



Special Budget Report #4
Initial RSEA Wrap-up for 89th Legislature
As of June 4, 2025

Dear RSEA Members,

Well, the Legislature has adjourned *sine die* as of late Monday afternoon, as both chambers did so well ahead of the midnight constitutional deadline. The Governor now has the ensuing 20 days to act on all passed legislation, i.e., sign bills, veto bills and/or line-item appropriations, or simply let bills become law without a signature, concluding at midnight on Sunday June 22nd.

During this time, RSEA will look for and assess any legislation of interest to or affecting directly State Retirees and RSEA members.

However, as of now, there is no good reason to delay telling you what we already know about the final budget, especially those critical budget items of interest to state retirees and which were RSEA priorities. Those four items are as follows:

1. YES -- the new money requested by ERS to help offset up to 16% in inflationary pressures on the health insurance program for both retirees and active employees – it has survived in SB 1, the General Appropriations Act for the 2026-27 biennium.
2. YES – the continuation of the biennial Legacy Payments in the amount of \$510 million each year of the 2026-27 biennium, expediting the projected solvency date of the ERS pension fund to 2046 instead of 2054 – it has survived in SB 1.
3. NO -- the so-called “extra” \$1 billion which was included in HB 500, the Supplemental Appropriations Bill for this year 2025, to further accelerate getting the ERS fund to full solvency in 2044 -- it did not survive in the final budget.
4. And, NO, the proposal for a 13th check or some other kind of one-time annuity enhancement for state retirees – it did not make it into the final budget.

As we previously reported to you, items #1 and #2 above were in the LBB base bill introduced in January and they both remained secure throughout the session. We reported on the detailed benefits of these two items in our *Special Budget Report #1, February 28, 2025*.

But unfortunately, funding for items #3 and #4 became much more challenged in the last few days of the session when legislative leadership priorities for property tax relief, school finance, and investments in dementia research, water resources, and other infrastructure items all emerged as preeminent priorities requiring up to \$3 billion in reductions in other parts of the budget.

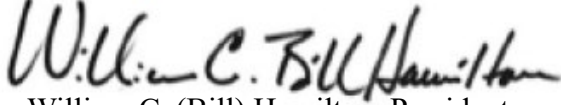
We are certainly disappointed in no funding for a 13th check since we were receiving positive indications from both chambers, including a building of strong support in the House of

Representatives. To be sure, the coalition of retiree and active employee associations remained unified on this priority in our collective testimonials and advocacy.

So, for now, we'll assess where we stand based on all the legislative activity and the progress we've made. But please know that our priorities for state retirees will not change. We will build on our progress and work toward another day.

I remain appreciative of your support and your membership in RSEA. Each of you is important to our collective strength as an organization advocating for a secure retirement for all state retirees who have engaged in public service for the people and State of Texas.

Sincerely,

A handwritten signature in black ink that reads "W.C. Bill Hamilton". The signature is written in a cursive, flowing style.

William C. (Bill) Hamilton, President
Retired State Employees Association