Across the country, the 2013 state legislative sessions proved to be active for public education pension plans. In numerous states, legislation was proposed that jeopardized the retirement security of public education employees by eliminating or severely altering their defined benefit plans. Concerted efforts by public union coalitions to stymie so called “pension reform” initiatives resulted in numerous victories, including the following:

- A coalition of public unions in Arizona stopped attempts to reduce pensions.
- A Republican effort to ban new Florida state workers, teachers, and county workers from joining the state’s DB plan, and steering them instead toward a 401(k)-style investment plan died in the state Senate due in part to efforts of the state public union coalition.
- The Louisiana legislature ended their session without acting on Governor Jindal’s proposed “clean up” legislation to fix cost problems with a cash balance plan law approved by the Legislature last year. The state Supreme Court ruled the law unconstitutional because it didn’t get the required two-thirds approval for pension law changes that result in increased costs to the state. The Louisiana state pension coalition targeted key legislators with petitions, free and earned media, press conferences, and editorial board visits. Their tactics were crucial in preventing Jindal’s pension plan from ever seeing the light of day.
- The Pew Center on the States and the Arnold Foundation were in Montana strongly encouraging the legislature to adopt a cash balance plan for public employees. A state public union coalition’s organizing strategy and communications efforts succeeded in defeating the cash balance plan proposal and preserving the DB plans. The coalition not only achieved its goal to make the Teachers Retirement and Public Employee Retirement Systems actuarially sound, but it also enhanced the multiplier for TRS members hired on or after July 1, 2013 (Tier 2).
- In Oklahoma, public employee unions worked together to thwart a plan to offer new hires the choice of a defined contribution plan or the established DB plan.
- Pennsylvania Governor Corbett proposed to put all new public employees in a defined contribution plan. The state public pension coalition went on the attack, pointing out the proposal’s serious flaws to the media, legislators, union members, and the public. Actuarial studies bolstered the coalition’s position because they found that the governor’s plan would cost taxpayers an extra $40 billion over the next 30 years. The legislative session ended with no action taken on Corbett’s proposal.
- In Texas and Louisiana, long awaited COLA increases were enacted.

Faced with radical proposals that severely threatened the retirement security of current, future, and retired education employees, public union coalitions in several states mitigated retirement security losses for education employees and prevented more devastating long-term changes.

- **Changes to the DB plan:** Montana, New Mexico, Texas, and Wyoming mandated that public education employees pay higher annual contributions. Illinois reduced the employee contribution for Tier I members. Montana and Nebraska increased the number of final consecutive years used to calculate the final average salary for new plan members. In Montana and New Mexico the normal retirement age was increased for new employees. Illinois increased the retirement age for employees 45 years or younger. Illinois also instituted a pensionable earnings cap on its Tier I members.
• **COLA reductions:** Kentucky, Montana, New Mexico, Oregon, and Illinois passed laws that pared back the cost-of-living adjustment (COLA). Nebraska reduced the future COLAs of yet to be hired workers. Montana, New Mexico, Oregon, and Illinois were immediately sued, and the cases are currently in litigation.

Despite intensive efforts by public unions to preserve the traditional defined benefit plan for future hires, legislatures in two states passed bills that altered the basic DB plan design. Kentucky, in consultation with Pew Charitable Trust, established a cash balance plan for education support professionals hired after January 1, 2014. Tennessee, which has one of the most well-funded public pension systems in the country, established a “hybrid” combination DB-DC plan for all public education employees hired on or after July 1, 2014. Arguments made by the educator unions in both states that changing the pension plan design would harm recruitment and retention fell on deaf ears in those statehouses.

Educators’ retirement security remains under intense attack, and we expect many more damaging proposals, even in states where changes have been enacted or a harmful proposal has previously been defeated. There is a well-funded national agenda to get rid of traditional DB pension plans for public employees. In a significant number of states, former Enron executive and billionaire John Arnold and the Pew Charitable Trusts are teaming up to promote changes that would undermine the retirement security of public school employees and other dedicated public service workers. If their efforts are successful and spread across the nation, this could ultimately force talented educators out of our public schools or have the best and brightest avoid education as a career choice.

There are steps we can take now to minimize the assaults on public employee pensions and maximize our ability to respond to challenges, attacks, and misinformation.

• Start early and be proactive. Now is the time to prepare for a well-planned, well-funded, and coordinated attack on public pension plans.
• Educate and activate members about the value of their retirement benefits. Our members are our most powerful advocates. Useful tips and resources for understanding the challenges to retirement security, responding to critics, and getting your messages out effectively are available on InsideNEA.org or upon request from the NEA Collective Bargaining and Member Advocacy Department.
• Build coalitions and alliances. Identify and develop partnerships with other organizations that share our goal to defend public pensions and retirement security. A coalition can increase available resources and amplify the impact of each organization’s efforts. NEA is a founding member of the National Public Pension Coalition which can help organize, finance, and provide communications support to state level coalitions.
• Engage in pension study commissions if one is working in your state. In Kentucky and Kansas, proposed pension “reforms” came from study commissions. It is imperative to educate commission members with facts and help them understand the real impact of the changes they consider. If pension plan participants are not represented on a commission, you can provide effective information through witnesses, testimony, and appropriate research.
• Understand our opponents’ motives to diminish retirement benefits. Consider alternative solutions to achieve our goal to protect our members’ pension security and prevent long-term devastating changes.
• Work to elect politicians who support secure and adequate retirement benefits for employees.

For more detailed information on the content of pension bills that became law in 2013 or for further assistance, contact the NEA Collective Bargaining and Member Advocacy Department at (202) 822-7080 or CollectiveBargaining@nea.org.

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