

HOUSE

STUDY

GROUP

bill analysis

5/9/79

HB 1506

Blythe, et al.

(CSHB 1506 by Blythe)

SUBJECT: Review of public retirement systems; creating the State Pension Review Board

COMMITTEE: Employment Practices: committee substitute recommended

VOTE: 6 ayes--Mankins, Blythe, Watson, Geistweidt, Leonard, Messer

0 nay

0 present, not voting

3 absent--Allred, DeLay, Moreno

WITNESSES: For--Dean Gorham, Texas Municipal Retirement System; Robert M. May, representing the Austin Police Association; Kathryn Whitmire, Houston City Comptroller

Against--Robert M. Collie, Jr., Houston City Attorney; Lester W. Tyra, Houston Professional Fire Fighters

[NOTE: The Houston City Attorney no longer opposes the bill, as amended in committee.]

DIGEST:

This bill creates the State Pension Review Board. The board is given the responsibility to study state and municipal public employee pension systems, and to make recommendations for their improvement.

The bill requires that an "actuarial analysis" be prepared for any bill or resolution introduced in the Legislature that affects pension benefits or pension fund liabilities. The analysis must be prepared by the time the bill is heard in public hearing. The Pension Review Board may review the analysis. The analysis must show the bill's effect on any state pension system and on any pension system in any city over 200,000 population.

PRO:

The state and local governments spend millions of dollars on pension funds each year. However, many of these funds are in poor financial condition. No state agency now has the responsibility to evaluate the state's pension funds and make suggestions for improvements. This proposed board would save the taxpayers money and give employees more security by making the state's pension system function more efficiently.

PRO
(continued)

The requirement for actuarial analyses is also important. The Legislature often approves employee retirement bills with little knowledge of their long-term consequences. Actuarial analyses will inform the Legislature of the effect of proposed laws.

CON:

No apparent opposition

COMMENTARY:

This bill, and HB 2206, which is also on today's calendar, resulted from the interim study by the Joint Committee on Public Pension Plans. That study found that the state's pension plans are generally in good financial shape, but that several large municipal pension funds are badly underfunded.

The Texas Research League has also recommended creation of a pension review commission.