

Sunset Advisory Commission



Office of Fire Fighters' Pension Commissioner



Staff Report

2000

SUNSET ADVISORY COMMISSION

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In 1977, the Texas Legislature created the Sunset Advisory Commission to identify and eliminate waste, duplication, and inefficiency in government agencies. The 10-member Commission is a legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities. The Commission seeks public input through hearings on every agency under Sunset review and recommends actions on each agency to the full Legislature. In most cases, agencies under Sunset review are automatically abolished unless legislation is enacted to continue them. This report is the Commission staff's recommendations, which serves as the starting point for the Commission's deliberations.

**OFFICE OF FIRE FIGHTERS'
PENSION COMMISSIONER**

SUNSET STAFF REPORT

Table of Contents

	PAGE
SUMMARY	
.....	1
ISSUE / RECOMMENDATION	
1 Changing Circumstances Have Eliminated the Need for a Separate Office of Fire Fighters' Pension Commissioner to Serve the State's Fire Fighters.	3
AGENCY INFORMATION	
.....	15
APPENDICES	
Appendix A — Public Pension Systems in Texas	25
Appendix B — State Benefit Plans for Fire Fighters	39
Appendix C — Sunset Survey of Fire Fighter Departments under the Texas Local Fire Fighters' Retirement Act	41
Appendix D — Historically Underutilized Business Statistics	45
Appendix E — Staff Review Activities	47

SUMMARY

Summary

Overview

Fire fighters occupy a place of great importance in protecting the well-being of the people of Texas. Recognizing this important role, and the heightened risk that goes with it, the State has established a framework for providing pension coverage to address the retirement and disability needs of both paid and volunteer fire fighters, and their families. The State does not provide pension coverage, but is instead more involved through the enactment of laws governing local fire fighter pension systems, including those of the State's largest cities.

The State also gets involved through the Office of Fire Fighters' Pension Commissioner to help local governments with their fire fighter pension systems, and to operate a statewide fund that provides coverage for volunteer departments throughout the state. The Office works with 136 systems, including 38 paid, three paid and part-paid, and 95 volunteer departments, to provide technical assistance and administrative support, such as verifying contribution and benefit payments and hearing appeals of members from these local systems. The Office also administers the Texas Statewide Emergency Services Retirement Act, covering 154 volunteer fire departments. The Office collects contributions of members of participating departments, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries. It also seeks to get more volunteer departments into the Statewide Fund.

Many of the Office's activities relating to helping local pension systems manage their affairs are remnants of a time when the State had more involvement with and even provided funding to these systems. The Sunset review found that this situation has changed such that local pension systems no longer need the Office's help to successfully operate their pension systems. Further, the review found that by setting up the Statewide Fund as a quasi-independent entity, outside the State's appropriation process, the Fund could better address the needs of volunteer fire fighters.

A summary of the key recommendations and findings regarding the need for the Office of Fire Fighters' Pension Commissioner is outlined below.

Issue 1 Changing Circumstances Have Eliminated the Need for a Separate Office Issues / Recommendation

of Fire Fighters' Pension Commissioner to Serve the State's Fire Fighters.

Key Recommendations

- Abolish the agency after:
 - discontinuing the agency's assistance functions under the Texas Local Fire Fighters' Retirement Act; and
 - removing the Statewide Emergency Services Retirement Fund from the Office and establishing the Fund as a separate entity outside the State's appropriations process.

Key Findings

- Over time, the need for State involvement with local fire fighter's pension funds and the Statewide Fund has diminished.
- The Statewide Fund for volunteer fire departments has matured to the point that it could operate successfully as a free-standing entity, outside the State's appropriation process and the Office of Fire Fighters' Pension Commissioner.
- The Statewide Fund and the State gain advantages from removing the function from the State's appropriations process and State support.
- Precedent exists for operating the Statewide Fund outside the State's appropriations process.

These recommendations would have the following major fiscal impacts.

Fiscal Implication Summary

- Savings of about \$127,400 annually from General Revenue and 2.5 employees resulting from eliminating agency functions under the Local Fire Fighters' Retirement Act.
- Expenditures of an additional \$250,000 to \$300,000 from the Statewide Fund to handle expenses previously borne by the State, including staff-related expenditures, legal support, office space, audit services, utilities, and benefits processing. These are expenses that would result from the recommendation and do not include expenses related to managing the Fund, which are already paid for from Fund proceeds.
- Savings to the State, which cannot be precisely estimated would result from elimination of the indirect support services provided to the Office from other state agencies. While these savings could be as high as \$200,000 annually, they are not included in this estimate because of uncertainty in computing these indirect costs.

These savings and expenditures would not begin until fiscal year 2003, following the one-year wind down period for agencies abolished under Sunset. The following chart summarizes those savings and expenditures that can be estimated.

Fiscal Year	Savings to the General Revenue Fund	Change in FTEs From FY 2001
2002	\$0	0
2003	\$127,400	-2.5
2004	\$127,400	-2.5
2005	\$127,400	-2.5
2006	\$127,400	-2.5

ISSUE / RECOMMENDATION

Issue 1

Changing Circumstances Have Eliminated the Need for a Separate Office of Fire Fighters' Pension Commissioner to Serve the State's Fire Fighters.

Summary

Key Recommendations

- Abolish the agency after:
 - discontinuing the agency's assistance functions under the Texas Local Fire Fighters' Retirement Act; and
 - removing the Statewide Emergency Services Retirement Fund from the Office and establishing the Fund as a separate entity outside the State's appropriations process.

Key Findings

- Over time, the need for State involvement with local fire fighter's pension funds has diminished.
- The Statewide Fund for volunteer fire departments has matured to the point that it could operate successfully as a free-standing entity outside the State's appropriation process and the Office of Fire Fighters' Pension Commissioner.
- The Statewide Fund and the State gain advantages from removing the function from the State's appropriations process and State support.
- Precedent exists for operating the Statewide Fund outside the State's appropriations process.

Conclusion

The State no longer needs the Office of Fire Fighters' Pension Commissioner. The agency's assistance functions have changed substantially since passage of the Local Fire Fighters' Retirement Act in 1937. Originally established to oversee the distribution of state funding to local fire fighter departments under the Act, the Commissioner has not done this since 1988. Local pension systems can and do administer their funds without the safety net provided by the Commissioner.

The Statewide Fund, administered by the agency under the Texas Statewide Emergency Services Retirement Act, has grown to the point where state assistance is no longer required, and it can stand on its own, like the Texas Municipal Retirement System and the Texas County and District Retirement System, outside the appropriations process and the structure of state government.

Ending the Commissioner's assistance functions and spinning off the Statewide Fund would make continuation of the Commissioner's Office unnecessary. The changes would reflect a long established shift in the State's approach to providing pensions for fire fighters and would better position the Statewide Fund to reach out to volunteer fire fighters who do not have pensions.

Support

The Office's original purpose was to help local fire departments administer their pension plans and to oversee these plans' operations.

Current Situation: The Office of Fire Fighters' Pension Commissioner administers two state pension laws for fighters.

- **Texas Local Fire Fighters' Retirement Act** - passed in 1937, creating the Office and requiring paid and volunteer fire departments to establish pension systems for their fire fighters. The agency's purpose was to help these departments administer their local pension plans and to oversee their operations.

Today, the agency continues to help paid and volunteer departments administer their pension plans under the Act. The Office works with 136 systems, which include 38 paid, 3 paid/part-paid, and 95 volunteer local fire fighter retirement departments. In fiscal year 1999, the pension systems of these departments served 6,700 active fire fighters and 3,270 benefit recipients, and had assets of about \$829 million. Appendix A, *Public Pension Systems in Texas*, shows how fire fighter pension systems relate to public pension systems in Texas.

The functions that the agency performs for these departments include:

- verifying retirement and death benefits for pension systems,
- certifying creditable time towards retirement for members,
- verifying contributions for paid funds,
- archiving records of pension systems,
- reviewing annual reports and extracting data from these reports for monitoring,
- sponsoring an educational seminar each year,
- publishing a newsletter periodically, and
- handling appeals from the decisions of local pension boards.

The Fire Fighters' Pension Commissioner carries out these responsibilities with 2.5 employees and General Revenue funding of about \$111,000 in fiscal year 2000. The Governor appoints the Commissioner every two years with the advice and consent of the Senate. The Governor makes the appointment from a list of candidates proposed by the Texas Firemen's and Fire Marshals' Association and the Texas State Association of Fire Fighters.

- **Texas State Emergency Services Retirement Act** - passed in 1977, establishing a statewide pension fund that pools assets of volunteer fire fighter departments choosing to participate. The Legislature created this function to address actuarially unsound volunteer departments whose situations had become critical primarily due to the “lack of continuous funding, high administrative expenses, and frequent turnover in personnel.”¹ At the end of fiscal year 2000, the Fund had 154 participating local volunteer fire departments.

The agency fulfills this administrative function with five employees, and contract professionals providing actuarial, accounting, custodial bank, investment management, investment consultant, and computer programming services. The agency’s fiscal year 2000 budget for administering this function totaled \$714,000, all from earnings on the investments of the Statewide Fund. Of this amount, 36 percent, or \$259,000, is appropriated funding, used primarily for salaries of state employees administering the Statewide Fund. The remaining 64 percent, or \$455,000, is non-appropriated funding, which pays for contracted professional services and various other expenses of the Fund.

A nine-member Board of Trustees appointed by the Governor oversees the operation of the Statewide Fund, along with the Fire Fighters’ Pension Commissioner. The Commissioner serves in the role of Executive Director of the Statewide Fund.

- A comparison of benefits for paid and volunteer departments under both the Texas Local Fire Fighters’ Retirement Act and the Texas State Emergency Services Retirement Act is provided in Appendix B, *State Benefit Plans for Fire Fighters*.

Problem: Over time, the need for State involvement with local fire fighter’s pension funds has diminished.

- The Legislature eliminated a major function of the agency under the Local Fire Fighters’ Retirement Act in 1988. From 1942 through 1987, the agency helped distribute state funding to local fire departments operating under the Act. Departments used this funding to support their local pension systems. The Commissioner received detailed accounts from the local departments on the expenditure of pension funds.²

The State provided \$300,000 annually under the Act from 1942 until 1980, when the Legislature reduced this aid to \$150,000 a year. The Legislature reduced the annual amount to \$30,000 for fiscal years 1986 and 1987, and then eliminated this appropriation altogether in 1988.³

The Legislature established the Statewide Fund in 1977 to address actuarially unsound systems for volunteer departments, whose situations had become critical.

The Legislature eliminated a major function of the agency in 1988 when it stopped funding local fire department pension systems.

Paid department pension funds have less need for the basic assistance that the Office provides.

- Over time, the technical assistance provided to local departments under the Fire Fighters' Act has been downplayed.

The Legislature sought to eliminate technical assistance to local departments in 1977.⁴ While assistance functions were not eliminated, the Legislature reduced assistance funding from \$300,000 to \$150,000 for fiscal year 1980.

Many paid department pension funds are relatively large and experienced, with less need for basic assistance such as benefit verification and certification of years of service for members. About 40 paid fire fighter departments were served under the Act in 1999. Latest available data for 1997 through 1999 indicates that paid fire fighter funds vary in total assets from about \$500,000 to more than \$100 million, with an average fund size of about \$21 million.⁵

Volunteer fire fighter departments are much smaller than paid funds and frequently require less assistance from the agency because, with little or no assets, many do not administer a pension fund and therefore do not need actuarial advice. Of the 95 volunteer departments under the Act, 22 have no assets, operating on a "pay as you go" basis.⁶

The number of volunteer funds operating under the Act has been decreasing for several years, lessening the need for assistance. In 1988, 180 volunteer funds operated under the Act. In 1999, this number had decreased to 95. This decrease has occurred as these funds either ceased to exist or joined other volunteer funds, pooling their resources in the agency's Statewide Fund for volunteer departments.

Last session, the Legislature allowed local pension systems to hire administrators, reducing the need for assistance from the agency.

In 1999, the Legislature amended the Act to allow a local department to use its pension fund assets to pay for costs incurred by the fund and costs incurred by board members in performance of their duties⁷. This change allowed local pension systems to hire administrators, reducing the need for assistance from the agency. Six departments have hired pension staff since the Act was amended.⁸

Pension systems under the Act are also closely coordinated with their city governments, which can and do provide support. By statute the mayor or chief operating officer, and the chief financial officer must sit on the board of trustees of paid funds. The mayor and municipal treasurer must sit on the board of volunteer funds.⁹

Other pension systems of political subdivisions do not receive special state assistance as do those operating under the Act. Another 180 pension systems of political subdivisions in the State, including more than ten city systems that were created by state statute,¹⁰ do not

receive special state assistance, but rely instead on support from their local governments. The systems vary in size from almost \$9,000 to more than \$2.4 billion in assets, and about 90 percent of them fall within the asset size range of pensions operating under the Local Fire Fighters' Retirement Act.¹¹

- The agency's appeals function for members of local pension systems is not essential.

