

BILL ANALYSIS

C.S.H.B. 1594
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Pensions & Investments
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the board of trustees of the Employees Retirement System of Texas is composed of six members, three of which are appointed by the governor, speaker of the house of representatives, and chief justice of the Supreme Court of Texas. The other three members are nominated and elected by members of the retirement system and retirees and must be current state employees. There are approximately 188,800 ERS active and non-contributing members with 60,300 of these being retiree annuitants, which is 32%. However, retired employees have no elected representatives on the board of trustees.

Thirty-seven of the 50 states include a retiree representative, or have provisions enabling retirees to serve on their state employee retirement system board of trustees. In Texas, the Texas Pension Review Board is composed of nine members with seven being appointed by the governor, one of which is a person receiving benefits from a public retirement system. The Teacher Retirement System also has representation by a retired person on its board. In addition, the number of retirees has been on the rise in the State of Texas and issues pertaining to them are also on the rise. Having a retiree as a member of the board provides representation and a voice for retirees who are subject to board decisions. C.S.H.B. 1594 provides that a retired member of ERS replace one of the elected state employees on the board.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1594 amends the Government Code to provide that one of the three members of the board of trustees of the Employees Retirement System of Texas, nominated and elected by members of the retirement system and retirees, be a retired member.

EFFECTIVE DATE

September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute provides that the new retired member of the board be elected to fill the position on the board of the member whose term expires on August 31, 2007 rather than August 31, 2005. The committee substitute also removes the immediate effective date possibility upon two-thirds favorable vote.