

BILL ANALYSIS

Senate Research Center
82R7591 SGA-F

S.B. 1286
By: Watson
State Affairs
4/19/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1286 is the result of an agreement between the Austin Fire Fighters Relief and Retirement Fund, Austin firefighters, and the City of Austin. It formalizes an agreement that was negotiated in lieu of a salary increase for firefighters.

The proposed bill contains no increase in benefits. Instead, the city will increase its contribution rate to the fund by three percentage points of salary, spread over four years. In addition, firefighters will increase their own official contributions by three percentage points spread over six years.

The City of Austin contribution rates as a percentage of members' earnings would be 19.05 percent in fiscal year (FY) 2011, 20.05 percent in FY 2012, 21.05 percent in FY 2013 and FY 2014, and 22.05 percent in FY 2015 and FY 2016.

Firefighters contribution rates as a percentage of their salaries would be 15.7 percent in FY 2011, 16.2 percent in FY 2012, 16.7 percent in FY 2013, 17.2 percent in FY 2014, 17.7 percent in FY 2015, 18.2 percent in FY 2016, and 18.7 percent in FY 2017.

The effect of these negotiated agreements will be a combined seven percentage point increase in contributions that will serve to fortify the retirement fund.

As proposed, S.B. 1286 amends current law relating to the administration and funding of retirement systems for firefighters in certain municipalities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as follows:

(b) Requires the Board of Firemen's Relief and Retirement Fund Trustees (board of trustees), between November 1 of each year and the first Monday in January of the following year, to hold an election to elect one member of the board of trustees. Authorizes the board of trustees, if only one firefighter or retiree is nominated for a position under Subsection (c) of this section, instead of holding an election, to appoint the sole nominated candidate at the first board meeting in January. Requires the board of trustees to adopt procedures for the appointment of a sole nominated candidate under this subsection. Provides that a board of trustees member appointed under this subsection is considered elected for purposes of this Act.

SECTION 2. Amends Sections 10.01(a) and (b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as follows:

(a) Requires each municipality in which a fire department to which this Act applies is located to appropriate and contribute to the Austin Firefighters Relief and Reinvestment Fund (fund) an amount equal to a percentage, rather than 18.05 percent, of the compensation of all members during that month as follows:

- (1) 19.05 percent, beginning on the first pay date following September 30, 2010, through the pay date immediately preceding September 30, 2011;
- (2) 20.05 percent, beginning on the first pay date following September 30, 2011, through the pay date immediately preceding September 30, 2012;
- (3) 21.05 percent, for 24 pay dates of the municipality beginning on the first pay date following September 30, 2012; and
- (4) 22.05 percent, for all pay dates of the municipality that follow the 24 pay dates referenced in Subdivision (3) of this subsection.

(b) Requires each firefighter to pay into the fund each month a percentage, rather than 13.70 percent, of the firefighter's compensation for that month as follows:

- (1) 15.70 percent, for the pay dates of the municipality following September 30, 2010, through the pay date immediately preceding September 30, 2011;
- (2) 16.20 percent, beginning on the first pay date of the municipality following September 30, 2011, through the pay date immediately preceding September 30, 2012;
- (3) 16.70 percent, beginning on the first pay date of the municipality following September 30, 2012, through the pay date immediately preceding September 30, 2013;
- (4) 17.20 percent, beginning on the first pay date of the municipality following September 30, 2013, through the pay date immediately preceding September 30, 2014;
- (5) 17.70 percent, beginning on the first pay date of the municipality following September 30, 2014, through the pay date immediately preceding September 30, 2015;
- (6) 18.20 percent, beginning on the first pay date of the municipality following September 30, 2015, through the pay date immediately preceding September 30, 2016; and
- (7) 18.70 percent, for the first pay date of the municipality following September 30, 2016, and all subsequent pay dates of the municipality.

SECTION 7. Requires the board of trustees of a retirement system subject to this Act to adopt procedures required under Section 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as amended by this Act, before a sole nominated candidate may be appointed to the board of trustees.

SECTION 4. Effective date: September 1, 2011.