From fiscal years 1991 through 1999, the Office handled only six appeals: one each year from 1991 through 1993, none from 1994 through 1998, and three in 1999. These last three all were from the same paid fire fighter department. In the most recent cases, the judgment of the local board of trustees was upheld.¹² Under the Act, the State Office of Administrative Hearings handles cases appealed to the Commissioner on a de novo basis.

In Texas, other public pension systems of political subdivisions that are not fire related typically do not have this extra step for appeals. Members may appeal decisions of local boards of trustees to the courts but are not afforded another administrative remedy.

- Educational functions performed by the agency are useful for paid departments, but could be performed by associations or other organizations.

The agency sponsors an educational seminar each year. The seminar provides guidance to pension trustees and administrators on the efficient operation of their systems. The seminars are attended mainly by representatives of paid fire fighter departments and not by volunteer departments, even though volunteer departments account for about 67 percent of the pension funds under the Act. For example, in 1999 the Office held a training seminar in Conroe, Texas. Thirty-two fire departments operating under the Act attended the seminar, all of which were paid departments.¹³

Although the agency's educational programs are useful, other training opportunities could be made available to local funds through various entities related to pensions. Associations that perform training functions for fire fighter departments include the Texas State Association of Fire Fighters, whose members are from paid departments; and the Texas State Firemen's and Fire Marshals' Association, whose membership consists primarily of volunteer departments.

In addition, the Texas Association of Public Employee Retirement Systems offers training opportunities for public retirement systems. The State Pension Review Board sponsors a regular training seminar that addresses pension-related issues for the State's public pension systems.

The agency's
educational seminars
are mainly attended
by representatives of
paid and not
volunteer
departments.

- The Office of Fire Fighters' Pension Commissioner is not needed as an oversight body.

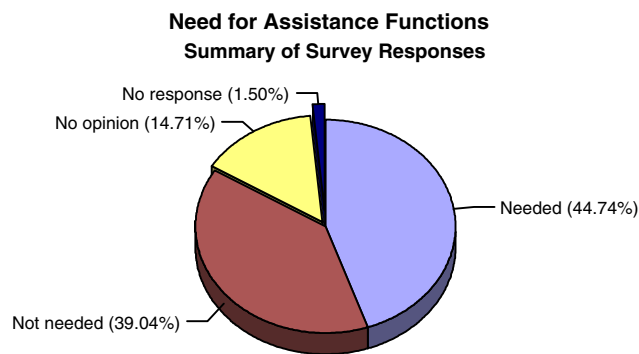
The State Pension Review Board has oversight of all public pension funds, including fire fighter pension systems. While a duplicate layer of oversight is not needed, the State would still need the basic framework provided for paid and volunteer departments under the Texas Local Fire Fighters' Retirement Act, covering such things as minimum monthly benefit payments for volunteers and paid fire fighters and years of service required before vesting.

- A survey of fire fighter departments operating under the Act produced mixed results as to the perceived need for continuing the agency's assistance function.

In a survey of fire departments, funds for volunteer departments were more likely to say that the agency's functions were unnecessary.

Thirty-seven, or about 28 percent of the departments surveyed returned a questionnaire. Responding departments represented a mix of paid and volunteer departments: 46 percent were paid departments, 38 percent were volunteer departments, and the remainder responded anonymously.

Respondents ranked nine assistance functions of the agency individually in the categories of needed, not needed, or no opinion. The graph Need for Assistance Functions aggregates these responses for the individual functions included on the questionnaire. See Appendix C, *Sunset Survey of Fire Fighter Departments under the Texas Local Fire Fighters' Retirement Act*, for detailed results of the survey.



Volunteer funds were more likely to say that the agency's functions were unnecessary. Fifty-three percent of the responses from this group fell in the "not needed" category as compared with 24 percent of the paid departments.

- Other states typically do not have a state agency that assists local fire fighter departments operating their own separate pension systems. The review conducted an Internet search, contacted the

National Volunteer Fire Council, and sent e-mails and telephoned various pension systems in 14 states to determine whether the operations of the Office under the local fire fighters' act were typical to other states. Of the states contacted, only Florida operates a system somewhat similar to that of Texas.¹⁴

Opportunity: The Statewide Fund has matured to the point that it could operate successfully as a free-standing entity outside the State's appropriations process and the Office of Fire Fighters' Pension Commissioner.

- The Statewide Fund provides a cost-effective means for small, poorly funded volunteer departments to belong to a solvent, professionally managed fund for the benefit of their local volunteer fire fighters. The statute creating the fund had this goal in mind, requiring that each volunteer who performs emergency service duties must be a part of a solvent pension plan.¹⁵

While the number of volunteer fire departments in the Fund has almost tripled from 40 to 154 departments since the Fund's creation in 1977, as many as 600 other volunteer departments do not provide pension plans for their members.¹⁶ Without pension plans, volunteer fire fighters in these departments are at risk of not being covered if they should die or are disabled in volunteer service.

- The Statewide Fund began in 1977 with \$313,000 in assets. As of March 31, 2000, it operates with over \$34 million in assets. The Statewide Fund is among the top 15 percent of public pension funds in asset size in the State. For fiscal year 1999, the Statewide Fund earned a 33 percent rate of return.¹⁷
- Beginning in fiscal year 2000, the Statewide Fund stopped receiving General Revenue funding; earnings from the Statewide Fund support its operations in full. The Legislature's elimination of General Revenue funding suggests that the Statewide Fund is strong enough to pay its own way. Phasing out General Revenue appropriations to the Statewide Fund began in fiscal year 1996, when the Legislature started combining General Revenue appropriations with appropriations from the Fund.
- The Statewide Fund had an amortization period of six years as of September 1998, well exceeding the standard of 40 years set by the State Pension Review Board as a measure of acceptable health. This measure indicates the length of time necessary for a pension system to pay off its unfunded actuarial liability, holding members' contributions to the pension fund constant. The majority of other funds of similar size had amortization periods between 20 and 30 years, demonstrating the Statewide Fund's relative health.¹⁸

While the number of volunteer departments in the Statewide Fund has tripled since its creation, up to 600 other volunteer departments do not provide pension plans.

The Statewide Fund is actuarially healthy, with an amortization period of six years.

An actuarial impact statement would be needed to assess the Statewide Fund's ability to support itself.

- The Statewide Fund's statute provides that the State will contribute each year to the Statewide Fund the amount necessary to make the fund actuarially sound.¹⁹ This provision has never been invoked.
- Moving the Statewide Fund out of the appropriations process would have actuarial implications, since additional expenses previously borne by the State would be transferred to the Fund. Legislation to enact this change would require an actuarial impact statement²⁰ during the session to assess the Statewide Fund's ability to support these additional expenses.

Opportunity: The Statewide Fund and the State gain advantages from removing the Fund from the State's appropriations process and state support.

- Eliminating appropriations from the Statewide Fund would bring its operation more in line with typical pension administration. Trustees of pensions are generally liable for the proper administration of pension funds and maintain accountability by establishing an administrative budget from the assets held in the fund.²¹ The Statewide Fund receives no appropriation to build up its assets, which derive solely from contributions of participating cities and earnings from the Fund's investments.

Operating outside the appropriations process would give the Fund the flexibility to handle investments, purchases, and personnel without the restrictions attached to appropriated funds, such as employee caps and salary limitations.

Outside the appropriations process, the Statewide Fund would have the flexibility to improve recruitment of volunteer departments.

- Additional flexibility would provide the Fund more opportunity to spend funds for recruitment of volunteer departments. The Statewide Fund would be able to improve outreach to the 95 volunteer departments operating under the Local Fire Fighters' Retirement Act. It would also be better positioned to reach the estimated 600 additional volunteer fire departments that should be providing pension assistance to their volunteers under state law but do not do so.
- The State incurs indirect expenses for operating the Fund within the appropriations process. These expenses, estimated at roughly \$200,000 a year, are for occupancy in a state office building, legal services of the Attorney General, fiscal services provided by the Comptroller's office, and other indirect services. The State could avoid this overhead by removing the Statewide Fund from the appropriations process.
- The statutory provision requiring the State to contribute to the Statewide Fund in case of its insolvency could be removed from the law. Although this need has never occurred, the provision represents a potential liability for the State.

- The State would continue to have oversight of the Statewide Fund in at least two ways. First, the Statewide Fund operates under state law, which the Legislature can amend as necessary. Second, the State Pension Review Board has general oversight over this and other public pension funds and serves as an early warning system for troubled systems.

Comparison: Precedent exists for operating the Statewide Fund outside the State's appropriation process.

- The Legislature created the Texas Municipal Retirement System in 1948 as a means for municipalities to pool their pension funds. The Legislature also established the Texas County and District Retirement System in 1967 as a statewide pension fund to serve counties and other local political subdivisions. These organizations never have been under the appropriations act; however, their employees are considered state employees for the purpose of accessing the health insurance plan offered by the state's Employees Retirement System.²²

Other pension systems for municipal and county employers have never been under the appropriations process.

Recommendation

Change in Statute

1.1 Discontinue the responsibilities of the Office of Fire Fighters' Pension Commissioner under the Texas Local Fire Fighters' Retirement Act.

This recommendation would eliminate the position of the Fire Fighters' Pension Commissioner and the agency's staffing for this function. Paid and volunteer fire departments operating under this Act would be solely responsible for verifying benefit payments, certifying members' length of service, and maintaining their own pension records without the backup or the other assistance functions currently provided by the Commissioner. The basic pension framework set up in the law would be maintained for fire departments operating under this statute. However, the Act would be modified to eliminate the appeals function that the Commissioner performs with the assistance of the State Office of Administrative Hearings. As with other pension systems, the decision of the local board of trustees of a pension system would be final, subject to appeal to the courts.

1.2 Remove the Statewide Emergency Services Retirement Fund from the Office of Fire Fighters' Pension Commissioner and establish the Fund as a separate entity outside the appropriations process.

The Statewide Fund would be continued, but as a free standing entity outside the State's appropriations process. The Fund would operate in the same manner as the Texas Municipal Retirement System or the Texas County and District Retirement System, both created by statute but operated outside of the State's administrative structure. The State would no longer be responsible for ensuring the Fund's actuarial soundness. Earnings from the Statewide Fund would pay the Fund's administrative

expenses. These expenses would also include expenses for office space, attorney's fees, purchasing processes, and other expenses that the State has borne indirectly through other state agencies.

The revised statute should specify that the new Statewide Fund would not be a state agency for purposes of receiving appropriations; being subject to salary, personnel, or other restrictions in the State's appropriation bill; or receiving state services from the Attorney General's office, the Comptroller's office, the General Services Commission, or other state agency. However, the Fund would be a state agency for limited purposes including adherence to the Administrative Procedure Act and the Open Records Act, participation of its existing and past employees in the Employees Retirement System, and continued appointment of the board of trustees by the Governor.

The new statute would continue the Fund's board of trustees as it is currently constructed and with its existing members. The statute would give this board the authority to hire an executive director to assume the responsibilities currently assigned to the Commissioner and to serve at its pleasure. The Fire Fighters' Pension Commissioner would no longer be involved with the Fund. Other personnel working for the Statewide Fund would transfer to the new freestanding entity to the extent possible, along with the Fund's existing property and records. The statute would also eliminate any future Sunset date for the Fund, thus taking it out of the Sunset process.

Legislation introduced to implement this recommendation should make its ultimate enactment contingent on a positive actuarial impact statement for the bill. The Legislature requires the Legislative Budget Board, with the assistance of the State Pension Review Board, to prepare these statements on bills with actuarial implications. The impact statement would address the effect of additional expenditures from the Fund to cover the indirect services previously provided by the State. If the actuarial impact statement says that this recommendation would result in an unacceptable actuarial position for the Statewide Fund, the Fund would continue to receive indirect support from the State, but would operate outside the appropriations process. Regardless of this outcome, the Office of Fire Fighters' Pension Commissioner and its assistance functions under the Local Fire Fighters' Retirement Act would still be eliminated. The Legislative Budget Board and the State Pension Review Board could review the Fund's actuarial position in later years to determine when the State could safely remove indirect support.

1.3 Abolish the Office of Fire Fighters' Pension Commissioner.

Removal of the functions in the first two recommendations eliminates the responsibilities of the agency. The Office would have one year to wind down its operations, ceasing to exist as a state agency on September 1, 2003, according to provisions of the Texas Sunset Act. The Statewide Fund would begin operation as a separate entity outside the appropriations process also on September 1, 2003.

Impact

These recommendations reflect recent changes in the State's approach to providing pensions for fire fighters. While the State was once much more directly involved in addressing the needs of these fire fighters' pension systems, the trend has been to have local governments, either individually or collectively, address their own needs. In fact, certain aspects of the State's lingering involvement in fire fighter and emergency services pension matters actually inhibit the ability to best serve fire fighters' needs.

