

By: Gates

H.B. No. 4534

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

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

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

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

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

20 (B) the employee retirement eligibility age;

21 (C) the calculation of employee retirement
22 benefits; and

23 (D) reductions in employee benefits.

24 (b) In conducting the study required by this Act, the

1 Employees Retirement System of Texas shall review pension and
2 retirement systems in other states for best practices, financial
3 outcomes, and unfunded liability balances.

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

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

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