

BILL ANALYSIS

C.S.H.B. 183
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There are concerns that the Teacher Retirement System of Texas (TRS) pre-funded pension fund is unsustainable due to growing unfunded liabilities and current funding methods that are no longer viable and increasingly run the risk of betraying the promises made to teachers and that more information is needed to adequately address this funding issue. C.S.H.B. 183 seeks to address these concerns by providing for the study and to review the cost-effectiveness and feasibility of implementing a pension revenue enhancement plan to create an additional source of funding for TRS.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 183 establishes the joint interim committee on a pension revenue enhancement plan for the Teacher Retirement System of Texas (TRS) to study and review the cost-effectiveness and feasibility of implementing a pension revenue enhancement plan to create an additional source of funding for TRS. The bill sets out the composition and provides for the administration of the joint interim committee. The bill requires the study to consider the following:

- a pension revenue enhancement plan under which a life insurance policy is purchased for certain members and annuitants of TRS enrolled in the plan and the proceeds of the policy are issued to TRS and the member's or annuitant's designated beneficiary;
- methods for financing the pension revenue enhancement plan, including by obtaining a loan from a third-party lender to pay the life insurance policy premiums and establishing a trust fund to retain the collected proceeds;
- eligibility criteria for members and annuitants of TRS to enroll in the plan; and
- the process for selecting and appointing, including eligibility criteria, persons and entities necessary to administer and implement the plan, including members of a board of trustees to administer the plan, a person to act as trustee of the trust fund, a plan manager, a life insurance company, and a premium finance company.

The bill establishes that the joint interim committee has all other powers and duties provided to a special or select committee by the rules of the senate and house of representatives and by policies of the senate and house committees on administration. The bill requires the joint interim committee, not later than December 31, 2020, to report the committee's findings and

recommendations to the legislature. The bill abolishes the joint interim committee and sets these provisions to expire on January 1, 2021.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 183 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a provision establishing a pension revenue enhancement plan for certain purposes relating to TRS and provisions relating to:

- definitions for the plan;
- requirements for the operation of the plan;
- member enrollment in the plan;
- the establishment of a plan trust fund;
- the limited uses of and distributions from trust fund money;
- the composition of the board of trustees of the plan;
- contracting for a person to act as the trustee of the trust fund and as plan manager;
- eligibility of a life insurance company for bank lending and to participate in the plan;
- eligibility of a premium finance company to participate in the plan;
- the confidentiality of records; and
- limitations of the plan with respect to coverage of expenses and obligations relating to the plan.

The substitute does not include the authorization for the governor to adopt rules as necessary to implement applicable provisions of the bill.

The substitute includes a provision establishing a joint interim committee on a pension revenue enhancement plan for TRS to study and review the cost-effectiveness and feasibility of implementing a pension revenue enhancement plan to create an additional source of funding for TRS and includes certain related requirements for the committee.

The substitute includes a date the committee is to be abolished and an expiration date for the bill's provisions.

The substitute changes the bill's effective date.