

BILL ANALYSIS

Senate Research Center

S.B. 1682
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State Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Teacher Retirement System of Texas (TRS) delivers retirement and related benefits as authorized by law for TRS members and their beneficiaries. In order to comply with fiduciary standards, funds held in the TRS trust must be used exclusively for the benefit of members.

S.B. 1682 amends current law relating to contributions to, benefits from, and the administration of systems and programs administered by TRS. (Original Author's/Sponsor's Statement of Intent)

S.B. 1682 amends current law relating to establishing a contingency reserve account under the Texas Public School Employees Group Insurance Program.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter G, Chapter 1575, Insurance Code, by adding Section 1575.307, as follows:

Sec. 1575.307. CONTINGENCY RESERVE ACCOUNT. (a) Requires 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 (group program), considering projected claims and administrative expenses.

(b) Requires TRS to place the estimated amount in a contingency reserve account to provide for adverse fluctuations in claims or administrative expenses.

(c) Requires TRS 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 level required by this section.

(d) Authorizes TRS to invest and reinvest any portion of the contingency reserve account in accordance with Sections 825.103(b) (relating to authorizing the board of trustees of TRS to invest and reinvest the retirement system's assets) and 825.301 (Investment of Assets), Government Code, considering the functional need to provide for adverse fluctuations in claims or administrative expenses.

(e) 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.

(f) Authorizes TRS, from time to time and in amounts TRS considers appropriate, to transfer unused money for administrative expense to the contingency reserve

account to be used by TRS only for charges, claims, and expenses under the group program.

SECTION 2. Effective date: upon passage or September 1, 2019.