

## **BILL ANALYSIS**

C.S.H.B. 4643  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Reports of an actuarially unsound Employees Retirement System of Texas (ERS) have generated due concern among both the general public and the Texas Legislature. Furthermore, those concerned note specifically that the pre-funded pension fund is unsustainable due to growing unfunded liabilities and that current methods used to fund this plan are no longer viable. To avoid betraying promises made to state employees, C.S.H.B. 4643 seeks to address these concerns by providing for a study by the comptroller of public accounts to implement a pilot program that establishes a pension revenue enhancement plan for ERS.

### **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**

C.S.H.B. 4643 requires the comptroller of public accounts, in consultation with the board of trustees of the Employees Retirement System of Texas (ERS), the Texas Department of Insurance, and any other agency or person the comptroller determines appropriate, to conduct a study regarding the feasibility and anticipated financial impact of implementing a pilot program to establish a pension revenue enhancement plan that is the same as or similar to the pilot program proposed in the introduced version of H.B. 4643, Acts of the 87th Legislature, Regular Session, 2021, that provides a life insurance benefit to members and annuitants of the retirement system who elect to participate in the pilot program while also providing an additional revenue source for funding the retirement system. The bill restricts the comptroller, in conducting the study, to considering implementation under the pilot program of a pension revenue enhancement plan that is designed to be mortality neutral.

C.S.H.B. 4643 requires the comptroller, not later than September 1, 2022, to report findings and recommendations to the governor, the lieutenant governor, the speaker of the house of representatives, and each member of the legislature. The bill requires the comptroller, if the comptroller recommends implementation of the pilot program, to include in the recommendations specific statutory and regulatory changes that the comptroller determines necessary or appropriate to implement the recommendations, including, if appropriate, recommendations for changes to the introduced version of that legislation.

The provisions of C.S.H.B. 4643 expire September 15, 2022.

## **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 4643 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute requires an interim study by the comptroller to implement a pilot program that establishes a pension revenue enhancement plan for ERS and a related comptroller report, whereas the original did not include those provisions but instead required the comptroller to establish and oversee a 10-year pilot program designed to study the feasibility, financial benefit, and anticipated impact of implementing a pension revenue enhancement plan that provides a life insurance benefit to members and annuitants of ERS who elect to participate in the pilot program while also providing an additional revenue source for funding ERS. The substitute does not include the original's provisions relating to the following:

- member and annuitant enrollment in the plan;
- an ERS pension revenue enhancement plan trust fund;
- uses and distributions of trust fund money;
- an acting trustee of the fund and acting plan manager;
- plan eligibility requirements for life insurance companies and premium finance companies;
- confidentiality of records;
- biennial reports; and
- the termination of the pilot program and the effect of that termination.

The substitute does not include the original's requirement for the comptroller, not later than September 1, 2022, to ensure that the pilot program and pension revenue enhancement plan are established and that enrollment of ERS members in the plan is delayed until the plan is implemented.