

## **BILL ANALYSIS**

H.B. 2656  
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Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, the Teacher Retirement System of Texas (TRS) board of trustees is composed of nine members. Three members are appointed directly by the governor. For two other positions, the State Board of Education (SBOE) nominates candidates, and the governor appoints two trustees from the list of nominees. The remaining four positions are chosen through an election process that results in several slates of nominees in which the top three voter recipients' names in each election are submitted to the governor for appointment in the requisite number to the designated positions on the board. The four positions filled in this nomination-appointment process include one retiree member, one active higher education employee member, and two active public education employee members.

TRS is experiencing a growing number of retirees in its membership, and those retirees are very active in working on issues affecting their fund. Accordingly, the number of retiree representatives on the TRS board should reflect the interests of its members.

H.B. 2656 adds an additional retiree position and makes both retiree positions elected directly by TRS retired members. The SBOE-nominated positions are reduced from two to one to maintain a nine-member board.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

H.B. 2656 amends the Government Code to reduce from nine to seven the number of gubernatorial appointees to the Teacher Retirement System of Texas board of trustees by reducing from seven to six the number of members who are appointed on the basis of their financial expertise and broad investment experience or on the basis of their status as either retired or active TRS members and their nomination for appointment by similarly situated retired or active TRS members, and by reducing from two to one the number of members who are appointed on the basis of their nomination by the State Board of Education (SBOE). The bill replaces one former appointee nominated by the SBOE and the former appointee whose qualification for appointment consisted of being a retiree receiving TRS benefits and who was nominated for appointment by other TRS retirees receiving system benefits with two trustees who are retirees receiving TRS benefits and who are elected to the board, rather than nominated for appointment to the board, by those other retirees. The bill establishes that those two members who are elected by those other retirees hold office for staggered terms. The bill defines "board of trustees."

H.B. 2656 makes provisions relating to ineligibility for board membership on the basis of conflict of interest, to board member training requirements, and to grounds for removal from the board applicable to elected members as well as to appointed members.

**EFFECTIVE DATE**

September 1, 2009.