuarially sound contribution rates. An actuarially sound contribution rate would cover the normal costs of benefits and eliminate any unfunded liabilities within 31 years. Increasing contribution rates to something less than the actuarially sound level would not completely solve the long term problem, but could move the projected date on which funds are exhausted further into the future.

Most of the additional funding would be directed toward the regular ERS retirement trust fund, with smaller amounts targeted for the Law Enforcement and Custodial Officer Supplemental retirement fund and the Judicial Retirement Plan. According to the Legislative Appropriations Request submitted by the ERS, the regular retirement trust fund is

anticipated to run out of funds in 2052 unless action is taken to increase funding or reduce benefits.



In 2013, a 1 percent increase in state employee contribution rates was approved: the increase, however, is being phased in over a four-year period. Consequently, the contribution rate for most state employees will increase to 7.5 percent by fiscal year 2017 (8 percent for employees in the LECOS fund). With the additional funding requested by ERS, the state's contribution rate for the regular ERS retirement trust fund would increase from 7.5 percent to 11.94 percent.

The Employees Retirement System has also requested an additional \$407.6 million in general revenue funding: \$190.5 million to continue providing health plan benefits at the existing level and \$217.1 million to replenish a contingency reserve fund at the statutorily required amount. The ERS Legislative Appropriations Request says that state retirement and health benefits help maintain a strong and responsive workforce and cautions that changes to either program could impact the ability of state agencies to recruit and retain employees.

Executive Director Brad Livingston said the Department of Criminal Justice strongly supports the ERS request for additional funding to maintain both the long-term fiscal viability of the pension program and current employee health benefits. ●