

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 11, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB706 by Lucio (Relating to the continuation and functions of the Teacher Retirement System of Texas.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Government Code and Insurance Code relating to the operations and functions of the Teacher Retirement System of Texas (TRS). TRS is not subject to abolishment under the Sunset Act because it is constitutionally created.

The bill would update TRS' Sunset review date to 2033.

The bill would implement the following sunset recommendations:

The bill would require TRS to develop a communication and outreach plan to better help members and employers plan for retirement.

The bill would adjust employment after retirement penalties to reduce the impact on certain TRS retirees who return to work and exceed existing limitations.

The bill would require TRS to respond to appeals at all levels of staff review within the same amount of time that members have to appeal agency decisions.

The bill would require the TRS Board of Trustees to appoint an ombudsman to monitor the agency's interactions with members; investigate complaints; report to the board on member issues; and recommend changes to agency operations to better assist members.

The bill would require TRS to make improved efforts to return contributions to inactive members before funds are forfeited.

The bill would update various standard good government provisions related to board member training and complaints.

The bill would also abolish, modify, and/or consolidate several of TRS' reporting requirements.

The bill would not have a fiscal impact because TRS' operating expenses are non-appropriated funds. The agency estimates costs associated with the bill can be implemented utilizing existing resources.

The Pension Review Board actuarial review states that enactment of the bill would not impact the current unfunded actuarial accrued liability (UAAL) or funding period of TRS. Over time, if the amounts withheld are smaller than under current provisions, it would mean smaller actuarial gains generated in future valuations.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 323 Teacher Retirement System, 338 Pension Review Board

LBB Staff: JMc, KK, AH, RSTE, AAL, JPO