

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 6, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4205 by Davis (Relating to adjustments to certain benefits paid by the Teacher Retirement System of Texas.), **As Introduced**

No significant fiscal implication to the State is anticipated. However, there would be an impact to the Teacher Retirement System which could impact the actuarial soundness of the fund.

The bill provides for a 10 percent increase in benefits payable to eligible retirees effective September 1, 2021. The bill also provides that the Teacher Retirement System (TRS) include an annual Consumer Price Index (CPI)-cost-of-living adjustment (COLA) to all current and future retirees. The annual CPI-COLA will only be granted if the TRS Board finds the retirement system in an actuarially sound position and has money available to increase benefits that year.

According to the actuarial impact statement provided by the Pension Review Board, the bill would have a significant negative impact on the long-term funding of TRS, and that retirement system would be actuarially unsound following the passage of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

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