

By: Flynn

H.B. No. 2434

A BILL TO BE ENTITLED

AN ACT

relating to requiring certain public retirement systems to adopt a funding plan to achieve actuarial soundness.

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

SECTION 1. Section 801.209(a), Government Code, is amended to read as follows:

(a) For each public retirement system, the board shall post on the board's Internet website, or on a publicly available website that is linked to the board's website, the most recent data from reports received under Sections 802.101, 802.103, 802.104, 802.105, 802.108, 802.2015, ~~and~~ 802.2016, and 802.2017.

SECTION 2. Sections 802.002(a) and (c), Government Code, are amended to read as follows:

(a) Except as provided by Subsection (b), the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, and the Judicial Retirement System of Texas Plan Two are exempt from Sections 802.101(a), 802.101(b), 802.101(d), 802.102, 802.103(a), 802.103(b), 802.2015, 802.2016, 802.2017, 802.202, 802.203, 802.204, 802.205, 802.206, and 802.207. The Judicial Retirement System of Texas Plan One is exempt from all of Subchapters B and C except Sections 802.104 and 802.105. The optional retirement program governed by Chapter 830 is exempt from all of Subchapters B and C except Section 802.106.

1 (c) Notwithstanding any other law, a defined contribution
2 plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103,
3 802.104, 802.2017, and 802.202(d). This subsection may not be
4 construed to exempt any plan from Section 802.105 or 802.106(h).

5 SECTION 3. Subchapter C, Chapter 802, Government Code, is
6 amended by adding Section 802.2017 to read as follows:

7 Sec. 802.2017. PLANS TO RESTORE FUNDING FOR CERTAIN
8 RETIREMENT SYSTEMS. (a) In this section, "governmental entity" has
9 the meaning assigned by Section 802.1012.

10 (b) This section does not apply to a public retirement
11 system and its associated governmental entity if the retirement
12 system and governmental entity have already developed and are
13 adhering to, as determined by the board, a funding soundness
14 restoration plan under Section 802.2015 or 802.2016.

15 (c) If, on March 1, 2018, the most recent actuarial study or
16 separate report filed with the board by the governing body of a
17 public retirement system under Section 802.101 or other law under
18 this title or under Title 109, Revised Statutes, indicates that the
19 retirement system's funding level is not sufficient to achieve and
20 maintain an amortization period that does not exceed 30 years, on
21 receipt of a notice to that effect from the board, the governing
22 body of the public retirement system and the associated
23 governmental entity shall immediately:

24 (1) notwithstanding any other law and to the extent
25 necessary to achieve the funding level described by this
26 subsection, as appropriate:

27 (A) suspend any increases in the pay or salaries

1 of the governmental entity's officers or employees who are active
2 members of the retirement system;

3 (B) seek to issue a bond or other obligation
4 under Chapter 107, Local Government Code;

5 (C) increase the contribution rates of the
6 governmental entity and the active members of the retirement
7 system; and

8 (D) discontinue the provision of cost-of-living
9 adjustments; and

10 (2) jointly develop a written plan that identifies
11 specific measures that the retirement system and its associated
12 governmental entity shall implement to restore funding to a level
13 adequate to achieve and maintain an amortization period that does
14 not exceed 30 years and prescribes a schedule for implementation of
15 those measures.

16 (d) The public retirement system shall submit a copy of the
17 plan to restore funding developed under Subsection (c) to the
18 board.

19 (e) If the board determines that implementation of the plan
20 will restore funding to a level adequate to achieve and maintain an
21 amortization period that does not exceed 30 years, the board shall
22 approve the plan. The board may require that the retirement system
23 provide the board with an actuarial analysis of a plan for purposes
24 of making a determination under this section.

25 (f) Not later than the 30th day after the date on which the
26 board receives a plan under Subsection (d) or (h), the board shall
27 inform the public retirement system and the retirement system's

1 associated governmental entity whether the plan is approved.

2 (g) If a plan to restore funding is approved under this
3 section, the public retirement system and its associated
4 governmental entity shall implement the plan and are released from
5 taking the actions required by Subsection (c)(1) to the extent that
6 an action is not included in the plan.

7 (h) If the board does not approve a plan to restore funding
8 under Subsection (e):

9 (1) the board shall provide recommendations to the
10 public retirement system and its associated governmental entity
11 regarding changes to the plan that would result in the board's
12 approval; and

13 (2) the public retirement system and its associated
14 governmental entity may submit amended or alternative plans in a
15 manner prescribed by the board until the entities receive the
16 board's approval of a plan.

17 (i) To the extent of a conflict between a provision of a plan
18 to restore funding that has been approved by the board under this
19 section and any other law, including Title 109, Revised Statutes,
20 the plan prevails.

21 (j) A public retirement system and its associated
22 governmental entity that implement a plan to restore funding under
23 this section shall annually report to the board regarding any
24 progress made by the system and entity toward improved actuarial
25 soundness under the plan.

26 (k) The board may adopt rules necessary to implement this
27 section, including rules that allow a public retirement system and

1 its associated governmental entity to amend an approved plan to
2 restore funding.

3 SECTION 4. This Act takes effect September 1, 2017.