



Fire Fighters' Pension Commission

Protection Tomorrow for Those who Protect Us Today

September 2011

Sherri Walker
Commissioner

Self-Evaluation Report
For the Sunset Advisory Commission



P.O. Box 12577 • Austin, Texas 78711-2577 • (512) 936-3372 • Fax: (512) 936-3480

Sherri.Walker@ffpc.state.tx.us

FIRE FIGHTERS' PENSION COMMISSION

Self-Evaluation Report

Table of Contents

| | | |
|-------|--|----|
| I. | Agency Contact Information | 1 |
| II. | Key Functions and Performance | 2 |
| III. | History and Major Events | 10 |
| IV. | Policymaking Structure | 13 |
| V. | Funding | 20 |
| VI. | Organization | 24 |
| VII. | Guide to Agency Programs | 27 |
| VIII. | Statutory Authority and Recent Legislation | 54 |
| IX. | Policy Issues | 58 |
| X. | Other Contacts | 64 |
| XI. | Additional Information | 67 |
| XII. | Agency Comments | 73 |

This page left blank intentionally.

FIRE FIGHTERS' PENSION COMMISSION

Self-Evaluation Report

September 2011

I. AGENCY CONTACT INFORMATION

A. Please fill in the following chart.

| FIRE FIGHTERS' PENSION COMMISSION | | | | |
|-----------------------------------|------------------------------------|--|---|--|
| Exhibit 1: Agency Contacts | | | | |
| | Name | Address | Telephone & Fax Numbers | E-mail Address |
| Agency Head | Ms. Sherri Walker, Commissioner | E. O. Thompson Building 920 Colorado Street Austin, TX. 78701 P. O. Box 12577 Austin, TX. 78711 Agency Website: https://www.ffpc.state.tx.us/ | Telephone: (512) 936-3372 Direct Line: (512) 936-3470 FAX: (512) 936-3480 | sherri.walker@ffpc.state.tx.us |
| Benefits Director | Ms. Ana Tinsley | E. O. Thompson Building 920 Colorado Street Austin, TX. 78701 P. O. Box 12577 Austin, TX. 78711 | Telephone: (512) 936-3372 FAX: (512) 936-3480 | ana.tinsley@ffpc.state.tx.us |
| Sunset Liaison | Jeff Wolverton | E. O. Thompson Building 920 Colorado Street Austin, TX. 78701 P. O. Box 12577 Austin, TX. 78711 | Telephone: (512) 936-3372 FAX: (512) 936-3480 | jeff.wolverton@ffpc.state.tx.us |

II. KEY FUNCTIONS AND PERFORMANCE

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

| |
|--|
| A. Provide an overview of your agency's mission, objectives, and key functions. |
|--|

Our Mission: To ensure the successful education and enhancement of knowledge for all local board members by proactively providing administrative support. Our aim is to ensure sound leadership, separation of duties, growing expertise, creditability, and dedication to the compliance of the Texas Local Fire Fighters' Retirement Act. Furthermore, our mission is to provide secure and meaningful benefits for the members and their families, to prudently manage assets, and to retain and recruit additional members by offering a cost-effective solution to the sponsoring entities. Under the Texas Emergency Services Retirement System, we will provide effective and sound benefits to volunteer departments and emergency service personnel.

Our Goals: The agency will enhance education for retirement systems under the Texas Local Fire Fighters' Retirement Act, focusing on actuarial scenarios, benefit changes, contribution increases, investment return assumptions, and systems' design. The purpose of these benchmarks is to provide a framework of measures and requirements for each department, and provide clear and concise interpretations of statutes involving departments' plan design. Additionally, the agency will provide a wide range of training in complex issues such as benefit formulas, normal cost, accrued liabilities, unfunded accrued liabilities, contributions, investment returns, mutual funds, expenses and amortization.

The agency will assist local TLFFRA boards in providing for procurement and contracting of outside vendors for fund oversight and management, creating a higher level of fiduciary support for departments who opt to stay independent; support the peer review process to assist local pension boards with fund support processes such as audits, accounting, contracts, fiduciary responsibilities, communications and compliance issues. The agency will provide for educational opportunities at a higher level through on-line education and more substantial educational programs for board fiduciaries.

