

National Conference on Public Employee Retirement Systems (NCPERS)

Virtual Meeting

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Presenters

Ray McInerney, NEA Campaign and Elections Department

Sylvia Johnson, NEA Lobbyist

Ray set the stage for sizing up the impact of the 2020 election.

To get a good picture on the state and local pensions we have to start by looking at the state of the economy.

Most states are facing COVID-19 fiscal pressures. Especially those states that depend heavily on energy and tourism.

State sales tax for 2020 fell more than 5% and will probably fall another 6% in 2021.

With another surge in COVID-19 states will take another economic hit which will affect pension funds.

Volatility in the equity and bond markets which affects the pension portfolio.

Lost of education jobs – layoffs and early retirements – fewer employees contributing to their various plans.

Pleased with the outcome of the Presidential election but state and local elections did not go quite the way we had hoped.

State courts will probably play an important role in the pension fights and attacks on unions.

“Think tanks”, other groups and more right-wing attacks on pensions, unions, and worker rights over the last 10 years.

We, along with other unions and groups, have also been fighting back on pension threats.

Working with our partners in fighting back.

We have a good group of members working to protect our pensions.

Our members are important in the efforts to support our pension programs.

Attacks will vary from state to state.

Efforts to put new hires into defined contribution (DC) plans.

Close defined benefits (DB) plans – forcing them into DC plans.

Increasing plan contribution rates – changing calculation rates for final compensation – increasing vesting period – creating new tiers with decreased benefits – putting more cases to the US Supreme Court to allow states to cut benefits.

Grim picture as to the future of our pension systems.

Sylvia talked about several topics during lame duck session.

Election results in Congress were not as good as we hoped. We lost some seats in the House and the runoffs in Georgia will determine the Senate.

Stimulus and COVID-19 relief – big divide between the House and Senate want. If they can come to an agreement, will the President sign it.

State and local funding – this comes from Congress.

Retirement and security space – FICA tax holiday will it need to be repaid or forgiven.

Social Security – protection for Social Security – it is still affordable and has a \$2.9 trillion reserve – 91% funded for the next 25 years, 85% funded for the next 50 years and 82% funded for the next 75 years. NEA opposes any attempts to privatize Social Security and supports raising the cap on wages.

COLA for 2021 will be 1.3% however there is proposed legislative that would grant an emergency COLA of 3%.

Medicare – looking to shore up Medicare. A report showed that Medicare is solvent, and this is linked to the Affordable Care Act which gives members more choices. NEA supports lower drug prices. NEA opposes privatization of Medicare and raising the eligibility age.

GPO WEP – looking for repeal GPO WEP – supportive of a partial repeal of WEP