As recommended here, the local pension systems established under the Local Fire Fighters' Retirement Act would continue to administer their funds under the Act, but would do so on their own. Many paid departments now have significant assets and have more resources at their disposal to take over the assistance functions that the agency has traditionally provided. Many volunteer departments, especially those with "pay-as-you-go" systems, have less need for the assistance provided by the Commissioner. They would be better served if they were part of the Statewide Fund.

Spinning off the Statewide Fund from the normal structure of state government would give this pension plan more flexibility to handle its fiduciary responsibilities to its members without the constraint of state employment or salary caps. As a quasi-governmental entity, the Statewide Fund would be better positioned to recruit volunteer departments – both under the Local Fire Fighters' Retirement Act and from among the hundreds of volunteer departments that do not currently provide pensions for their fire fighters.

Fiscal Implication

These recommendations would have the following major fiscal impacts.

- Savings of about \$127,400 annually from General Revenue and 2.5 employees resulting from eliminating agency functions under the Local Fire Fighters' Retirement Act.
- Expenditures of an additional \$250,000 to \$300,000 from the Statewide Fund to handle expenses previously borne by the State, including staff-related expenditures, legal support, office space, audit services, utilities, and benefits processing. These are expenses that would result from the recommendation and do not include expenses related to managing the Fund, which are already paid for from Fund proceeds.
- Savings to the State that cannot be precisely estimated would result from elimination of the indirect support services provided to the Office from other state agencies. While these savings could be as high as \$200,000 annually, they are not included in this estimate because of uncertainty in computing these indirect costs.

These savings and expenditures would not begin until fiscal year 2003, following the one-year wind down period for agencies abolished under Sunset. The following chart summarizes those savings and expenditures that can be estimated.

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- ¹ Office of Fire Fighters' Pension Commissioner, *Self Evaluation Report for Sunset Advisory Commission, 1999* (Austin, TX, 1999), page 30.
- ² Tex. H.B. 258, 45th Leg., R.S. (1937).
- ³ Tex. H.B. 1011, 47th Leg. (1941); Tex. General Appropriations Acts, 66th Leg. (1979) and 69th Leg. (1985).
- ⁴ Tex. General Appropriations Act, 65th Leg. (1977), contained a rider that read as follows:
The Commission is directed to provide technical assistance in upgrading member cities pension plans with the objective of ending assistance by August 31, 1979.
- ⁵ State Pension Review Board, *Texas Public Pension System Directory*. Online. Available: [Accessed: June 20, 2000](#).
- ⁶ Telephone interview with Barbara Purcella, Project Administrator, Office of Fire Fighters' Pension Commissioner, Austin, TX, June 12, 2000.
- ⁷ Tex. H.B. 2522, 76th Leg., R.S. (1999).
- ⁸ Telephone interview with Barbara Purcella, June 12, 2000.
- ⁹ Tex. Civil Statutes, art. 6243e, sec. 19 and sec. 20 (Vernon 1999).
- ¹⁰ State Pension Review Board, *Statutes Governing Municipal, Fire Fighter, and Police Officer Retirement Systems*. Online. Available: [Accessed June 21, 2000](#).
- ¹¹ State Pension Review Board, *Public Pension System Directory*. Online.
- ¹² E-mail from Morris Sandefer, Commissioner, Office of Fire Fighters' Pension Commissioner, State of Texas, to José Carrillo, Policy Analyst, June 6, 2000.
- ¹³ Phone interview with Linda Caulkins, Office of Fire Fighters' Pension Commissioner, Austin, TX, June 15, 2000.
- ¹⁴ Telephone interviews with Betty Allen, Florida Municipal Police Officers' and Fire Fighters' Retirement Trust Fund Office, June 16, 2000; Gary Green, Florida Division of Retirement, June 16, 2000; Frank King, Delaware Pension Office, June 16, 2000; Jeanne Chenault, Virginia Retirement System, June 16, 2000; Pam Rogers, Georgia Fire Fighters' Pension Fund, June 19, 2000; Monise Lane, Fire and Police Pension Association of Colorado, June 19, 2000; Ginger, Oklahoma Fire Fighters' Pension System, June 19, 2000; Chris Johnson, Utah Firefighters Retirement System, June 19, 2000; Dennis Jacobs, Municipal Fire and Police Retirement System of Iowa, June 19, 2000; Nancy Michaels, California Volunteer Fire Fighters' Length of Service Award System, June 19, 2000; Chuck Tufts, Ohio Public Employees Retirement System, June 19, 2000; and Joel Faubion, Washington Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund, June 19, 2000. E-mails from Thomas Eiswerth, Firemen's Association of the State of New York, May 17, 2000; Gerard Naylis, New Jersey State Volunteer Firemen's Association, June 13, 2000; and Craig Sharman, National Volunteer Fire Council, May 2000. North Carolina information available online at <http://www.treasurer.state.nc.us/frretire.htm>. Accessed June 16, 2000.
- ¹⁵ Tex. Civil Statutes, art. 6243e3, sec. 15(a) (Vernon 1977).
- ¹⁶ Interview with Morris Sandefer, Commissioner, Office of Fire Fighters' Pension Commissioner, Austin, TX, May 3, 2000.
- ¹⁷ Office of Fire Fighters' Pension Commissioner, *Self Evaluation Report for Sunset Advisory Commission, 1999* (Austin, TX, 1999), p.37.
- ¹⁸ State Pension Review Board, "Comparison of Amortization Periods of Certain Funds," Austin, TX., June 2, 2000.
- ¹⁹ Tex. Civil Statutes, art. 6243e3, sec. 2(d) (Vernon 1977).
- ²⁰ Tex. House Rules, 76th Leg., R.S., Rule 4, Sec. 34 (b) (1999); Tex. Senate Rules, 76th Leg., R.S., Rule 7.09 (i) (1999).
- ²¹ Telephone interview with William Nail, Deputy Executive Director, Employees Retirement System, June 13, 2000.
- ²² Tex. S.B. 1130, 76th Leg. R.S. (1999).

AGENCY INFORMATION

Agency Information

AGENCY AT A GLANCE

The Office of Fire Fighters' Pension Commissioner helps secure the retirement plans of volunteer and paid fire fighters, as well as voluntary emergency services personnel, by:

- helping paid and volunteer fire departments administer their local pension plans, including educating local trustees and administrators on how to run these plans; and
- administering a statewide pension plan for volunteer fire departments and emergency medical services (EMS) departments that are eligible and wish to join.

Key Facts

- **Funding.** For fiscal year 2000, the agency operates on an administrative budget of about \$825,000 in appropriated and non-appropriated funds. About \$111,000 (13 percent) comes from General Revenue for assistance to paid and volunteer fire fighter pension systems. The remaining 87 percent, or \$259,000 in appropriated and \$455,000 in non-appropriated funds, comes from the investment income of the Statewide Emergency Services Personnel Retirement Fund.
- **Staffing.** In fiscal year 2000, the agency operates with a staff of 7.5 employees who assist local pension systems and administer the Statewide Fund. The agency also contracts with an actuary, investment consultant, custodial bank, certified public accountant, investment managers, and computer programmers.
- **Assistance to Local Fire Fighter Pension Systems.** The agency offers assistance to 136 paid and volunteer fire departments with their own pension systems. In fiscal year 1999, these systems had assets of about \$829 million and included 6,700 active fire fighters and 3,270 benefit recipients. The agency maintains these departments' personnel records, audits their annual reports, confirms and approves benefit amounts, and advises on the professional management of their pension systems.
- **Administration of a Statewide Pension System.** The agency operates a statewide pension system for about 154 volunteer fire

The agency provides assistance to local fire fighter pension systems and runs a statewide fund for volunteer departments.

and EMS departments not covered by other plans. The agency collects contributions, handles investments, and distributes benefits for about 4,300 active volunteer fire fighters and volunteer EMS personnel and about 2,000 benefit recipients. The system's assets totaled about \$30 million in fiscal year 1999.

MAJOR EVENTS IN AGENCY HISTORY

Pension Systems of Local Fire Departments

In the Office's early years, the Legislature appropriated \$300,000 annually to support local departments' pension systems.

- 1937 Creation of the Office of Fire Fighters' Pension Commissioner as part of the Firemen's Relief and Retirement Fund Act, which established a framework for pension systems of local volunteer and paid fire department personnel.
- 1942 The Legislature began appropriating funding of \$300,000 annually to pension systems of local fire departments operating under the Act.
- 1987 Final year that departments received funding under the Act.
- 1989 Streamlining and rewriting of the old 1937 law for local fire fighter pension systems, with the updated version known as the Texas Local Fire Fighters' Retirement Act.
- 1991 Addition of the Texas State Association of Fire Fighters to the State Firemen's and Fire Marshals' Association as a nominating entity for advancing a list of candidates to the Governor from which to appoint the Fire Fighters' Pension Commissioner.
- 1999 Increase in the agency's enforcement authority to include subpoena power, *writ of mandamus*, and Attorney General representation for the agency.

Statewide Fund for Volunteer Fire Departments

- 1977 Enactment of the Texas Statewide Volunteer Fire Fighters' Retirement Act, which created a statewide fund for volunteer fire departments to be administered by the Office of Fire Fighters' Pension Commissioner.
- 1991 Change in the composition of the Fund's Board of Trustees by adding three members with experience in finance, securities investment, or pension administration to the existing six members representing Fund participants.

1997 Change in the coverage of the Statewide Fund beyond fire fighters and EMS personnel in volunteer departments to include volunteer EMS personnel having their own departments and fire fighters who receive some compensation; revision of the law's name to the Texas Statewide Emergency Services Retirement Act to reflect its broader scope.

ORGANIZATION

Governing Body

The Governor appoints the Fire Fighters' Pension Commissioner for a two-year term from nominations advanced by the State Firemen's and Fire Marshals' Association of Texas and the Texas State Association of Fire Fighters. The Commissioner oversees the agency's responsibilities for both local fire fighter pension systems and the Statewide Fund for volunteer emergency services departments.

The Commissioner administers the Statewide Fund with additional oversight provided by a nine-member Board of Trustees. The Governor appoints the Board members for six-year terms from nominations provided by the State Firemen's and Fire Marshal's Association of Texas. Six trustees must be active members of the Fund, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. The chart, *Texas Statewide Emergency Services Personnel Retirement Fund Board of Trustees*, lists the current Board members and their terms, statutory qualifications for membership, and cities of residence.

The Governor
appoints the Fire
Fighters' Pension
Commissioner and
the Board of Trustees
for the Statewide
Fund.

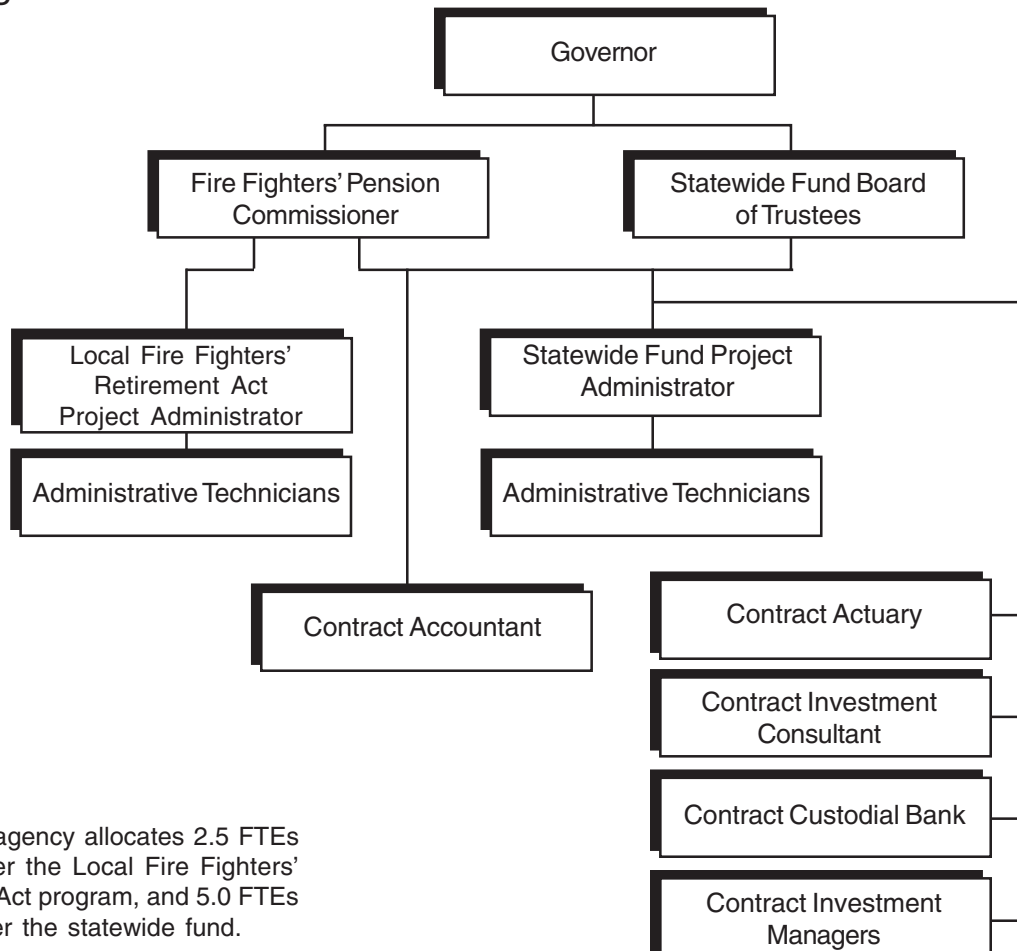
Texas Statewide Emergency Services Personnel Retirement Fund Board of Trustees			
Name	Term	Representation	Residence
Joe Rice (Chair)	1996-2001	Fund Member (Fire Fighter)	Canyon
Frank Torres (Vice Chair)	1999-2005	Fund Member (Fire Fighter, EMS)	Raymondville
Paul V. Loeffler (Secretary)	1996-2001	Fund Member (Fire Fighter)	Alpine
Tim Bogisch	1998-2003	Fund Member (Fire Fighter)	Seguin
Kyle A. Donaldson	1998-2003	Fund Member (Fire Fighter)	Sonora
Landon McClain	1998-2003	Securities	El Campo
Maxie Patterson	1999-2001	Pension Administration	Houston
Allen J. Scopel	1999-2005	Finance	Rosenberg
Robert Weiss	1999-2005	Fund Member (Fire Fighter)	Brenham

Staff

In fiscal year 2000, the agency operates with 7.5 employees, an increase of 2.5 employees from fiscal year 1999 to help administer the Statewide Fund. The agency also contracts for professional services for the Statewide Fund, including an actuary, a certified public accountant, an investment consultant, a custodial bank, investment managers, and computer programmers.

