

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 27, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3898 by Anchia (Relating to the funding of public retirement systems.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to enhance funding policy and funding soundness restoration plan requirements for certain public retirement systems. It would also change the evaluation and reporting requirements of certain public retirement systems. According to the Pension Review Board, the Teacher Retirement System, and the Employees Retirement System, no significant fiscal impact is anticipated from the provisions of the bill. The Texas Emergency Services Retirement system indicates there would be a cost to implementing the provisions of the bill; it is assumed those costs could be absorbed by the agency. According to the Actuarial Impact Statement provided by the Pension Review Board, the bill would have a positive actuarial effect on the retirement systems to the extent that those systems and their sponsoring entities adopt and adhere to a funding policy that is actuarially sound.

Local Government Impact

According to the Pension Review Board, the bill does not propose to change the benefit structure or obligations of any systems. The bill would allow a retirement system 90 days to submit an actuarial valuation as part of their ongoing reporting to the Pension Review Board (PRB), which shows the combined impact of all changes under the adopted funding soundness restoration plan (FSRP). If none was provided, the PRB may request the system to provide a separate analysis within 90 days of the request. A retirement system and its associated governmental entity may incur administrative costs associated with providing a separate analysis of the combined impact of changes under the adopted FSRP. The bill allows the associated governmental entity to pay all or part of the costs of these analyses.

According to the Texas Association of Counties, no fiscal impact to counties is anticipated. The Texas Municipal Retirement System (TMRS) does not anticipate a fiscal impact to the system nor TMRS participating cities. The Texas Municipal League does not anticipate a fiscal impact to municipalities.

Source Agencies: 323 Teacher Retirement System, 326 Tx Emergency Serv Retirement System, 327 Employees Retirement System, 338 Pension Review Board

LBB Staff: JMc, KK, LCO, JPO, AAL