

BILL ANALYSIS

S.B. 2224
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been suggested that a low interest rate environment recently has hindered the funding status of many public retirement systems in Texas, and because many such systems need to improve their funding period, funding policies can provide a necessary first step for systems to develop a plan of action with the goal of fully funding the plan. S.B. 2224 seeks to address this issue by requiring public retirement systems to adopt a written funding policy by January 1, 2020, that details the governing body's plan for achieving a funded ratio that is equal to or greater than 100 percent.

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

S.B. 2224 amends the Government Code to require the governing body of a public retirement system to do the following:

- adopt a written funding policy that details the governing body's plan for achieving a ratio of the system's actuarial value of assets divided by the system's actuarial accrued liability that is equal to or greater than 100 percent;
- maintain for public review at its main office a copy of the policy;
- file a copy of the policy and each change to the policy with the State Pension Review Board not later than the 31st day after the date the policy or change, as applicable, is adopted; and
- submit a copy of the policy and each change to the policy to the system's associated governmental entity not later than the 31st day after the date the policy or change is adopted.

S.B. 2224 requires each public retirement system to adopt such a funding policy not later than January 1, 2020.

EFFECTIVE DATE

September 1, 2019.