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| BILL ANALYSIS |

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| S.B. 1682 |
| By: Huffman |
| Pensions, Investments & Financial Services |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  It has been noted that the Employees Retirement System of Texas has a contingency reserve account for its self-funded coverage plans that has been used to mitigate potential shortfalls. There have been calls to establish such an account for the Texas public school employees group insurance program. S.B. 1682 seeks to do so in order to promote fiscal responsibility and help ensure the future stability of the program. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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**  S.B. 1682 amends the Insurance Code to require the Teacher Retirement System of Texas (TRS), before the first day of each state fiscal biennium, to estimate for an average 60-day period during the biennium the expenditures from the retired school employees group insurance fund anticipated for the Texas public school employees group insurance program, considering projected claims and administrative expenses. The bill requires TRS to place the estimated amount in a contingency reserve account to provide for adverse fluctuations in claims or administrative expenses and to include in each request for legislative appropriations to the group program the amount TRS determines to be necessary to maintain the contingency reserve account at the required level.  S.B. 1682 authorizes TRS to invest and reinvest any portion of the contingency reserve account in accordance with applicable law, considering the functional need to provide for adverse fluctuations in claims or administrative expenses. The bill requires the interest on, earnings of, and proceeds from the sale of investments of assets in the contingency reserve account to be credited to the account. The bill authorizes TRS, from time to time and in amounts TRS considers appropriate, to transfer unused money for administrative expenses to the contingency reserve account to be used by TRS only for charges, claims, and expenses under the group program. |
| **EFFECTIVE DATE**  On passage, or, if the bill does not receive the necessary vote, September 1, 2019. |