The agency's organization structure is shown in the *Office of Fire Fighters' Pension Commissioner Organizational Chart*. Because the staff size is so small, no analysis was prepared comparing the agency's workforce composition to the overall civilian labor force.

Office of Fire Fighters' Pension Commissioner Organizational Chart



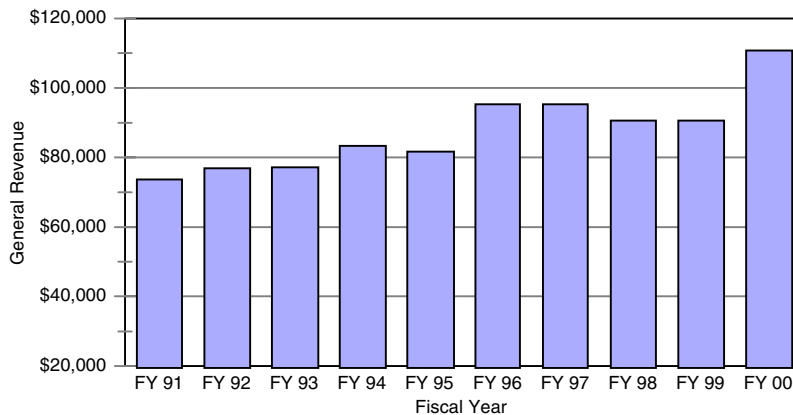
Note: The agency allocates 2.5 FTEs to administer the Local Fire Fighters' Retirement Act program, and 5.0 FTEs to administer the statewide fund.

FUNDING

The Office of Fire Fighters' Pension Commissioner was appropriated a total of \$370,000 in fiscal year 2000; however, the agency operates with an administrative budget of about \$825,000. Of this amount, about \$111,000 (13 percent) is appropriated from General Revenue to support the agency's assistance to paid and volunteer fire fighter pension systems under the Local Fire Fighters' Retirement Act. This amount supports 2.5 employees and has grown by 50 percent in the last 10 years. The chart, *Local Fire Fighters' Retirement Act, General Revenue Appropriations*, gives an historical picture of this funding.

The agency's budget includes appropriations from General Revenue and investment earnings of the Statewide Fund.

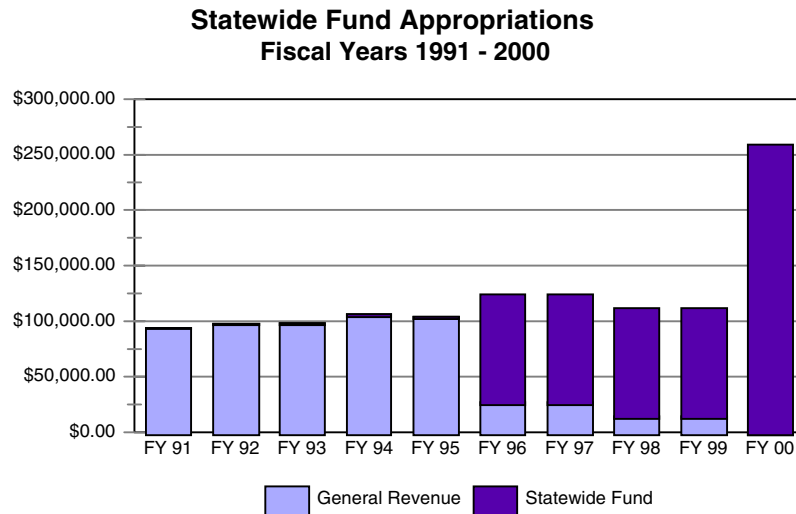
**Local Fire Fighters' Retirement Act
General Revenue Appropriations**



The remaining \$714,000 (87 percent) of the agency's administrative budget for fiscal year 2000 supports the agency's administration of the Statewide Pension Fund for volunteer emergency services personnel. These funds come from the investment earnings of the Statewide Fund. The Legislature appropriated about \$259,000 of this amount, which supports five full-time equivalent employees of the agency. The remaining \$455,000 are non-appropriated funds that the agency uses to pay contract personnel. Distributions to retirees and beneficiaries of the Statewide Fund are not counted in these amounts. Fiscal year 2000 benefit distributions are anticipated to be about \$1.8 million.

The approach to funding administrative functions of the Statewide Fund has changed over the years. Whereas the Fund was once supported by General Revenue, in fiscal year 2000, the Legislature began funding the agency for these functions entirely from the investment earnings of

the Statewide Fund. The chart below, *Statewide Fund Appropriations, Fiscal Years 1991 - 2000*, shows the shift in funding to support the Statewide Fund.



The agency's use of Historically Underutilized Businesses in purchasing goods and services is provided in Appendix D.

AGENCY OPERATIONS

Not all local fire fighters' pension systems are organized under the Texas Local Fire Fighters' Retirement Act.

The agency's two main functions are to assist eligible pension systems serving both volunteer and paid fire fighters, and to administer a statewide pension fund for volunteer fire and EMS departments. Descriptions of each of these functions follow.

Local Fire Fighter Pension Systems

The Office administers the Texas Local Fire Fighters' Retirement Act.¹ This act establishes a framework for the operation of local fire fighter pension systems in municipalities having either paid or volunteer fire fighters.

Not all pension systems of paid or volunteer departments fall under the act. For example, the act exempts municipalities having *paid* fire departments if they are part of the Texas Municipal Retirement System or have their own pension system that was started before September 1989. The act exempts *volunteer* departments if they are part of the statewide volunteer fire fighters' pension system, described later, or if their volunteer department came into existence after September 1989.²

The Office of Fire Fighters' Pension Commissioner currently works with 136 systems, which include 38 paid, 3 paid/part-paid, and 95 volunteer local fire fighter retirement departments. This number represents a decrease of 24 percent from 1988, when the agency had 180 participating departments. During the same period, the number of active members decreased from 7,081 to 6,701.

In contrast, pension assets and annuitants have increased since 1988. Combined market-value assets more than tripled for the period between fiscal year 1988 and fiscal year 1998, from \$252 million to \$829 million; and annuitants grew by 16 percent, from 2,810 to 3,270.

Paid fire fighters' retirement funds make up the majority of the assets and fire fighters covered under the act. They range in size from Lubbock's \$123 million fund with 470 active and retired fire fighters, to San Benito's \$650,000 fund with about 35 active and retired fire fighters. Appendix A provides comparative information on these and other public pension funds in the state.

The Office of Fire Fighters' Pension Commissioner provides three types of services to participating local fire fighter pension systems, as described below.

Monitoring and Assistance. The agency advises participating fire fighter pension systems on investment, legal, and management issues; maintains records on credit toward retirement for individual fire fighters in the departments; provides opinions on the interpretations of relevant statutes; audits annual reports; and confirms and approves all benefit amounts.

The Office needs a certain amount of information from local fire fighter pension systems to carry out its monitoring and assistance function. The agency requires systems subject to the local fire fighters' retirement act to annually submit a detailed and itemized report of all receipts and disbursements for the preceding fiscal year, and a list of their trustees. The agency has developed standardized forms for local systems to use to report this information. Additionally, the agency requests that pension funds provide a copy of their summary plans from actuarial reports so that it has up-to-date information on benefit plan formulas. The Local Fire Fighters' Retirement Act also authorizes the Office to request additional information as necessary.

In 1999, the 76th Legislature amended the Local Fire Fighters' Retirement Act to give the agency more authority to enforce the act's provisions. The new authority includes subpoena power, *writ of mandamus*, and Attorney General representation for the agency.

Retirement funds for
paid fire fighter
departments make
up the majority of
assets and fire
fighters covered
under the Local Fire
Fighters' Retirement
Act.

Appeals. The boards of trustees of most local fire fighter pension systems hear complaints related to eligibility requirements and non-retirement benefits, such as death and disability, from their members. The Office serves as an avenue of appeals for disputes between pension members and their local pension systems. Appeals are held in Austin and are contested cases under the Administrative Procedure Act. The State Office of Administrative Hearings conducts these proceedings as *de novo* hearings for the agency. In fiscal year 1999, the agency heard three appeals but did not overturn any local board decisions.

Education. The Office hosts an annual conference every September for trustees, administrators, and members of local fire fighter pension systems subject to the act. The primary purpose of the conference is to educate trustees on how better to fulfill their fiduciary responsibilities. The number of people who attended the annual conference has increased from 70 in 1988 to 225 in 1999.

Statewide Pension Fund for Volunteer Departments

The Office of Fire Fighters' Pension Commissioner administers a statewide pension fund for volunteer emergency services personnel pursuant to the Texas Statewide Emergency Services Retirement Act.³ The purpose of the Statewide Fund is to take advantage of economies of scale from combining many small funds into one, reducing administrative costs and increasing investment potential. Until 1997, the act covered volunteer fire fighters and volunteer EMS personnel who worked in local volunteer fire departments. In 1997, the Legislature enlarged the scope of the act to cover volunteer EMS personnel that are not part of a local fire department. The act specifies that cities and other political subdivisions with such personnel may participate in the Statewide Fund at their option.⁴ However, the act also specifies that all volunteer fire fighters must be members of a solvent pension system, which effectively requires that all volunteer fire fighters be enrolled in the Statewide Fund or some other pension system.⁵

Political subdivisions that participate in the Statewide Fund must contribute at least \$12 a month to the Statewide Fund for each eligible volunteer, but they can contribute any amount above that minimum. Participating cities are contributing from the minimum of \$12 to \$125 per month per volunteer.

The law requires that full retirement benefits be calculated at six times a city's average contribution rate, which equals a minimum monthly benefit of \$72. Volunteers receive full benefits at age 55 with 15 years of service; they can receive partial benefits at age 55 after five years of service. Additional benefits accrue for volunteers with more than 15 years of service.

The Statewide Fund takes advantage of economies of scale from combining many small funds into one.

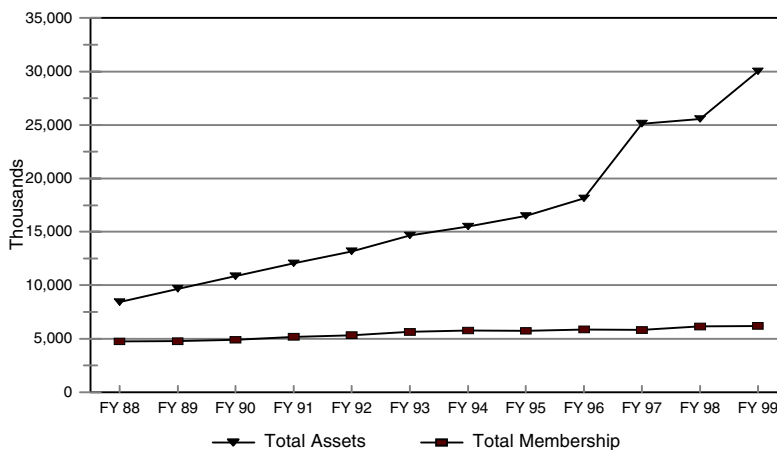
In addition to retirement benefits, the Statewide Fund pays a benefit of at least \$300 per month for on-duty disability until the volunteer can return to his or her normal occupation. The system also provides a minimum on-duty lump sum death benefit of \$60,000 and a minimum off-duty death benefit of \$2,160.

