

## **BILL ANALYSIS**

Senate Research Center  
85R11333 TSR-D

S.B. 936  
By: Huffman  
State Affairs  
3/14/2017  
As Filed

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

S.B. 936 creates a joint interim committee to study and assess each public retirement system in Texas. The committee will review and assess, among other issues, the different types of retirement systems; the actuarial assumptions used in making actuarial valuations and analyses of public retirement systems and the consequences of amending an assumption rate; and the effect that local agreements, including meet and confer agreements, have on sustainability of this state's public retirement systems.

As proposed, S.B. 936 amends current law relating to the creation of a joint interim committee to undertake a study of the public retirement systems of this state.

### **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. DEFINITION. Defines "public retirement system."

SECTION 2. CREATION OF JOINT INTERIM COMMITTEE. (a) Provides that a joint interim committee (committee) is created to study and assess each public retirement system (system) of this state and report on the issues described by Section 3.

(b) Requires the committee to be composed of three senators appointed by the lieutenant governor and three members of the house of representatives appointed by the speaker of the house of representatives.

(c) Requires the lieutenant governor and speaker of the house of representatives to designate a co-chair from among the committee members.

(d) Requires the committee to convene at the joint call of the co-chairs.

(e) Provides that the committee has all other powers and duties provided to a special or select committee by the rules of the senate and house of representatives, by Subchapter B (Legislative Reorganization Act), Chapter 301 (Legislative Organization), Government Code, and by policies of the senate and house committees on administration.

SECTION 3. INTERIM STUDY REGARDING PUBLIC RETIREMENT SYSTEMS. Requires the committee created by Section 2 of this Act to review and assess different types of retirement system plans, the actuarial assumptions used in making actuarial valuations and analyses of systems and the consequences of amending an assumption rate, and the effect that local agreements, including meet and confer agreements, have on the sustainability of this state's systems; to study the potential for allowing systems to pool their assets for the purposes of taking advantage of economies of scale and reducing costs and certain effects of imposing more formal requirements on governance; to consider enhancing fee disclosures, specifically the disclosure of fees that are related to alternative investment vehicles; to consider requiring certain additional actuarial analyses and certain additional disclosures; and to study the systems' valuation

methodology for the illiquid asset class, including the effectiveness of and compliance with the fair value measurement requirement under the Governmental Accounting Standards Board Statement No. 72 (relating to accounting and financial reporting issues related to fair value measurements).

SECTION 4. COMMITTEE FINDINGS AND RECOMMENDATIONS. (a) Requires the committee to, not later than January 15, 2019, report the committee's findings and recommendations to the lieutenant governor, the speaker of the house of representatives, and the governor. Requires the committee to include in its recommendations specific statutory and regulatory changes that appear necessary from the results of the committee's study under Section 3 of this Act.

(b) Requires the lieutenant governor and the speaker of the house of representatives, not later than the 60th day after the effective date of this Act, to appoint the members of the committee created under Section 2 of this Act accordance with that section.

SECTION 5. ABOLITION OF COMMITTEE. Provides that the committee created by this Act is abolished and that this Act expires January 20, 2019.

SECTION 6. EFFECTIVE DATE. Effective date: upon passage or September 1, 2017.