

# EMPLOYEES RETIREMENT SYSTEM OF TEXAS

*S.B. 301 Watson (Flynn)*

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## **Investments**

- Require ERS to track and report profit shares received in connection with alternative investments.
- Require the ERS Board of Trustees to approve any individual alternative investment that exceeds 0.6 percent of the total market value of the trust fund. Authorize the board to meet in executive session and remotely to discuss these alternative investments.
- Require the ERS Board of Trustees to adopt its experience study and resulting actuarial assumptions once every four years instead of once every five years.
- Direct ERS, as part of its 2017 internal audit review of investment governance, to consider best practices in investment decision-making processes and report its findings to the Legislature. (Management action – nonstatutory)

## **Contracting**

- Direct ERS to provide its new Office of Procurement and Contract Oversight clear authority over all of the agency's procurement and contracting functions, including contract oversight and enforcement. (Management action – nonstatutory)
- Direct ERS to further centralize and consolidate its procurement and contracting staff into the new division. (Management action – nonstatutory)
- Direct ERS to implement contract term dates in agency contracts, except in limited circumstances. (Management action – nonstatutory)

## **Group Benefits Program**

- Expand ERS' existing annual report on the GBP to include more comprehensive information to help the Legislature evaluate the program's overall effectiveness and plan for its sustainability.
- ERS should establish an advisory committee to obtain regular stakeholder and expert input on benefits. (Management action – nonstatutory)
- Direct ERS to develop a process and clear criteria for evaluating changes to the GBP. (Management action – nonstatutory)

## **Insurance Benefits and Appeals**

- Require ERS to allow members to participate directly in the insurance appeal process.
- Require ERS to develop and maintain a precedent manual for the insurance appeal process.

- Direct ERS staff to comprehensively track and analyze benefit application decision and appeals data. (Management action – nonstatutory)
- Direct ERS to more effectively educate members about choices and decisions that can lead to unexpected health insurance charges. (Management action – nonstatutory)
- Direct ERS to ensure balanced representation on the Grievance Review Committee of customer service and other staff. (Management action – nonstatutory)
- Direct ERS to develop policies and procedures to govern reviews of benefit applications for survivors of certain law enforcement officers, fire fighters, and others killed in the line of duty. (Management action – nonstatutory)

### **Standard Review Elements**

- Apply standard across-the-board requirements to ERS related to board member training and alternative dispute resolution.
- Change the due date for the annual *Cost Management and Fraud Report* from January 1 to February 1 and continue the agency's other reports.

### **Sunset Review**

- Extend ERS' Sunset review date to 2029. As a constitutionally created agency, ERS is not subject to abolishment under the Sunset Act.