

Review and Discussion of 2021 Legislative Agenda

May 28, 2020



Outline

- Process Overview
- Project Summary
- Project Status & Priority Suggestions
- Project Timeline
- Recommendation

Introduction

- This project is included in the 2018-2022 TMRS Strategic Plan
- Continuing project from the 2015-2019 Strategic Plan
- “Develop and Promote Legislation and Rule Amendments to Clarify Certain Aspects of the TMRS Act”
- Purpose is to review the TMRS Act and Rules to identify the need for possible statutory or rule changes to improve TMRS’ plan design and operations

Process Overview

- Legislative agenda is developed between legislative sessions
- Staff provides TMRS Board with priority items to consider, which can include benefit design, operational, and administrative suggestions
- Board typically assigns benefit design topics to the Advisory Committee to study and provide feedback
- In the past, the Board has delegated authority to set meetings to the Advisory Committee Chair and Vice Chair
- Board considers many factors before deciding on a legislative agenda

Project Summary

- Last interim, Board received presentations beginning in February, 2018
- Staff received suggestions related to 170 sections and subsections of the Act
- 142 Sections researched and prioritized
- 19 priority suggestions presented to Board; 9 were endorsed by Board at December Board meeting; all were administrative / operational
- Those 9 suggestions were all included in SB 1337, which was passed into law and signed by the Governor on June 16, 2019

Project Status

- For this interim, staff presented 11 medium and high priority items to the Board at the March 23-24 meeting
- Staff provided a basic summary description of each proposal; this summary has been updated and refined
- Of the 11 suggestions:
 - 5 were presented to the Board last interim and that were not included in SB 1337
 - 3 are new suggestions identified by staff
 - 3 were partially addressed or make clarifications to previous changes
- Two of the suggestions are benefit design proposals that were studied last interim
- None of the 11 proposals are critical to the operations of TMRS

Project Status

- Staff has also developed a more detailed description of each of the 11 proposals, which includes:
 - Reasons for the proposed changes
 - A brief history of the topic
 - Staff's recommendation
 - Peer Comparison, with the other Texas statewide retirement systems
 - Potential opposition to the changes / rebuttals to the opposition
- Staff intends to review staff's recommended change for each topic
- Do you have any questions about the other background material presented?

Priority Suggestions

Benefit Design

No.	Topic
1.	*Cost of Living Adjustments (COLA)
2.	*Return to Work

*Proposed as priority items in 2018, but not included in filed version of SB 1337

Priority Suggestions

Administrative: City-Related

No.	Topic
3.	*Mandatory electronic submission of city payroll contributions & reports
4.	Payments to formerly participating municipalities
5.	*Repeal Statutory Maximum Rate of Contribution (“Stat Max”)

*Proposed as priority items in 2018, but not included in filed version of SB 1337

Priority Suggestions

Administrative: Governance

No.	Topic
6.	Clarify Trustees eligibility to serve on Board
7.	Clarify oath of office requirements for new Trustees
8.	**Investment of Assets

**Partially addressed in SB 1337

Priority Suggestions

Administrative: Various

No.	Topic
9.	*Interest on late contributions
10.	**Responsibility for certain ministerial / administrative duties (“Board to System”)
11.	**Repeal obsolete provisions and other clarifying changes

*Proposed as priority items in 2018, but not included in filed version of SB 1337

**Partially addressed in SB 1337

Project Timeline

- Staff has updated the timeline for project completion to intersect with the Legislative process

- Last interim (in 2018), two stand-alone Advisory Committee meetings were held, in addition to the May joint meeting with Board:
 - One educational meeting (overview of TMRS, legislative outlook) in April
 - One meeting to provide overview of Board's preliminary decision to pursue a legislative agenda (9 priority suggestions) in November

- In line with the 2018 format, the Advisory Committee was scheduled to meet before this meeting, but was canceled due to COVID-19

- Staff proposes a June educational Advisory Committee meeting and another Advisory Committee meeting before the September Board meeting, to brief the Advisory Committee on the Board's decisions

Recommendation

Discuss:

- Current views on whether the Board may, or may not, have an interest in pursuing TMRS-sponsored legislation in the 87th Session in 2021
- Whether or not the Board would like for staff to proceed to the next step, which is to begin drafting bill language for any or all of the proposals
- Whether the Board, which has already delegated the authority for the Advisory Committee Chair and Vice Chair to schedule meetings, has any additional direction for the Advisory Committee Chair and Vice Chair pertaining to the benefit design topics that may be studied by the Committee

Questions?