

- SUBJECT:** Continuation of Office of Fire Fighters' Pension Commissioner
- COMMITTEE:** Pensions and Investments — favorable, without amendment
- VOTE:** 8 ayes — Tillery, Woolley, Crownover, Salinas, George, Goodman, Rangel, Williams
- 0 nays
- 1 absent — Telford
- WITNESSES:** For — Paul Brown, City of Big Spring Firemen's Relief and Retirement Fund; Helen Campbell, State Firemen's and Fire Marshals' Association of Texas
- Against — None
- On — Morris Sandefer, Fire Fighters' Pension Commission; Joe Walraven, Sunset Advisory Commission
- BACKGROUND:** The Legislature created the Office of Fire Fighters' Pension Commissioner in 1937 (V.T.C.S., Art. 6243e). The office manages and administers the Texas Statewide Emergency Services Personnel Retirement Fund, a statewide retirement system for volunteer fire fighters and emergency medical services (EMS) personnel not covered by local pension systems. The office also provides technical assistance to locally administered fire fighters' pension boards through the Texas Local Fire Fighters' Retirement Program.
- The commissioner is appointed by the governor with the advice and consent of the Senate. The statute sets the commissioner's term at two years and disqualifies a person for appointment as commissioner if the person or the person's spouse works for or manages an entity that receives funds from the commission or owns or controls more than 10 percent of such an entity.
- The office's appropriation for fiscal 2000-01 totaled about \$825,000, covering 7.5 full-time equivalent positions. About 13 percent came from general revenue and the remainder from investment income.

The Texas Statewide Emergency Services Personnel Retirement Fund, created in 1977, serves volunteer firefighters, volunteer EMS personnel, and members of part-paid and part-volunteer fire departments. Currently, 154 local departments participate in this fund, which has net assets of more than \$35 million. The fund is governed by a nine-member board appointed by the governor, with staff support from the commissioner. Of the nine-member state board of trustees, six must be members of the fund.

The Legislature created the Texas Local Fire Fighters' Retirement Program in 1937 and recodified it in 1989. Through this program, the office provides services to 136 locally administered pension funds by helping them determine benefits and resolve benefit disputes through hearings.

DIGEST:

HB 1747 would continue the Office of Fire Fighters' Pension Commissioner through September 1, 2011.

The bill would increase the commissioner's term from two to four years. A person would be disqualified from the office if the person or the person's spouse worked for or managed an entity regulated by the office, owned or controlled more than 10 percent of such an entity, or used or received a substantial amount of tangible goods, services, or money from the office, other than the commissioner's salary. A person registered and paid as a lobbyist on behalf of a profession related to office operations could not serve as commissioner or act as general counsel of the commission.

HB 1747 would establish that one of the six trustees who must be members of the fund also must represent EMS personnel. A trustee could not work for or manage an entity regulated by the board or the fund.

The bill also would include standard Sunset Advisory Commission recommendations relating to conflicts of interest, equal employment opportunity, maintaining information on complaints, and informing and training employees about the State Employee Incentive Program.

HB 1747 would take effect September 1, 2001. Changes with regard to appointees' eligibility would apply only to a person appointed on or after September 2001. The bill would not prohibit the commissioner or a board member as of September 1, 2001, from completing his or her term or from being reappointed.

The provision setting a four-year term for the commissioner would take effect on the date that Texas voters approved a proposed constitutional amendment allowing such a term. If voters did not approve the amendment, that portion of the bill would have no effect.

**SUPPORTERS
SAY:**

HB 1747 would continue the Office of Fire Fighters' Pension Commissioner, as recommended by the Sunset Advisory Commission. The commissioner plays an important role in assisting local firefighter pension systems by providing technical assistance and education, hearing appeals, maintaining personnel records, and auditing their annual reports.

The office administers the Texas Statewide Emergency Services Retirement Fund for the exclusive benefit of plan participants. According to Sunset staff, removing the fund from the office and making it a separate entity outside the state's appropriations process would result in additional administrative expenses for the fund of \$500,000 to \$600,000 over the biennium. These additional expenses would result in an actuarial loss of funds to pay benefit increases for members. Such a loss could result in a severe reduction or complete elimination of any proposed benefit increases authorized by the board of trustees. Currently, the fund has assets of more than \$35 million and is actuarially sound, but it is not large enough to be a stand-alone pension fund. Therefore, the office should retain its current duties as proposed in HB 1747.

Eliminating the office would be detrimental to programs that rely on the commission for critical assistance, an appeals process, and educational and records-retention services. These programs generally must rely on off-duty board members, who are full-time fire fighters and not administrators, to fulfill these administrative functions. Frequent turnover on these local boards and an increasing need for pension fund administration make oversight and assistance for these local programs even more important.

The proposed change in the commissioner's term from two to four years would make the term coincide with that of the governor who appoints the commissioner. As it is, the commissioner's term begins July 1 following a legislative session. A two-year term and nomination process is disruptive, and the commissioner barely can get through one legislative session before having to begin the process again.

Because the 75th Legislature in 1997 expanded the scope of the statute to cover volunteer EMS personnel who are not part of a local fire department, EMS needs to be represented on the board of trustees. HB 1747 would ensure that one of the six trustees who are members of the retirement fund would represent EMS.

OPPONENTS
SAY:

The Office of Fire Fighters' Pension Commissioner should be abolished. Many of the office's activities related to helping local pension systems manage their affairs are a holdover from a time when the state had more involvement with and even provided funding for these systems. Now, few local pension systems require the help of a state commissioner to operate their retirement programs successfully.

Setting up the Texas Statewide Emergency Services Retirement Fund as a separate fund outside the state budget process would enable it to better address the needs of volunteer fire fighters. The office's appeals function for local pension systems is not essential. Also, other states typically do not have a state agency that aids local fire fighter and EMS departments that operate separate pension systems.

NOTES:

The companion bill, SB 307 by Zaffirini, has been referred to the Senate Intergovernmental Relations Committee.

HJR 1 by McCall et al., which would propose a constitutional amendment to change the fire fighters' pension commissioner's term from two to four years, also is on the House calendar today.