The Office of Fire Fighters' Pension Commissioner is responsible for administering and recruiting new members for this Fund, as described below.

Administration. As described earlier, the nine-member Board of Trustees and the Commissioner administer the Statewide Fund, which included 154 participating departments, 4,275 active members, almost 2,000 annuitants, and \$30 million in assets in fiscal year 1999. The Fund has experienced growth in total membership and assets since 1988, as seen in the chart, *Fund Assets & Members, Fiscal Years 1988 - 1999*. Over the 1988-1999 period, total Fund membership grew by 30 percent, including a 23 percent increase in active members and 51 percent increase in annuitants. During the same period, the number of participating departments increased by 35 percent, and assets more than tripled.

The Board of Trustees establishes policies for the Statewide Fund, while the Commissioner acts as the Fund's Executive Director.

**Fund Assets & Members
Fiscal Years 1988 - 1999**



The Board of Trustees establishes policies for the Statewide Fund, for which the Commissioner acts as Executive Director. The Board also contracts with an actuary, an investment consultant, a custodial bank, a certified public accountant, investment managers, and computer programmers. For fiscal year 1999, the Statewide Fund earned a 33 percent rate of return.⁶

The agency also collects the contributions from participating local subdivisions and distributes benefits to the Statewide Fund's volunteer

A large, untapped market exists for the Statewide Fund's services among volunteer fire departments and emergency service districts.

members. In fiscal year 1999, the agency billed and collected \$1.7 million in contributions from participating departments, distributed monthly about 2,000 benefit checks averaging over \$70 per recipient, and maintained records for the Statewide Fund's 6,300 active and retired emergency services personnel.

Recruitment. The agency continually recruits volunteer fire fighter and volunteer EMS departments for the Statewide Fund. Because of the agency's small staff and budget, recruitment focuses on presentations at conferences and schools. The agency promotes the Statewide Fund at the Annual Firemen's and Fire Marshal's Association Convention and at the Firemen's Training School at Texas A&M University. In fiscal year 1999, departments in Claude, Groves, and Lake Jackson joined the Statewide Fund.

A large untapped market exists for the Statewide Fund's services. About 51,000 volunteer emergency services personnel serve across the state, including 37,000 volunteer fire fighters and 14,000 EMS volunteers. These volunteers work for about 1,600 volunteer fire fighter and 850 EMS departments.⁷ The Statewide Fund serves only 4,300 (eight percent) of the state's volunteer active emergency services personnel in 154 (six percent) of the state's volunteer departments.

¹ Tex. Civil Statutes, art. 6243e (Vernon 1997)

² Tex. Civil Statutes, art. 6243e, sec. 3 (Vernon 1989)

³ Tex. Civil Statutes, art. 6243e.3 (Vernon 1997)

⁴ Tex. Civil Statutes, art. 6243e.3, sec. 2(b) (Vernon 1977)

⁵ Tex Civil Statutes, art. 6243e.3, sec. 15(a) (Vernon 1977)

⁶ Office of Fire Fighters' Pension Commissioner, *Self Evaluation Report for Sunset Advisory Commission, 1999* (Austin, TX, 1999), p.37.

⁷ *Ibid.*, p. 39.

APPENDICES

Appendix A

Public Pension Systems in Texas

The graph on the next page visually depicts the public pension systems that have registered with the State Pension Review Board or, in the case of volunteer fire fighter funds, with the Office of the Fire Fighters' Pension Commissioner. The table following the graph shows the individual pension systems used as data for the graph. Data used is the latest available from these two sources.

The graph divides public pension systems into five categories.

- *District or Authority*—These public pension systems serve local political subdivisions that have chosen to create a retirement fund for their employees. These entities could be municipal utility districts, hospital districts, and other types of political subdivisions.
- *Volunteer TLFRA*—These are the volunteer fire fighter plans, organized under the Texas Local Fire Fighters' Retirement Act (TLFFRA), that report to the Office of Fire Fighters' Pension Commissioner. A number of these systems have no assets.
- *Paid TLFRA*—These are the paid fire fighter plans, organized under the Texas Local Fire Fighters' Retirement Act, that report to the Office of Fire Fighters' Pension Commissioner. Although fewer in number, these funds are considerably larger than the volunteer fire fighter funds.
- *Municipal Statutory*—These systems operate under separate state statutes and serve various categories of employees in Dallas, Houston, Austin, El Paso, Galveston, and San Antonio.
- *Statewide*—These funds operate under state statute on a statewide basis and include the Teacher Retirement System, the Texas Municipal Retirement System, the Texas County and District Retirement System, the Employees Retirement System, and the Statewide Emergency Services Personnel Retirement Fund.
- *Ordinance*—These are large city funds created by city ordinance. Cities counted here include Fort Worth, Galveston, Dallas, and El Paso.

Appendix A

Data used for all but the volunteer fire fighter funds comes from the State Pension Review Board's *Texas Public Pension System Directory*, found online at www.ers.state.tx.us/prb/penfunds.html. Data for the volunteer fire fighter funds comes from the Office of the Fire Fighters' Pension Commissioner. These agencies compiled this information from reports submitted to them by the pension systems.

