

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 535  
By: Ellis  
State Affairs  
4-25-97  
Committee Report (Substituted)

### **DIGEST**

Currently, individual institutions of higher education set their own minimum standards for vendors who wish to offer optional retirement packages to faculty. This bill would direct the Employees Retirement System of Texas to establish uniform statewide minimum standards.

### **PURPOSE**

As proposed, C.S.S.B. 535 sets forth standards for investments of participants in the optional retirement program for faculty members employed in state-supported retirement institutions of higher education.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Employees Retirement System of Texas in SECTION 1 (Sec. 830.002(d), Government Code) and to a governing body in SECTION 2 (Sec. 830.004(a), Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 830.002, Government Code, by amending Subsection (c) and by adding Subsection (d), as follows:

(c) Requires the Employees Retirement System of Texas (retirement system), rather than the Texas Higher Education Coordinating Board, to develop policies, practices, and procedures to provide greater uniformity in the administration of the retirement annuity insurance program available to employees of Texas state colleges and universities through the optional retirement programs.

(d) Provides that standards adopted under this subsection apply to an institution of higher education only if standards are not in effect under Section 830.004(a). Makes conforming and nonsubstantive changes.

SECTION 2. Amends Section 830.004, Government Code, by amending Subsection (a) and adding Subsection (c) as follows:

(a) Authorizes a governing board to arrange the purchase of investments from any company that is qualified in this state to offer investments which qualify under this subsection or Section 830.002(a). Authorizes a governing board to establish minimum standards, including minimum participation requirements, that a company, or the investments it offers, must meet to be eligible to offer a participant in the optional retirement program an investment authorized under this section or Section 830.002(a), Government Code, but is prohibited from limiting the investment that a participant may purchase under the program if the investment is authorized by this subsection or Section 830.002(a), Government Code, and qualifies under the applicable standards established under this subsection or Section 830.002(d). Deletes reference to purchase of annuity contracts.

(c) Requires a governing board to accept applications from companies wanting to offer investments for purchase under the optional retirement program and deny or approve the

applications based on the applicable standards at least once each year.

SECTION 3. Amends Section 830.006, Government Code, to delete a provision requiring the Texas Higher Education Coordinating Board to prepare a report required by Subsection (a) and to maintain the information required by Subsection (b) with respect to its own employees. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 830.101(b), Government Code, to make a conforming change.

SECTION 5. Requires the Texas Higher Education Coordinating Board to transfer all property relating to its duties as general supervisor of institutions of higher education under the optional retirement programs established by Chapter 830, Government Code, to the Employees Retirement System of Texas on the effective date of this Act. Provides that a rule adopted by the Texas Higher Education Coordinating Board under Chapter 830, Government Code, in effect on the effective date of this Act remains in effect until amended or repealed by a rule adopted by the Employees Retirement System of Texas.

SECTION 6. Effective date: September 1, 1997.

SECTION 7. Emergency clause.

## **SUMMARY OF COMMITTEE CHANGES**

### SECTION 1.

Amends Section 830.002, Government Code, by amending Subsection (c) to transfer the provisions originally required of the Texas Higher Education Coordinating Board to the Employees Retirement System of Texas. Adds Subsection (d) to provide that the standards adopted under this subsection apply to certain institutions of higher education. Makes conforming and nonsubstantive changes.

### SECTION 2.

Amends Section 830.004, by adding Subsection (c) to require a governing board to accept applications from companies wanting to offer investments for purchase under the optional retirement programs and deny or approve the applications based on the applicable standards at least once each year.

Adds SECTION 3-7.

### SECTION 3.

Amends Section 830.006, Government Code, to delete a provision regarding a report required by Subsection (a) of this section and to transfer the reporting duties of the Texas Higher Education Coordinating Board under this section to the Employees Retirement System of Texas. Makes conforming and nonsubstantive changes.

### SECTION 4.

Amends Section 830.101(b), Government Code, to make a conforming change.

### SECTION 5.

Adds provisions regarding the transfer of certain property from the Texas Higher Education Coordinating Board to the Employees Retirement System of Texas on the effective date of this Act. Provides that certain rules in effect on the effective date of this Act remain in effect until amended or repealed by a rule adopted by the Employees Retirement System of Texas.

Adds SECTION 6 to set forth the effective date.

Adds SECTION 7 to set forth the emergency clause.