

## **BILL ANALYSIS**

Senate Research Center

S.B. 2224  
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State Affairs  
5/28/2019  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Recently, a low interest rate environment has hindered the funding status of many public pension systems in Texas. Because many pension systems are needing to improve their funding period, funding policies can provide a necessary first step for systems to develop a plan of action with the goal of fully funding the plan. S.B. 2224 requires all public pension systems to adopt a written funding policy that details the governing body's plan for achieving a funded ratio that is equal to or greater than 100 percent no later than January 1, 2020. (Original Author's/Sponsor's Statement of Intent)

S.B. 2224 amends current law relating to requiring a public retirement system to adopt a written funding policy.

### **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 C, Chapter 802, Government Code, by adding Section 802.2011, as follows:

Sec. 802.2011. FUNDING POLICY. (a) Defines "funded ratio" and "governmental entity" for purposes of this section.

(b) Requires the governing body of a public retirement system to:

- (1) adopt a written funding policy that details the governing body's plan for achieving a funded ratio of the system that is equal to or greater than 100 percent;
- (2) maintain for public review at its main office a copy of the policy;
- (3) file a copy of the policy and each change to the policy with the State Pension Review Board not later than the 31st day after the date the policy or changes, as applicable, is adopted; and
- (4) submit a copy of the policy and each change to the policy to the system's associated governmental entity not later than the 31st day after the date the policy or change is adopted.

SECTION 2. Requires each public retirement system, not later than January 1, 2020, to adopt a funding policy as required by Section 802.2011, Government Code, as added by this Act.

SECTION 3. Effective date: September 1, 2019.