

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 13, 2021

TO: Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3898** by Anchia (relating to the funding of public retirement systems.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Government Code to enhance funding policy and funding soundness restoration plan requirements for 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. 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.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 338 Pension Review Board

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