Chart Not Available

Appendix A

Detailed Information for Public Pension Systems in Texas

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
Statewide Statutory	Teacher Retirement System of Texas	\$87,294,041,412	31-Aug-99	61.48%	61.48%
Statewide Statutory	Employees Retirement System of Texas	\$21,531,263,309	31-Aug-99	15.16%	76.65%
Statewide Statutory	Texas Municipal Retirement System	\$8,384,785,666	31-Dec-98	5.91%	82.55%
Statewide Statutory	Texas County and District Retirement System	\$6,997,000,000	31-Dec-98	4.93%	87.48%
Municipal Statutory	Houston Police Officers Pension System	\$2,405,997,000	30-Jul-99	1.69%	89.18%
Ordinance	Dallas Employees' Retirement Fund	\$1,818,474,000	31-Dec-98	1.28%	90.46%
Municipal Statutory	Dallas Police and Fire Pension System-Combined Plan	\$1,813,061,722	31-Dec-98	1.28%	91.73%
Municipal Statutory	Houston Firefighter's Relief and Retirement Fund	\$1,723,448,695	30-Jun-99	1.21%	92.95%
Municipal Statutory	Houston Municipal Employees Pension System	\$1,323,079,798	30-Jun-99	0.93%	93.88%
Municipal Statutory	San Antonio Fire and Police Pension Fund	\$1,307,394,358	30-Sep-99	0.92%	94.80%
Ordinance	Fort Worth Employees Retirement Fund	\$1,262,605,089	30-Sep-99	0.89%	95.69%
Municipal Statutory	Austin Employees' Retirement Fund	\$1,203,134,257	31-Dec-98	0.85%	96.54%
District or Authority	City Public Service of San Antonio Pension Plan	\$636,337,605	31-Dec-98	0.45%	96.98%
Municipal Statutory	Austin Fire Fighters Relief and Retirement Fund	\$358,455,166	31-Dec-98	0.25%	97.24%
Ordinance	El Paso City Employees' Pension Fund	\$357,875,321	31-Aug-99	0.25%	97.49%
District or Authority	Harris County Hospital District Pension Plan	\$287,138,936	31-Dec-98	0.20%	97.69%
Municipal Statutory	El Paso Police Pension Fund	\$286,091,209	31-Aug-99	0.20%	97.89%
District or Authority	Physicians Referral Service Retirement Benefit Plan	\$246,837,675	31-Aug-98	0.17%	98.07%
Municipal Statutory	Austin Police Officers' Retirement Fund	\$209,881,255	31-Dec-98	0.15%	98.21%
District or Authority	Lower Colorado River Authority Retirement Plan and Trust	\$174,407,827	31-Mar-99	0.12%	98.34%
Municipal Statutory	El Paso Firemen's Pension Fund	\$170,907,840	30-Jun-99	0.12%	98.46%
District or Authority	Dallas Co. Hospital Dist. Retirement Income Plan	\$136,316,252	31-Dec-97	0.10%	98.55%
District or Authority	San Antonio Metro. Transit Retirement Plan (VIA)	\$127,079,943	30-Sep-99	0.09%	98.64%
Paid TLFRA	Lubbock Firemen's Relief and Retirement Fund	\$106,610,209	31-Dec-98	0.08%	98.72%
District or Authority	DART Employees' Defined Benefit Retirement Plan	\$106,562,000	30-Sep-98	0.08%	98.79%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
District or Authority	Dallas/Ft. Worth Airport Board Retirement Plan	\$98,080,000	30-Sep-98	0.07%	98.86%
Paid TLFRA	Corpus Christi Firemen's Relief and Retirement	\$77,848,088	31-Dec-98	0.05%	98.92%
Paid TLFRA	Amarillo Firemen's Relief and Retirement Fund	\$75,142,161	31-Dec-98	0.05%	98.97%
District or Authority	Houston MTA Workers Union Pension Plan	\$72,091,657	31-Dec-98	0.05%	99.02%
District or Authority	Port of Houston Authority Retirement Plan	\$71,442,374	31-Jul-99	0.05%	99.07%
District or Authority	Houston MTA Non-Union Pension Plan	\$66,149,459	31-Dec-98	0.05%	99.12%
Paid TLFRA	Irving Firemen's Relief and Retirement Fund	\$60,826,424	31-Dec-98	0.04%	99.16%
Paid TLFRA	Beaumont Firemen's Relief and Retirement Fund	\$56,067,848	31-Dec-98	0.04%	99.20%
Ordinance	Galveston Employees' Retirement Fund	\$40,187,707	31-Dec-98	0.03%	99.23%
District or Authority	Central Texas College Pension Plan and Trust	\$36,974,421	31-Dec-97	0.03%	99.25%
Paid TLFRA	Odessa Firemen's Relief and Retirement Fund	\$34,734,866	31-Dec-99	0.02%	99.28%
District or Authority	Plano Retirement Security Plan	\$34,372,456	30-Sep-99	0.02%	99.30%
Paid TLFRA	Midland Firemen's Relief and Retirement Fund	\$33,458,886	31-Dec-98	0.02%	99.33%
District or Authority	University Health System Pension Plan	\$32,664,262	31-Dec-96	0.02%	99.35%
Paid TLFRA	Longview Firemen's Relief and Retirement Fund	\$31,128,225	31-Dec-98	0.02%	99.37%
Paid TLFRA	Tyler Firemen's Relief and Retirement Fund	\$29,037,862	30-Sep-98	0.02%	99.39%
Paid TLFRA	Laredo Firefighters Retirement System	\$28,719,772	30-Jun-98	0.02%	99.41%
District or Authority	DART Employees Retirement Plan & Trust	\$28,351,000	31-Dec-97	0.02%	99.43%
District or Authority	San Antonio Housing Auth. Employee's Pension Trust	\$28,193,708	31-Dec-98	0.02%	99.45%
Paid TLFRA	Abilene Firemen's Relief and Retirement Fund	\$28,160,397	31-Dec-99	0.02%	99.47%
Paid TLFRA	San Angelo Firemen's Relief and Retirement Fund	\$27,718,015	31-Dec-98	0.02%	99.49
District or Authority	Irving Supplemental Benefit Plan	\$27,638,802	30-Sep-98	0.02%	99.51%
Paid TLFRA	Galveston Firemen's Relief and Retirement Fund	\$26,420,226	31-Dec-98	0.02%	99.53%
Statewide Statutory	Statewide Emergency Services Personnel Retirement Fund	\$25,548,014	31-Aug-98	0.02%	99.55%
District or Authority	Brazos River Authority Retirement Plan	\$24,165,619	28-Feb-99	0.02%	99.56%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
Paid TLFRA	Wichita Falls Firemen's Relief and Retirement Fund	\$24,160,837	31-Dec-98	0.02%	99.58%
Municipal Statutory	Galveston Employees Pension Plan for Police	\$24,140,669	31-Dec-98	0.02%	99.60%
District or Authority	Northwest Texas Healthcare System Retirement Plan	\$22,725,059	30-Sep-98	0.02%	99.61%
Paid TLFRA	Denton Firemen's Relief and Retirement Fund	\$21,180,393	31-Dec-98	0.01%	99.63%
Paid TLFRA	Port Arthur Firemen's Relief and Retirement Fund	\$19,337,672	31-Dec-98	0.01%	99.64%
District or Authority	Texas Municipal Power Agency Employees Plan	\$18,057,686	30-Sep-98	0.01%	99.66%
District or Authority	Gulf Coast Waste Disposal Authority Pension Plan	\$17,006,210	30-Sep-98	0.01%	99.67%
Paid TLFRA	McAllen Firemen's Relief and Retirement Fund	\$16,713,779	30-Sep-99	0.01%	99.68%
District or Authority	Sabine River Authority Retirement Plan	\$16,312,603	31-Aug-98	0.01%	99.69%
Paid TLFRA	Dallas Police and Fire Pension System-Supp	\$15,604,041	31-Dec-98	0.01%	99.70%
District or Authority	Harris County MHMR Authority	\$15,091,204	31-Aug-98	0.01%	99.71%
Paid TLFRA	Temple Firemen's Relief and Retirement Fund	\$14,606,498	30-Sep-98	0.01%	99.72%
Paid TLFRA	Texarkana Firemen's Relief and Retirement Fund	\$12,874,098	30-Sep-98	0.01%	99.73%
District or Authority	City of Bedford Money Purchase Plan and Trust	\$12,851,110	30-Sep-98	0.01%	99.74%
District or Authority	North Central Texas Council Of Governments	\$11,509,227	30-Sep-98	0.01%	99.75%
District or Authority	Northeast Medical Center Hospital Retirement Plan	\$11,434,858	30-Jun-99	0.01%	99.76%
District or Authority	Tarrant County MHMR Service Pension Plan	\$11,205,017	30-Sep-98	0.01%	99.77%
Paid TLFRA	Harlingen Firemen's Relief and Retirement Fund	\$10,726,265	30-Sep-98	0.01%	99.77%
Paid TLFRA	Killeen Firemen's Relief and Retirement Fund	\$10,322,074	30-Sep-99	0.01%	99.78%
Paid TLFRA	Lufkin Firemen's Relief and Retirement Fund	\$10,246,424	31-Dec-98	0.01%	99.79%
Paid TLFRA	Texas City Firemen's Relief and Retirement Fund	\$9,998,981	31-Dec-98	0.01%	99.79%
Paid TLFRA	Greenville Firemen's Relief and Retirement Fund	\$9,744,154	31-Dec-98	0.01%	99.80%
District or Authority	Corpus Christi Regional Transportation Authority	\$8,909,522	31-Dec-98	0.01%	99.81%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
Paid TLFRA	Cleburne Firemen's Relief and Retirement Fund	\$8,655,902	31-Dec-99	0.01%	99.81%
District or Authority	San Antonio River Authority Pension Plan	\$8,341,285	30-Sep-98	0.01%	99.82%
Paid TLFRA	Denison Firemen's Relief and Retirement Fund	\$8,270,138	31-Dec-98	0.01%	99.83%
District or Authority	Burke Center	\$7,620,154	31-Aug-98	0.01%	99.83%
District or Authority	Heart of Texas Region MHMR Center Retirement Plan	\$7,517,879	31-Aug-99	0.01%	99.84%
District or Authority	Dallas Metrocare Services Pension Plan	\$7,229,190	31-Aug-95	0.01%	99.84%
Paid TLFRA	Orange Firemen's Relief and Retirement Fund	\$6,928,831	31-Dec-98	0.00%	99.85%
Paid TLFRA	University Park Firemen's Relief and Retirement Fund	\$6,916,051	31-Dec-98	0.00%	99.85%
District or Authority	Nacogdoches County Hospital District Retirement Plan	\$6,789,658	31-Dec-98	0.00%	99.86%
District or Authority	Center for Health Care Services	\$6,788,390	31-Aug-98	0.00%	99.86%
District or Authority	Andrews Center	\$6,657,863	31-Dec-98	0.00%	99.87%
District or Authority	Tarrant Co. Water Control and Improvement Dist. #1	\$5,841,891	30-Sep-98	0.00%	99.87%
Paid TLFRA	Big Spring Firemen's Relief and Retirement Fund	\$5,666,392	31-Dec-99	0.00%	99.87%
District or Authority	Colorado River Municipal Water Dist. Pension Trust	\$5,602,918	31-Dec-98	0.00%	99.88%
District or Authority	Sundown ISD Supplemental Retirement Plan	\$5,593,536	31-Aug-96	0.00%	99.88%
District or Authority	Tropical TX Center for Services Retirement Plan and Trust	\$5,583,149	31-Aug-98	0.00%	99.89%
District or Authority	Tri-County MHMR Services Retirement Plan	\$5,185,616	31-Aug-98	0.00%	99.89%
Paid TLFRA	Paris Firefighters' Relief and Retirement Fund	\$5,140,738	31-Dec-98	0.00%	99.89%
District or Authority	Guadalupe-Blanco River Authority	\$5,137,179	01-Jan-99	0.00%	99.90%
District or Authority	Angleton-Danbury Hospital Employees Retirement Plan	\$5,111,901	30-Sep-99	0.00%	99.90%
Paid TLFRA	Conroe Fire Fighters' Retirement Fund	\$4,956,904	31-Dec-99	0.00%	99.90%
District or Authority	Central Texas College Supplemental Plan	\$4,677,859	31-Dec-97	0.00%	99.91%
District or Authority	Campbell Memorial Hospital Pension Plan	\$4,261,817	31-Dec-98	0.00%	99.91%
Paid TLFRA	Marshall Firemen's Relief and Retirement Fund	\$4,079,200	31-Dec-98	0.00%	99.91%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
Paid TLFRA	Plainview Firemen's Relief and Retirement Fund	\$4,057,318	31-Dec-97	0.00%	99.92%
District or Authority	Permian Basin Community Center for MHMR	\$4,011,859	31-Dec-97	0.00%	99.92%
Paid TLFRA	Sweetwater Firemen's Relief and Retirement Fund	\$3,992,783	31-Dec-97	0.00%	99.92%
District or Authority	South East Texas Regional Planning Commission	\$3,789,924	30-Sep-98	0.00%	99.92%
District or Authority	Johnson County MHMR Center Retirement Plan	\$3,549,725	31-Aug-98	0.00%	99.93%
District or Authority	Sabine Valley Center	\$3,425,415	31-Aug-98	0.00%	99.93%
District or Authority	Hunt Memorial Hospital District Retirement Plan	\$3,300,493	31-Dec-96	0.00%	99.93%
District or Authority	Lubbock Regional MHMR Center	\$2,970,463	31-Dec-97	0.00%	99.93%
Paid TLFRA	Waxahachie Firemen's Relief and Retirement Fund	\$2,884,287	30-Sep-98	0.00%	99.93%
District or Authority	Life Resource Retirement Plan	\$2,873,493	31-Aug-98	0.00%	99.94%
District or Authority	Texoma Council of Governments Pension Trust	\$2,668,162	30-Sep-98	0.00%	99.94%
District or Authority	Central Counties Center for MHMR Services Retirement Plan	\$2,631,806	31-Aug-97	0.00%	99.94%
District or Authority	Jefferson County Appraisal District Money Purchase Plan	\$2,617,706	31-Dec-98	0.00%	99.94%
District or Authority	Panhandle Reg. Planning Commission Pension Trust	\$2,614,909	30-Sep-98	0.00%	99.94%
District or Authority	Harris-Galveston Coastal Subsidence District	\$2,569,249	30-Sep-98	0.00%	99.95%
District or Authority	Galveston Wharves Pension Plan	\$2,501,926	30-Sep-98	0.00%	99.95%
District or Authority	South Plains College Pension Trust Plan	\$2,460,129	31-Dec-96	0.00%	99.95%
District or Authority	MHMR Services of Texoma	\$2,451,099	31-Dec-97	0.00%	99.95%
Paid TLFRA	Brownwood Firemen's Relief and Retirement Fund	\$2,351,702	31-Dec-97	0.00%	99.95%
District or Authority	City of Groves Employment Incentive Plan	\$2,203,124	30-Sep-98	0.00%	99.95%
District or Authority	East Texas Council of Governments Retirement Plan	\$2,192,252	30-Sep-98	0.00%	99.96%
District or Authority	Gregg County Appraisal District	\$2,081,726	31-Dec-98	0.00%	99.96%
District or Authority	Brazos County Appraisal District Pension Plan	\$1,913,994	31-Dec-99	0.00%	99.96%
District or Authority	Clear Lake City Water Authority Pension Plan	\$1,870,114	31-Dec-96	0.00%	99.96%
District or Authority	Collin County MHMR Center Retirement Plan	\$1,803,473	31-Aug-98	0.00%	99.96%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
District or Authority	Galveston Housing Authority Pension Plan	\$1,767,853	30-Sep-98	0.00%	99.96%
District or Authority	Central Texas Council of Governments Pension Trust	\$1,715,225	30-Jun-99	0.00%	99.96%
District or Authority	Tom Green County Appraisal District Pension Plan	\$1,680,738	31-Dec-97	0.00%	99.97%
Paid TLFRA	Corsicana Firemen's Relief and Retirement Fund	\$1,656,817	31-Dec-95	0.00%	99.97%
District or Authority	Helen Farabee Regional MHMR Center	\$1,642,814	31-Aug-99	0.00%	99.97%
District or Authority	Texas Panhandle MHMR Authority Retirement Plan	\$1,380,426	31-Dec-96	0.00%	99.97%
Paid TLFRA	Weslaco Firemen's Relief and Retirement Fund	\$1,365,216	30-Sep-98	0.00%	99.97%
District or Authority	Cypress-Fairbanks ISD Pension Plan	\$1,312,913	31-Aug-99	0.00%	99.97%
District or Authority	MHMR Services of Concho Valley Retirement Plan	\$1,216,951	31-Aug-98	0.00%	99.97%
Paid TLFRA	Atlanta Firemen's Relief and Retirement Fund	\$1,188,225	30-Sep-98	0.00%	99.97%
District or Authority	Tyler County Hospital District Thrift Plan	\$1,182,053	31-May-98	0.00%	99.97%
District or Authority	Abilene Regional MHMR Center Retirement Plan	\$1,163,101	31-Aug-98	0.00%	99.97%
District or Authority	Riceland Regional Mental Health Authority	\$1,128,720	31-Dec-97	0.00%	99.97%
District or Authority	Cherokee County Appraisal District Pension Plan	\$1,056,753	31-Dec-98	0.00%	99.98%
District or Authority	Hamilton General Hospital Retirement Plan and Trust	\$1,042,929	31-Dec-98	0.00%	99.98%
District or Authority	Harrison Central Appraisal District Pension Plan	\$1,000,835	31-Dec-98	0.00%	99.98%
District or Authority	Central Plains Center for MHMR and Substance Abuse	\$993,965	31-Aug-98	0.00%	99.98%
District or Authority	City of Groves Defined Contribution Plan	\$970,067	30-Sep-99	0.00%	99.98%
District or Authority	Ark-Tex Council of Governments	\$961,975	30-Sep-98	0.00%	99.98%
District or Authority	ACCESS Employee Retirement Plan	\$944,663	31-Dec-98	0.00%	99.98%
District or Authority	Concho Valley Council of Governments Pension Plan	\$928,957	31-Dec-98	0.00%	99.98%
District or Authority	Denton County MHMR Center Retirement Plan	\$925,282	30-Sep-98	0.00%	99.98%
District or Authority	Scurry County Appraisal District Pension Plan	\$918,681	31-Dec-98	0.00%	99.98%
District or Authority	Walker County Appraisal District Pension Plan	\$902,942	31-Dec-99	0.00%	99.98%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
District or Authority	Victoria County Appraisal District Pension Plan	\$895,155	31-Dec-97	0.00%	99.98%
District or Authority	Hays County Appraisal District Pension Plan	\$809,005	31-Dec-98	0.00%	99.98%
District or Authority	Northeast Texas MHMR Center Retirement Plan	\$769,787	31-Aug-98	0.00%	99.98%
District or Authority	Colorado County Central Appraisal District Pension	\$749,110	21-Oct-97	0.00%	99.98%
District or Authority	Arlington Employees Deferred Income Plan	\$738,655	30-Jun-99	0.00%	99.98%
District or Authority	Greater Texoma Utility Authority Retirement Plan	\$727,363	30-Sep-99	0.00%	99.99%
District or Authority	Refugio Co. Memorial Hospital District Retirement Plan	\$703,005	31-Dec-95	0.00%	99.99%
District or Authority	Coastal Bend Council of Governments	\$675,736	31-Jul-98	0.00%	99.99%
District or Authority	Upper Trinity Regional Water District Pension Plan	\$616,793	30-Sep-98	0.00%	99.99%
Volunteer TLFRA	Edinburg	\$605,623	09-May-00	0.00%	99.99%
District or Authority	Kingsland Municipal Utility District Pension Plan	\$597,525	30-Sep-99	0.00%	99.99%
District or Authority	Uvalde County Appraisal District Pension Plan	\$585,845	31-Dec-97	0.00%	99.99%
District or Authority	Rio Grande Council of Governments Pension Plan	\$561,319	30-Sep-99	0.00%	99.99%
District or Authority	Bastrop County Appraisal District Pension Plan and Trust	\$537,850	31-Dec-97	0.00%	99.99%
District or Authority	Deep East Texas Council of Government Retirement Plan	\$518,228	30-Sep-98	0.00%	99.99%
Paid TLFRA	San Benito Firemens Pension Fund	\$502,161	31-Dec-98	0.00%	99.99%
District or Authority	South Texas Water Authority Thrift Plan	\$474,714	30-Sep-98	0.00%	99.99%
District or Authority	Gulf Bend Center Retirement Plan	\$471,205	31-Dec-97	0.00%	99.99%
District or Authority	Ellis County Appraisal District Pension Plan	\$465,225	31-Dec-97	0.00%	99.99%
District or Authority	Coryell County Appraisal District Pension Plan	\$464,794	31-Dec-97	0.00%	99.99%
District or Authority	High Plains Underground Water Conservation District	\$427,735	30-Jun-98	0.00%	99.99%
District or Authority	Lamar County Appraisal District Pension Plan	\$409,756	31-Dec-98	0.00%	99.99%
District or Authority	Johnson County Rural Water Supply Corporation	\$389,828	31-Dec-96	0.00%	99.99%
District or Authority	Erath County Appraisal District Pension Plan	\$373,061	31-Dec-97	0.00%	99.99%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
District or Authority	Wood County Appraisal District Money Purchase Plan	\$365,202	31-Dec-97	0.00%	99.99%
District or Authority	Deep East Texas Self-Insurance Fund Profit Sharing Plan	\$355,867	30-Jun-99	0.00%	99.99%
District or Authority	Hunt County Family Services Retirement Plan	\$350,950	31-Dec-97	0.00%	99.99%
District or Authority	Wharton Co. Central Appraisal District	\$324,847	31-Dec-97	0.00%	99.99%
District or Authority	Hedwig Village Employees Pension Plan	\$315,021	31-Dec-95	0.00%	99.99%
District or Authority	Hutchinson County Appraisal District Pension Plan	\$312,672	31-Dec-97	0.00%	99.99%
District or Authority	Matagorda County Appraisal District Pension Plan	\$309,022	31-Dec-97	0.00%	99.99%
District or Authority	Housing Authority City of Temple Pension Plan	\$304,122	30-Sep-98	0.00%	99.99%
District or Authority	Upshur County Appraisal District	\$293,497	31-Dec-97	0.00%	99.99%
District or Authority	Lee County Appraisal District Pension Plan	\$272,330	31-Dec-97	0.00%	99.99%
District or Authority	Lost Creek Municipal Utility District Pension Plan	\$265,229	30-Sep-98	0.00%	99.99%
District or Authority	Panola County Appraisal District Pension Plan	\$232,560	31-Dec-97	0.00%	99.99%
District or Authority	Morris County Appraisal District Pension Plan	\$230,615	31-Dec-96	0.00%	99.99%
District or Authority	Floyd County Central Appraisal District Pension Plan	\$227,549	31-Dec-97	0.00%	99.99%
District or Authority	Gillespie County Appraisal District Pension Plan	\$221,960	31-Dec-97	0.00%	99.99%
District or Authority	Lamb County Appraisal District	\$220,702	31-Dec-98	0.00%	100.00%
District or Authority	Haskell County Appraisal District Pension Plan	\$217,490	31-Dec-97	0.00%	100.00%
District or Authority	Dallam County Appraisal District Pension Plan	\$204,122	31-Dec-98	0.00%	100.00%
District or Authority	Hamilton County Appraisal District Pension Plan	\$204,008	31-Dec-97	0.00%	100.00%
District or Authority	Titus County Appraisal District Pension Plan	\$193,724	31-Dec-98	0.00%	100.00%
District or Authority	Briscoe County Appraisal District Pension Plan	\$185,447	31-Dec-98	0.00%	100.00%
District or Authority	Polk County Tax Appraisal District Pension Plan	\$183,376	31-Dec-97	0.00%	100.00%
District or Authority	Nolan County Central Appraisal District Pension Plan	\$180,784	31-Dec-97	0.00%	100.00%
District or Authority	Greenville Electric Utility Money Purchase Plan	\$179,801	30-Sep-98	0.00%	100.00%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
District or Authority	Sutton County Appraisal District Pension Plan	\$179,220	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	Pecos	\$178,084	03-Mar-00	0.00%	100.00%
District or Authority	Barton Springs/Edwards Aquifer Conservation District	\$177,469	31-Aug-98	0.00%	100.00%
District or Authority	Stephens County Tax Appraisal District Pension Plan	\$175,874	31-Dec-97	0.00%	100.00%
District or Authority	198th Judicial District	\$168,297	31-Aug-98	0.00%	100.00%
District or Authority	Lower Rio Grande Valley Development Council	\$160,669	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	Wellington	\$157,112	17-Feb-00	0.00%	100.00%
Volunteer TLFFRA	South Houston	\$156,813	01-Mar-00	0.00%	100.00%
District or Authority	Franklin County Appraisal District Pension Plan	\$156,571	31-Aug-98	0.00%	100.00%
District or Authority	Freestone Central Appraisal District Pension Plan	\$155,174	31-Dec-97	0.00%	100.00%
District or Authority	Kerr Central Appraisal District Pension Plan	\$153,109	31-Dec-98	0.00%	100.00%
District or Authority	Culberson County Appraisal District Pension Plan	\$149,916	31-Dec-97	0.00%	100.00%
District or Authority	Upper Guadalupe River Authority Pension Plan & Trust	\$146,031	30-Sep-98	0.00%	100.00%
District or Authority	Coleman County Appraisal District Pension Plan	\$144,065	31-Dec-97	0.00%	100.00%
District or Authority	Coke County Appraisal District Pension Plan	\$142,297	31-Dec-98	0.00%	100.00%
District or Authority	Houston County Appraisal District Pension Plan	\$129,867	31-Dec-98	0.00%	100.00%
District or Authority	Schleicher County Appraisal District Pension Plan	\$120,810	31-Dec-98	0.00%	100.00%
Volunteer TLFFRA	Crockett	\$120,611	06-Mar-00	0.00%	100.00%
District or Authority	Jackson County Appraisal District Pension Plan	\$116,702	31-Dec-98	0.00%	100.00%
District or Authority	Menard County Appraisal District Pension Plan	\$114,708	31-Dec-97	0.00%	100.00%
District or Authority	Hansford County Appraisal District Pension Plan	\$111,130	30-Sep-98	0.00%	100.00%
District or Authority	Carson County Appraisal District Pension Plan	\$106,285	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	San Augustine	\$106,093	22-Feb-00	0.00%	100.00%
District or Authority	Fisher County Appraisal District Pension Plan	\$103,210	31-Dec-97	0.00%	100.00%
District or Authority	Castro County Appraisal District Pension Plan	\$93,543	31-Dec-98	0.00%	100.00%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
District or Authority	Upton County Appraisal District Pension Plan	\$91,783	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	Rockdale	\$89,763	01-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Columbus	\$89,517	09-Mar-00	0.00%	100.00%
District or Authority	Bexar County Housing Authority Pension Plan	\$84,218	31-Dec-98	0.00%	100.00%
Volunteer TLFFRA	Henrietta	\$82,378	24-Jan-00	0.00%	100.00%
District or Authority	Upper Leon River Municipal Water District	\$82,107	31-Dec-96	0.00%	100.00%
District or Authority	City of Arlington Money Purchase Plan	\$79,548	30-Sep-98	0.00%	100.00%
Volunteer TLFFRA	Bremond	\$75,689	36593	0.00%	100.00%
District or Authority	Red River County Appraisal District Pension Plan	\$71,396	31-Dec-97	0.00%	100.00%
District or Authority	Kimble County Appraisal District Pension Plan	\$69,855	31-Dec-98	0.00%	100.00%
District or Authority	San Saba County Central Appraisal District Pension Plan	\$69,577	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	Decatur	\$64,476	01-May-00	0.00%	100.00%
District or Authority	Concho County Appraisal District Pension Plan	\$63,869	31-Dec-97	0.00%	100.00%
District or Authority	Robertson County Appraisal District Pension Plan	\$61,334	31-Dec-97	0.00%	100.00%
District or Authority	32nd Judicial District Juvenile Board Pension Plan	\$59,788	31-Oct-98	0.00%	100.00%
District or Authority	Mason County Appraisal District Pension Plan	\$52,594	31-Dec-97	0.00%	100.00%
District or Authority	Delta County Appraisal District Pension Plan	\$40,218	31-Dec-98	0.00%	100.00%
Volunteer TLFFRA	Sinton	\$38,502	10-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Franklin	\$36,600	25-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Navasota	\$31,261	01-Mar-00	0.00%	100.00%
District or Authority	Throckmorton Central. Appraisal District Pension Plan	\$30,525	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	Bronte	\$28,568	28-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Smithville	\$28,055	07-Mar-00	0.00%	100.00%
District or Authority	Sterling County Appraisal District Pension Plan	\$26,991	31-Dec-97	0.00%	100.00%
Volunteer TLFFRA	Commerce	\$24,373	06-Mar-00	0.00%	100.00%
District or Authority	City of Cedar Park	\$23,641	30-Sep-98	0.00%	100.00%
Volunteer TLFFRA	Floresville	\$22,754	28-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Van	\$21,373	29-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Kaufman	\$20,705	24-Apr-00	0.00%	100.00%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
Volunteer TLFFRA	Silverton	\$18,613	07-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Bay City	\$17,998	14-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Nocona	\$17,812	26-Jan-00	0.00%	100.00%
Volunteer TLFFRA	Robert Lee	\$17,418	13-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Rusk	\$16,256	09-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Hughes Springs	\$15,129	22-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Belton	\$14,909	22-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Los Fresnos	\$13,410	04-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Mason	\$13,064	28-Feb-00	0.00%	100.00%
District or Authority	City of Carrollton Money Purchase Plan	\$12,106	31-Dec-98	0.00%	100.00%
Volunteer TLFFRA	Boerne	\$12,037	09-May-00	0.00%	100.00%
Volunteer TLFFRA	Colorado City	\$10,293	26-Jan-00	0.00%	100.00%
District or Authority	North Central Texas Council of Governments (Plan2)	\$10,087	30-Sep-98	0.00%	100.00%
Volunteer TLFFRA	Monahans	\$9,578	02-Feb-00	0.00%	100.00%
District or Authority	Dimmit Central Appraisal District Pension Plan	\$9,184	31-Dec-98	0.00%	100.00%
District or Authority	Llano Central Appraisal District Pension Plan	\$8,899	30-Sep-98	0.00%	100.00%
Volunteer TLFFRA	Comanche	\$8,517	06-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Benavides	\$8,336	02-May-00	0.00%	100.00%
Volunteer TLFFRA	White Deer	\$7,708	15-May-00	0.00%	100.00%
Volunteer TLFFRA	Dekalb	\$3,461	03-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Runge	\$3,005	28-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Weatherford	\$2,934	03-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Muenster	\$2,834	06-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Cooper	\$2,751	28-Jan-00	0.00%	100.00%
Volunteer TLFFRA	Henderson	\$2,509	14-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Arlington	\$1,760	01-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Stephenville	\$1,514	18-May-00	0.00%	100.00%
Volunteer TLFFRA	Flatonia	\$1,339	07-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Kenedy	\$1,305	19-May-00	0.00%	100.00%
Volunteer TLFFRA	Eden	\$1,038	03-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Ralls	\$823	03-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Robstown	\$819	17-Apr-00	0.00%	100.00%
Volunteer TLFFRA	Memphis	\$799	03-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Lampasas	\$742	27-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Ennis	\$705	17-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Three Rivers	\$605	25-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Paducah	\$525	22-Feb-00	0.00%	100.00%

