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et al.

H.B. No. 13

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the State Pension Review Board and public retirement  
3 systems; authorizing a fee.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 801.001, Government Code, is amended by  
6 adding Subdivisions (1-a), (3), and (4) to read as follows:

7 (1-a) "Governing body of a public retirement system"  
8 has the meaning assigned by Section 802.001.

9 (3) "System administrator" means a person designated  
10 by the governing body of a public retirement system to supervise the  
11 day-to-day affairs of the public retirement system.

12 (4) "Trustee" means a member of the governing body of a  
13 public retirement system.

14 SECTION 2. Subchapter C, Chapter 801, Government Code, is  
15 amended by adding Sections 801.209, 801.210, and 801.211 to read as  
16 follows:

17 Sec. 801.209. PUBLIC RETIREMENT SYSTEM REPORTS AND  
18 INFORMATION. (a) For each public retirement system, the board  
19 shall post on the board's Internet website, or on a publicly  
20 available website that is linked to the board's website, the most  
21 recent data from reports received under Sections 802.101, 802.103,  
22 802.104, 802.105, and 802.108.

23 (b) On the 60th day after the date a report or information  
24 required by this chapter or Chapter 802 is due to the board, the

1 board shall post on the board's website a list of public retirement  
2 systems that have not submitted the required reports or  
3 information.

4 (c) For each public retirement system included on the list  
5 posted under Subsection (b), the board shall notify:

6 (1) the governor and the Legislative Budget Board  
7 regarding the lack of a timely submission by the Employees  
8 Retirement System of Texas, the Teacher Retirement System of Texas,  
9 the Texas County and District Retirement System, the Texas  
10 Municipal Retirement System, the Texas Emergency Services  
11 Retirement System, or the Judicial Retirement System of Texas Plan  
12 Two; or

13 (2) the governing body of the political subdivision of  
14 which members of the public retirement system are employees  
15 regarding the lack of a timely submission by a public retirement  
16 system other than a system listed in Subdivision (1).

17 Sec. 801.210. MODEL ETHICAL STANDARDS AND  
18 CONFLICT-OF-INTEREST POLICIES. (a) The board shall develop and  
19 make reasonably accessible on the board's Internet website model  
20 ethical standards and model conflict-of-interest policies,  
21 including disclosure requirements, for voluntary use by a public  
22 retirement system.

23 (b) A public retirement system is not required to adopt a  
24 standard or policy based on the model developed under this section.

25 Sec. 801.211. PUBLIC RETIREMENT SYSTEM EDUCATIONAL  
26 TRAINING PROGRAM. (a) The board shall develop and administer an  
27 educational training program for trustees and system

1 administrators.

2 (b) The curriculum of the educational training program must  
3 include minimum training requirements for trustees and system  
4 administrators. The board shall develop a system to track  
5 compliance with the minimum training requirements by trustees and  
6 system administrators and shall report the level of compliance in  
7 the biennial report required by Section 801.203.

8 (c) The curriculum of the educational training program  
9 under this section may include optional training classes for  
10 trustees, system administrators, and other employees of public  
11 retirement systems.

12 (d) To the extent practicable, the board shall make training  
13 classes reasonably accessible to trustees and system  
14 administrators of public retirement systems on an Internet website  
15 maintained for that purpose.

16 (e) The board may adopt rules and appropriate fees to  
17 administer and provide educational training programs under this  
18 section. The fees set by the board must be reasonable to pay the  
19 actual costs incurred by the board to conduct the training classes.  
20 The fees must be paid from a source considered appropriate by the  
21 governing body of the public retirement system. A public retirement  
22 system may provide its own educational training to its trustees and  
23 system administrators if the board determines that the system's  
24 training meets or exceeds the minimum training requirements  
25 established by the board. A trustee or system administrator who  
26 participates in that approved educational training fulfills the  
27 minimum training requirements established by the board.

1 SECTION 3. Section 802.001, Government Code, is amended by  
2 adding Subdivision (4) to read as follows:

3 (4) "System administrator" means a person designated  
4 by the governing body of a public retirement system to supervise the  
5 day-to-day affairs of the public retirement system.

6 SECTION 4. The heading to Section 802.107, Government Code,  
7 is amended to read as follows:

8 Sec. 802.107. GENERAL PROVISIONS RELATING TO REPORTS AND  
9 CONTACT INFORMATION.

10 SECTION 5. Section 802.107, Government Code, is amended by  
11 adding Subsections (c), (d), and (e) to read as follows:

12 (c) A public retirement system shall post on a publicly  
13 available Internet website:

14 (1) the name, business address, and business telephone  
15 number of a system administrator of the public retirement system;  
16 and

17 (2) a copy of the most recent edition of each report  
18 and other written information that is required by this chapter or  
19 Chapter 801 to be submitted to the board.

