

- SUBJECT:** Revised eligibility for seat on TRS board
- COMMITTEE:** Pensions, Investments and Financial Services — committee substitute recommended
- VOTE:** 7 ayes — Truitt, Anchia, C. Anderson, Hernandez Luna, Nash, Orr, Veasey
- 0 nays
- 2 absent — Creighton, Legler
- WITNESSES:** For — Tim Lee, Texas Retired Teachers Association; (*Registered, but did not testify*: Portia Bosse, Texas State Teachers Association; Ann Fickel, Texas Classroom Teachers Association; Zora Mae Hise; Lloy Lizcano; Josh Sanderson, Association of Texas Professional Educators; Sheila Sargent)
- Against — None
- On — Ronnie Jung, Teacher Retirement System; Ted Melina Raab, Texas American Federation of Teachers; (*Registered, but did not testify*: Derrick Osobase, Texas State Employees Union)
- BACKGROUND:** Government Code, ch. 825, subch. A outlines provisions for administration by the board of trustees of the Teacher Retirement System (TRS) of Texas. The TRS board is made up of nine trustees appointed by the governor to six-year staggered terms, including:
- three trustees directly appointed;
 - two trustees appointed from a list recommended by the State Board of Education;
 - two trustees appointed from three public school district active member candidates nominated by employees of public school districts;
 - one trustee appointed from three higher education active member candidates nominated by employees of higher education institutions; and

- one trustee appointed from three retired member candidates who are nominated by retired TRS members.

These appointments are subject to confirmation by the Senate. The direct appointments by the governor and those recommended by the State Board of Education must have demonstrated financial expertise, have worked in private business or industry, and have broad investment experience.

TRS membership is 60 percent current public education employees, 12 percent current higher education employees, and 29 percent retired members.

DIGEST:

CSHB 2120 would amend Government Code, ch. 825, subch. A to allow the one trustee position of the Teacher Retirement System (TRS) board held currently by an employee of an institution of higher education to be held by any TRS member or retiree. The bill would require the nomination list provided by TRS to be the result of input from current and retired higher and public education TRS members.

This change would apply only to the appointment or election of a trustee of the TRS board that occurred on or after the bill's effective date. Sitting board members would complete their term of office.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

CSHB 2120 would open the seat reserved for a current higher education employee to any member of TRS. The higher education position attracts few candidates. In the last three elections, two elections had one interested candidate and one election had three interested candidates. As the majority of the membership, active public education members would like to be more involved in the board.

The bill would allow the governor to choose from a broader range of people when making appointments. It would leave the financial expertise requirements intact, which would eliminate the concern expressed by the governor when he vetoed a similar bill enacted last session.

Continuing to have the governor appoint members from a slate of nominees would help remove outside influence from the equation.

OPPONENTS
SAY:

CSHB 2120 should be amended to require the direct election of TRS members to the board by TRS members. The House Pensions and Investments Committee's interim report to the 81st Legislature recommended that pension plans could be strengthened by providing a more direct voice for members and beneficiaries on the boards of trustees. Such changes would place the board of TRS more in line with the current composition of the board of the Employees Retirement System (ERS), which has half of its trustees directly elected by ERS members and retirees. The direct election would help to alleviate uncertainty in active and retired members about the board, while also making it more accountable to its members.

NOTES:

In 2009, a similar bill, HB 2656 by D. Miller was enacted by the 81st Legislature and vetoed by the governor. Under the bill, the governor would have appointed two, rather than one, member from a slate of three TRS retirees nominated by the retirees. Instead of appointing two members with demonstrated financial expertise and broad investment experience from a list of nominees submitted by the State Board of Education (SBOE), the governor would have appointed one. The board would have remained at nine members, with the two retired members holding office for staggered terms.