Appendix A

Type	Pension Fund or City	Assets	Date of Report	Percent of Total	Cumulative Percent
Volunteer TLFFRA	Snyder	\$487	31-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Elgin	\$256	12-Apr-00	0.00%	100.00%
Volunteer TLFFRA	Llano	\$240	03-May-00	0.00%	100.00%
Volunteer TLFFRA	Bowie	\$225	05-May-00	0.00%	100.00%
Volunteer TLFFRA	Junction	\$143	12-May-00	0.00%	100.00%
Volunteer TLFFRA	Deport	\$137	25-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Karnes City	\$100	06-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Pittsburg	\$76	03-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Winters	\$54	28-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Beeville	\$23	13-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Cisco	\$20	17-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Grapeland	\$18	14-Feb-00	0.00%	100.00%
Volunteer TLFFRA	McLean	\$5	22-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Chillicothe	\$0	09-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Caddo Mills	\$0	13-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Clifton	\$0	20-Jan-00	0.00%	100.00%
Volunteer TLFFRA	Cockrell Hill	\$0		0.00%	100.00%
Volunteer TLFFRA	Donna	\$0		0.00%	100.00%
Volunteer TLFFRA	Elsa	\$0		0.00%	100.00%
Volunteer TLFFRA	Gatesville	\$0		0.00%	100.00%
Volunteer TLFFRA	Granger	\$0		0.00%	100.00%
Volunteer TLFFRA	Hamlin	\$0	06-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Hemphill	\$0	01-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Jacksboro	\$0	28-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Leonard	\$0	01-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Mart	\$0		0.00%	100.00%
Volunteer TLFFRA	McGregor	\$0	10-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Mt. Pleasant	\$0	01-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Olney	\$0	24-Jan-00	0.00%	100.00%
Volunteer TLFFRA	Palacios	\$0		0.00%	100.00%
Volunteer TLFFRA	Pharr	\$0		0.00%	100.00%
Volunteer TLFFRA	Port Lavaca	\$0	09-Mar-00	0.00%	100.00%
Volunteer TLFFRA	Sealy	\$0		0.00%	100.00%
Volunteer TLFFRA	Silsbee	\$0		0.00%	100.00%
Volunteer TLFFRA	Sulphur Springs	\$0		0.00%	100.00%
Volunteer TLFFRA	Taft	\$0		0.00%	100.00%
Volunteer TLFFRA	Throckmorton	\$0	05-May-00	0.00%	100.00%
Volunteer TLFFRA	Tulia	\$0	07-Feb-00	0.00%	100.00%
Volunteer TLFFRA	Valley Mills	\$0		0.00%	100.00%

Appendix B

State Benefit Plans for Fire Fighters

The State has established two benefit plans for the state's fire fighters. The first of these plans was created in 1937 with enactment of what is now known as the Texas Local Fire Fighters' Retirement Act (TLFFRA). This act addresses both paid and volunteer fire fighters. The Legislature established a second plan for volunteer fire fighters in 1977 with enactment of the Texas Statewide Emergency Services Retirement Act (TSESRA). This act created a statewide fund for volunteer fire fighters. The chart below shows the basic benefit structures for both acts.