20 (d) A public retirement system that maintains a website or  
21 for which a website is maintained shall prominently post a link on  
22 that website to the information required by Subsection (c). All  
23 other public retirement systems shall:

24 (1) prominently post the information required by  
25 Subsection (c) on a website that is maintained by the governing body  
26 of the political subdivision of which members of the public  
27 retirement system are officers or employees; or

1           (2) post the information required by Subsection (c) on  
2 a publicly available website that is maintained by a state agency.

3           (e) A report or other information posted under Subsection  
4 (c) must remain posted until replaced with a more recently  
5 submitted edition of the report or information.

6           SECTION 6. Subchapter B, Chapter 802, Government Code, is  
7 amended by adding Section 802.108 to read as follows:

8           Sec. 802.108. REPORT OF INVESTMENT RETURNS AND ASSUMPTIONS.

9           (a) A public retirement system shall, before the 211th day after  
10 the last day of its fiscal year, submit to the board an investment  
11 returns and actuarial assumptions report that includes:

12                 (1) gross investment returns and net investment  
13 returns for each of the most recent 10 fiscal years;

14                 (2) the rolling gross and rolling net investment  
15 returns for the most recent 1-year, 3-year, and 10-year periods;

16                 (3) the rolling gross and rolling net investment  
17 return for the most recent 30-year period or the gross and net  
18 investment return since inception of the system, whichever period  
19 is shorter;

20                 (4) the assumed rate of return used in the most recent  
21 actuarial valuation; and

22                 (5) the assumed rate of return used in each of the most  
23 recent 10 actuarial valuations.

24           (b) For purposes of this section, "net investment return"  
25 means the gross investment return minus investment expenses. The  
26 net investment return may be calculated as the money-weighted rate  
27 of return as required by generally accepted accounting principles.

1 The period basis for each report of investment returns under this  
2 section must be the fiscal year of the public retirement system  
3 submitting the report.

4 (c) If any information required to be reported by a public  
5 retirement system under Subsection (a) is unavailable, the  
6 governing body of the public retirement system shall, before the  
7 211th day after the last day of the public retirement system's  
8 fiscal year, submit to the board a letter certifying that the  
9 information is unavailable, providing a reason for the  
10 unavailability of the information, and agreeing to timely submit  
11 the information to the board if it becomes available.

12 SECTION 7. (a) In this section:

13 (1) "Governing body of a public retirement system" and  
14 "public retirement system" have the meanings assigned by Section  
15 802.001, Government Code.

16 (2) "Pension review board" means the State Pension  
17 Review Board established under Chapter 801, Government Code.

18 (b) The pension review board shall conduct a study of the  
19 financial health of public retirement systems in this state,  
20 including each system's ability to meet its long-term obligations  
21 taking into account the contributions made to, benefits paid by,  
22 and investments made by the public retirement system. The pension  
23 review board may adopt rules to define the scope of the study under  
24 this subsection.

25 (c) Each public retirement system shall fully cooperate  
26 with the pension review board in conducting the study required  
27 under Subsection (b) of this section and timely respond to requests

1 for information made by the board for the purpose of performing the  
2 study. Confidential information as described by Section  
3 552.0038(c), Government Code, that is provided by a public  
4 retirement system under this subsection remains confidential and  
5 may not be disclosed by the board.

6 (d) Not later than September 1, 2014, the pension review  
7 board shall prepare a written report containing the findings of the  
8 study conducted under this section, including the board's  
9 recommendations regarding how a public retirement system may  
10 mitigate its risk of not meeting its long-term obligations.

11 (e) The pension review board shall provide each public  
12 retirement system covered in the report prepared under Subsection  
13 (d) of this section a reasonable opportunity to review the portion  
14 of the report and the recommendations applicable to that retirement  
15 system and an opportunity to submit a response to the board. The  
16 board may revise its report after considering a response. Not later  
17 than December 31, 2014, the board shall submit to the legislature  
18 the final written report, including the board's recommendations,  
19 and a copy of the responses provided by the public retirement  
20 systems under this subsection.

21 SECTION 8. (a) The State Pension Review Board shall develop  
22 and publish the model ethical standards and conflict-of-interest  
23 policies required by Section 801.210, Government Code, as added by  
24 this Act, as soon as practicable after the effective date of this  
25 Act, but not later than December 31, 2013.

26 (b) The State Pension Review Board shall adopt rules to  
27 implement the educational training program required by Section

1 801.211, Government Code, as added by this Act, as soon as  
2 practicable after the effective date of this Act, but not later than  
3 necessary to begin providing training classes on or before  
4 September 1, 2014.

5 (c) For purposes of reporting the level of compliance with  
6 the minimum training requirements of the educational training  
7 program as required by Section 801.211(b), Government Code, as  
8 added by this Act, the State Pension Review Board may only evaluate  
9 compliance with the minimum training requirements by trustees and  
10 administrators of public retirement systems on or after January 1,  
11 2015.

12 SECTION 9. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect September 1, 2013.