By:  Gates H.B. No. 4534

A BILL TO BE ENTITLED

AN ACT

relating to a study by the Employees Retirement System of Texas of certain state pension and retirement reforms.

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

SECTION 1.  (a) The Employees Retirement System of Texas shall conduct a study of the feasibility, financial benefits, and impact of adopting the following potential reforms to the state's employee retirement system:

(1)  transition to a hybrid pension plan that combines elements of a defined contribution plan and a defined benefit plan;

(2)  transition to a cash balance pension plan that provides individual accounts for plan members;

(3)  transition to any other pension or retirement plan commonly utilized by other states; and

(4)  changes to the state's current employee retirement system that would reduce the state's unfunded liabilities, including changes to:

(A)  the amount of the state's contributions to the system;

(B)  the employee retirement eligibility age;

(C)  the calculation of employee retirement benefits; and

(D)  reductions in employee benefits.

(b)  In conducting the study required by this Act, the Employees Retirement System of Texas shall review pension and retirement systems in other states for best practices, financial outcomes, and unfunded liability balances.

(c)  The Employees Retirement System of Texas may cooperate with the Pension Review Board, the Legislative Budget Board, and other entities in conducting the study and preparing the report required by this Act.

(c)  Not later than September 1, 2022, the Employees Retirement System of Texas shall prepare a report of its findings under the study described by this Act. The report must include estimates of the state's potential cost savings associated with adopting each of the reforms described by Subsection (a), including reductions in current and future unfunded liabilities of the retirement system. The Employees Retirement System of Texas shall deliver a copy of the report to the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and each member of the House and Senate.

SECTION 2.  This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.