

**SUBJECT:** Requiring sunset review for ERS board of trustees

**COMMITTEE:** State Affairs —favorable, without amendment

**VOTE:** 10 ayes — Cook, Craddick, Farrar, Frullo, Geren, Harless, Huberty, Menéndez, Oliveira, Smithee

0 nays

3 absent — Giddings, Hilderbran, Sylvester Turner

**WITNESSES:** For — None

Against — None

On — (*Registered, but did not testify:* Derrick Osobase, Texas Employees Union)

**BACKGROUND:** The Employees Retirement System of Texas (ERS), created in 1947, administers the retirement benefits for state employees and elected officials. It also administers health and other insurance benefits for state employees. Because the ERS is a constitutionally created agency, it is not subject to abolishment under the Sunset Act.

SB 1181, enacted in 1993 by the 73rd Legislature, addressed the powers and duties of the ERS. Included within SB 1181 was the repeal of Government Code, sec. 815.005, which had required the ERS to undergo sunset review.

**DIGEST:** HB 812 would require the board of trustees of the Employees Retirement System of Texas (ERS) to be subject sunset review. The ERS board would not be abolished and would undergo sunset review during the period in which state agencies set to be abolished in 2015 and every 12th year after that were reviewed.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

HB 812 appropriately would subject the Employees Retirement System of Texas (ERS) board of trustees to sunset review. It is noteworthy that a state agency the size of ERS — the eighth-largest in terms of appropriations — does not undergo such a review. State employees and state elected officials rely on the ERS to administer insurance and other benefits. Another state agency that administers employees insurance and benefits, the Teacher Retirement System of Texas, is required to undergo sunset review.

SB 1181, enacted during the 73rd Legislature in 1993, removed the ERS sunset requirement through a repealer as part of a comprehensive bill affecting the health insurance and retirement benefits of state employees. On only three other occasions has a government entity been removed from sunset review, and each time it was through a stand-alone bill, allowing the rationale to be explained.

While the ERS is subject to audits by the State Auditor's Office and the Pension Review Board, these reviews focus on financial and actuarial soundness, not on the efficiency of the agency's operations.

This agency should be subject to sunset review so that taxpayers and the state employees who rely on it can be sure it is adequately carrying out its functions.

**OPPONENTS  
SAY:**

ERS already is subject to audits by the State Auditor's Office and the Pension Review Board, as well as to general legislative oversight. These are the appropriate means of review for the agency.