

## BILL ANALYSIS

Senate Research Center

H.B. 2656  
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State Affairs  
5/21/2009  
Engrossed

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2656 relates to the composition of the board of trustees of the Teacher Retirement System of Texas.

### RULEMAKING AUTHORITY

Rulemaking authority previously granted to the board of trustees of the Teacher Retirement System of Texas is modified in SECTION 3 (Section 825.002, Government Code) of this bill.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 821.001(5), Government Code, to redefine "board of trustees."

SECTION 2. Amends the heading to Section 825.002, Government Code, to read as follows:

Sec. 825.002. APPOINTMENT AND ELECTION OF TRUSTEES.

SECTION 3. Amends Sections 825.002(a) and (c)-(g), Government Code, as follows:

(a) Requires the governor to appoint, with the advice and consent of the senate and as provided by Subsection (b), rather than this section, three members of the board of trustees of the Teacher Retirement System of Texas (board of trustees), rather than seven members of the board of trustees.

(c) Requires two trustees who are members of the Teacher Retirement System of Texas (TRS) and who are currently employed by a public school district to be elected by the members of TRS whose most recent credited service was performed for a public school district. Provides that the two trustees, rather than members, hold office for staggered terms. Deletes existing text requiring the governor to appoint two members of the board from a slate of three members of TRS who are currently employed by a public school district and who have been nominated in accordance with Subsection (f) by the members of TRS whose most recent credited services was performed for a public school district.

(d) Requires two trustees who are former members of TRS who have retired and are receiving benefits from TRS to be elected by persons who have retired and are receiving benefits from TRS. Provides that the two members elected under this subsection hold office for staggered terms. Deletes existing text requiring the governor to appoint one member of the board from a slate of three former members of TRS who have retired and are receiving benefits from TRS and who have been nominated in accordance with Subsections (f) and (g) by the persons who have retired and are receiving benefits from TRS.

(e) Requires one trustee who is a member of TRS and who is currently employed by an institution of higher education to be elected by the members of TRS whose most recent credited service was performed for an institution of higher education. Deletes existing text requiring the governor to appoint one member from a slate of three members of TRS who are currently employed by an institution of higher education and who have been nominated in accordance with Subsection (f) by the members of TRS whose most recent credited service was performed for an institution of higher education.

(f) Requires the board of trustees to adopt rules for the election of trustees under Subsections (c)-(e). Deletes existing text requiring persons considered for nomination under Subsection (c), (d), or (e) to have been nominated by written ballot at an election conducted under rules adopted by the board of trustees.

(g) Requires the board, to provide for the election, rather than for the nomination of persons for appointment, under Subsection (d), to send to each retiree of TRS notice of the deadline for filing as a candidate for election, information on procedures to follow in filing as a candidate, and a written ballot. Makes a conforming change.

SECTION 4. Amends Section 825.003, Government Code, as follows:

Sec. 825.003. TRUSTEES APPOINTED BY GOVERNOR FROM NOMINEES OF BOARD OF EDUCATION. Requires the governor to appoint one member, rather than two members, of the board of trustees, subject to confirmation by two-thirds of the senate, from lists of nominees submitted by the State Board of Education. Requires the member appointed under this subsection to be a person who has demonstrated financial expertise, has worked in private business or industry, and has broad investment experience, preferably in investment of pension funds. Makes conforming and nonsubstantive changes.

SECTION 5. Amends Sections 825.0032(a) and (b), Government Code, as follows:

(a) Provides that a person, except as provided by Subsection (b), is not eligible for appointment or election to the board of trustees if the person or the person's spouse uses or receives a substantial amount of tangible goods, services, or funds from TRS, other than compensation or reimbursement authorized by law for board of trustees membership, attendance, or expenses, among other conditions.

(b) Provides that Subsection (a)(3) (relating to a person or person's spouse using or receiving a substantial amount of tangible goods, services, or funds from TRS) does not apply to a person who is elected, rather than nominated for appointment, under Section 825.002(c)-(e).

SECTION 6. Amends Sections 825.0041(a) and (c), Government Code, as follows:

(a) Prohibits a person who is appointed or elected to and qualifies for office as a member of the board of trustees from voting, deliberating, or being counted as a member in attendance at a meeting of the board until the person completes a training program that complies with this section.

(c) Entitles a person appointed or elected to the board of trustees to reimbursement under Section 825.007 for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

SECTION 7. Amends Section 825.009(a), Government Code, to entitle a trustee elected, rather than a trustee appointed from a slate of members nominated, by members of TRS under Section 825.002 to leave with pay from the trustee's public school employer to attend to the official business of TRS.

SECTION 8. Amends Sections 825.010(a) and (c), Government Code, as follows:

(a) Provides that it is a ground for removal from the board of trustees that a trustee violates a prohibition established by Section 825.002(b) or 825.0032 applicable to the trustee or cannot because of illness or disability discharge the trustee's duties for a substantial part of the term for which the trustee is appointed or elected, among other circumstances.

(c) Requires the executive director, if the executive director has knowledge that a potential ground for removal exists, to notify the presiding officer of the board of trustees

of the ground. Requires the presiding officer to then notify the governor, rather than the appropriate appointing officer, and the attorney general that a potential ground for removal exists. Makes a conforming change.

SECTION 9. (a) Makes application of this Act prospective.

(b) Authorizes a person who is serving as a trustee immediately before the effective date of this Act to complete the trustee's term of office, and provides that the trustee's qualifications for serving as a trustee are governed by the law in effect immediately before the effective date of this Act until the date that trustee's term expires.

SECTION 10. Effective date: September 1, 2009.