Benefit	TLFFRA Benefits for Paid Departments	TLFFRA Benefits for Volunteer Departments	TSESRA Benefits for Volunteer Departments
Full Pension Requirements	20 years service and age 50	20 years service and age 55	15 years service and age 55
Vesting Period	Most require 20 years of service.	Most require 20 years of service.	25% of full pension at 5 years, and 5% for each additional year up to 10 years. 10% for each year between 10-15 years.
Benefit Minimums	\$100/month	\$25/month	\$72/month
Member or Host City Contribution	9% of gross monthly income	\$5/month (not in statute)	\$12/month minimum
Disability	\$100/month minimum increases proportionally for length of service.	\$25/month minimum-increases proportionally for length of service.	\$300/month minimum another \$50/month benefit for each additional \$12/month contribution. Local pension boards approve these benefits.
Death-On Duty Lump Sum	Host cities often offer the same death benefit for fire fighters as they offer for other paid employees	None	\$60,000 regardless of length of service.
Death-On Duty Pension	Varies from fund to fund.	None	Spouse and children receive 2/3 of full vested pension regardless of firefighters length of service. In addition, children divide 1/3 pension until age 18.
Death-Off Duty Lump Sum	Host cities often offer the same death benefit for fire fighters as they offer for other paid employees.	None	\$2,160 minimum Higher if a person has served beyond 15 years or contributed more than \$12/month.
Death-Off Duty Pension	Most funds offer the same benefits for an off duty death as for an on duty death.	None	If the fire fighter is over 55, only the spouse may receive 2/3 of the pension for life.

Appendix C

Sunset Survey of Fire Fighter Departments under the Texas Local Fire Fighters' Retirement Act

Summary of Responses as of June 22, 2000*

Total Responses:	37 of 133 (28%)
Paid Departments:	17 of 37 (46%)
Vol. Departments:	4 of 37(38%)
Anonymous:	6 of 37(16%)

1. Name of fund (optional) _____

Self-identified:	22 of 37 (59%)
Anonymous:	6 of 37 (16%)
Anon. with ID:	9 of 37(24%)

2. Please circle your total asset category below:

a. \$50,000 or below	14 of 37 (38%)
b. \$50,001 to \$150,000	4 of 37 (11%)
c. \$150,001 to \$500,000	2 of 37 (05%)
d. \$500,001 to \$2,000,000	2 of 37 (05%)
e. \$2,000,001 to \$10,000,000	6 of 37 (16%)
f. Above \$10,000,000	9 of 37 (24%)

* Percentages may not add to 100 percent due to rounding.

3. The Office of Fire Fighters' Pension Commissioner performs these functions for funds under the Texas Local Fire Fighters' Retirement Act. Please indicate whether you need the agency to perform these functions for you:

Appendix C

	Needed	Not needed	No opinion	Other
a. Pension benefit verification	18 (49%)	14 (38%)	4 (11%)	1 (3%)
b. Death benefit verification	18 (49%)	13 (35%)	5 (14%)	1 (3%)
c. Creditable service verification	19 (51%)	12 (32%)	5 (14%)	1 (3%)
d. Contribution verification(paid funds)	18 (49%)	12 (32%)	6 (16%)	1 (3%)
e. Audit of annual report	12 (32%)	18 (49%)	6 (16%)	1 (3%)
f. Fund management advice	12 (32%)	20 (54%)	5 (14%)	0 (0%)
g. Appeals of fund decisions	15 (40%)	15 (40%)	7 (19%)	0 (0%)
h. Maintenance of records related to members	21 (57%)	12 (32%)	4 (11%)	0 (0%)
i. Member education (sponsorship of annual conference, publication of newsletter)	16 (43%)	14 (38%)	7 (19%)	0 (0%)
Total	149 (100%)	130 (100%)	49 (100%)	5 (100%)

4. Would you be willing to pay the agency a reasonable amount for this assistance?

No:	29 of 37 (78%)
Yes:	4 of 37 (11%)
Maybe:	1 of 37(3%)
No Response:	3 of 37 (8%)

5. Please add any comments you wish about the Office and the usefulness of its functions to your pension system.

Respondents submitted the following comments:

- Office very helpful; agency makes fund feel needs, concerns, and department are as important as those of big funds.
- Commissioner duties should be added back to the statutes. These duties should also be done by the fund administrators. 2. The FFPC audit of the annual report is duplicative of PRB's audit. 3. Fund management training is better than actual fund management advice from FFPC. 4. Appeal problem. 5. Maintenance of records is not a function of FFPC. 6. Other entities conduct member education. 7. General revenue should continue to fund the TLFRA staff - although they can charge money for education seminars.

Appendix C

- Agency is vital and needed; do a great job; current commissioner, however, is not; he forces ideas and opinions on people; e.g. cert. trustee training prgrm. should be optional, not forced on trustees.
- Barbara has always been very helpful and prompt.
- (Letter) Agency is vital for oversight & admin. support; funds operate under state guidelines and it's proper for state to provide oversight; agency not properly funded; fund not willing to pay for services b/c fund monies are to pay for benefits, not state oversight; to pay for services would be a tax on beneficiaries; agency should get more money from GR.
- Agency great source of info.; locals should not fund office; state should fund state agency; locals already pay for services in survey.
- Annual conference is most valuable service, along with being able to call on the commissioner for advice; the agency acts as an information clearinghouse.
- Member education is very needed. "While we find the services provided by this office very useful, we have a small fund and cannot afford to pay for these services. If forced to do so, we would be taking money away from our retirees."
- Agency has made significant impact on fund, providing educ. for trustees, guidance on implementing plan provisions, interpretation of govt. actions, and in planning for future liabilities; relies chiefly on agency for specific information on fund admin.
- Fund needs all help it can get b/c it's small, but it doesn't need more expenses.
- Always helpful.
- We are a volunteer organization and appreciate the help we receive from the Pension Commissioner.
- We have a small number of volunteers who are eligible for retirement. The paid personnel are under TMRS.

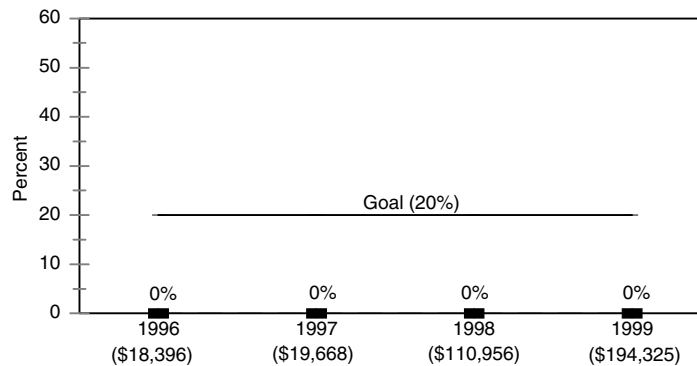
Appendix D

Historically Underutilized Businesses Statistics

1996 to 1999

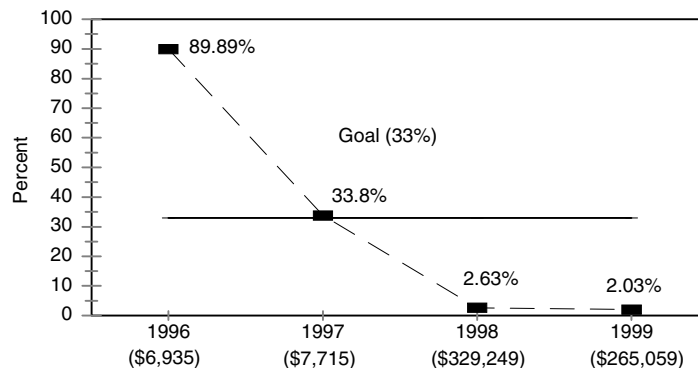
The Legislature has encouraged state agencies to use Historically Underutilized Businesses (HUBs) to promote full and equal opportunities for all businesses in state procurement. In accordance with the requirements of the Sunset Act,¹ the following material shows trend information for the agency's use of HUBs in purchasing goods and services. The agency maintains and reports this information under guidelines in the General Services Commission's enabling statute.² In the charts, the flat lines represent the goal for each purchasing category, as established by the General Services Commission. The dashed lines represent the agency's actual spending percentages in each purchasing category from 1996 to 1999. Finally, the number in parentheses under each year shows the total amount the agency spent in each purchasing category.

Professional Services



The agency has not met HUB goals in its contracts for professional services, such as for actuarial and accounting services.

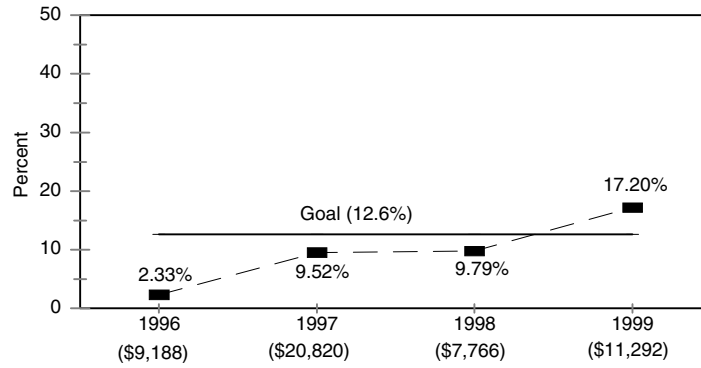
Other Services



The agency has not met goals in its spending for other services since it increased its expenditures in 1988 and 1999 for computer services, investment consultants and managers, and custodial bank.

Appendix D

Commodities



The agency has improved in its purchase of commodities from HUBS.

¹ Tex. Govt. Code ch. 325, sec. 325.011(9)(B) (Vernon 1999).

² Tex. Govt. Code ch. 2161 (Vernon 1999). Some provisions were formerly required by rider in the General Appropriations Act.

Appendix E

Staff Activities

The Sunset staff engaged in the following activities during the review of the Office of Fire Fighters' Pension Commissioner.

- Worked extensively with the Commissioner and the Office's staff.
- Talked to the Chair of the Board of Trustees of the Texas Statewide Emergency Services Retirement Fund.
- Attended public meetings of the Statewide Fund's Board of Trustees.
- Surveyed paid and volunteer fire departments organized under the Texas Local Fire Fighters' Retirement Act.
- Monitored hearings of the House Committees on Urban Affairs and Appropriations regarding the Fire Fighters' Pension Commissioner.
- Worked with the staffs of the Legislative Budget Board, Legislative Council, and Governor's Office.
- Interviewed officials from the General Services Commission, State Comptroller, Pension Review Board, Employees Retirement System, Teacher Retirement System, Municipal Retirement System, and Texas County and District Retirement System.
- Reviewed reports by the State Auditor's Office.
- Conducted interviews and solicited written comments from state and local interest groups, including the Texas Firemen's and Fire Marshall's Association, the State Association of Fire Fighters, and the Fire Chief's Association regarding fire fighters' pension issues.
- Surveyed other states for information about how they provide or support pension systems for fire fighters.
- Reviewed agency documents and reports, state statutes, legislative reports, previous legislation, literature on public retirement systems, and information available on the Internet.

**OFFICE OF FIRE FIGHTERS'
PENSION COMMISSIONER**

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*Thanks to Mr. Spock, who contracted with the
Sunset staff to assist on this project.

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