

## **BILL ANALYSIS**

H.B. 2945  
By: Eiland  
Pensions and Investments  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently only directors, professors, or higher classification who work for institutions of higher education are eligible to choose between a defined contribution or defined benefit plan. The Optional Retirement Program is a defined contribution plan similar to a 401k that is portable and that the person gets to invests himself or herself.

By allowing each institution of higher education to determine if the current marketplace conditions require a portable retirement plan, institutions could make recruiting more attractive to candidates for employment, such as nurses.

The bill would add Section 830.1015, Government Code, to allow an institution of higher education to submit a list to the Texas Higher Education Coordinating Board of employment positions that the institution proposes to include for eligibility for participation in the Optional Retirement Program. The list must be based on competitive labor market requirements of the institution. The Coordinating Board may approve for participation in the ORP one or more positions, and a person in that position is eligible to participate if the Coordinating Board approves in writing that position for participation. The Coordinating Board by rule must periodically require the institution to reapply for continued approval of each position. If the Coordinating Board terminates the position's eligibility, an employee hired before the date remains eligible. The institution contributes an amount equal to the difference between the amount contributed and the total employer contribution, and if the institution contributes at different rates for different participants, the total employer contribution is based on the contribution applicable to a new participant at the time contributions under the program begin for the participant.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in Sec. 830.1015 (d), Government Code.

### **ANALYSIS**

SECTION 1. Adds Section 830.1015, Government Code, to allow an institution of higher education to submit a list to the Texas Higher Education Coordinating Board of employment positions that the institution proposes to include for eligibility for participation in the Optional Retirement Program. The list must be based on competitive labor market requirements of the institution. The Coordinating Board may approve for participation in the ORP one or more positions, and a person in that position is eligible to participate if the Coordinating Board approves in writing that position for participation. The Coordinating Board by rule must periodically require the institution to reapply for continued approval of each position. If the Coordinating Board terminates the position's eligibility, an employee hired before the date remains eligible. The institution contributes an amount equal to the difference between the amount contributed and the total employer contribution, and if the institution contributes at different rates for different participants, the total employer contribution is based on the contribution applicable to a new participant at the time contributions under the program begin for the participant.

SECTION 2. Effective date: September 1, 2005.

### **EFFECTIVE DATE**

September 1, 2005.

H.B. 2945 79(R)