The agency's Commissioner is appointed by the Governor, subject to approval by the Texas Senate, to serve a four-year term. The Commissioner oversees the agency and administration of a diverse pension system exclusively for volunteer firefighters in the State of Texas, The Texas Emergency Services Retirement System (TESRS). The Commissioner also oversees the educational aspects of 121 pension systems exclusively under the statutory authority of the Texas Local Fire Fighters' Retirement Act (TLFFRA), departments consisting of 41 paid pension systems and 80 volunteer pension systems.

Oversight Responsibilities under the Texas Local Firefighters' Retirement Act (TLFFRA): The agency was created in 1937 by HB 258. The agency is responsible for carrying out several pension education and assistance services for the various Texas local fire fighter boards of trustees, who are comprised of paid fire fighters and volunteer fire fighters. In this capacity, the Commission provides local boards with broad oversight duties as required statutorily. These duties include an appeals process for local fire departments to appeal benefit determinations, in conjunction with the State Office of Administrative Hearings. Other duties of the agency include providing assistance and administrative support in the form of investment and legal guidance, providing opinions concerning benefit distributions and the application of the governing statutes. The agency also conducts training and education seminars for local fire fighter board members and pension fund administrators for career fire fighters as well as volunteer emergency services personnel.

Administration of the Texas Emergency Service Retirement System (TESRS): TESRS was created statutorily in 1977 with the core responsibility of providing an actuarially sound, professionally managed and administered retirement system for emergency services personnel, and volunteer fire fighters, across Texas to ensure that more than 7,000 volunteer fire fighters - and growing - across the State of Texas will be provided a benefit for their bravery in fighting fires and saving lives. The agency accomplishes the critical task of ensuring that over 2,700 retired volunteer fire fighter annuitants receive their monthly pension payments, death and disability benefits packages. The agency bills and collects contributions for **200** volunteer departments and administers a retirement fund whose surplus monies are invested diversely by a 9-member board of trustees. The agency also maintains personnel records, compliance reports, and recruits active emergency services personnel and new departments on a continual basis.

B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions are still needed. What harm would come from no longer performing these functions?

The results of carrying out the agency's key functions remain clear and ongoing. Under the Texas Emergency Service Retirement System (TESRS) a nine-member board appointed by the Governor effectively invests the surplus funds of local entities' contributions with integrity for the exclusive benefit of volunteer fire fighters and emergency service personnel. The nine board members come from professional backgrounds which include investment and actuarial knowledge, and six of the members are active fire fighters in the TESRS pension. Eighty percent (80%) of the State of Texas is protected from disaster by volunteer fire fighters. The Fire Fighters' Pension Commission provides the administrative service and the TESRS Board the investment management service at zero cost to our state's individual volunteer fire fighters. Without participating in the TESRS pension system, volunteer fire fighters would have no cost-free option for their retirement, death or disability benefits. The agency provides these administrative services at no direct cost to the pension system; however, without the agency, the administration of the fund would be required out of the fund itself, further jeopardizing the potential for actuarial soundness.

For pension systems under the Texas Local Firefighters' Retirement Act (TLFFRA), the agency assists and educates local paid and part-paid department funds in a number of ways. Annual reports, actuarial valuation reports, audit reports, board of trustee updates, contractor information, trust accounting calculations and all other reports required by the Texas Government Code are reconciled throughout the year. In addition, service retirement, death, disability, and other optional forms of benefits are checked for accuracy by the agency. The refund of contribution distributions are verified and confirmed to ensure that all liabilities of any pension system are accounted for or paid out. The Commissioner, with the assistance of the Texas Attorney General, provides opinion letters as requested by local pension boards in the event they are unable to interpret TLFFRA law or state laws on any number of matters governing the various plans. All of these oversight services provided by the agency and its board are offered at no cost; administrative services without which there are no other existing alternatives of equal value.

Additionally, the agency provides the following educational opportunities to firefighters and their local boards:

Hosting an annual training conference to assist and improve local department boards with administering their funds; Conducting the TLFFRA peer review trainings which take place at least once a year and provide local boards with actuarial training. Without the TLFFRA conference and peer review process, there would be no such service for the exclusive benefit of fire fighters.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

- Obtaining our monthly goal, and core function, of distributing pension checks by both direct deposit and postal mail as the number of annuitants steadily rises.
- The number of annuitants has increased steadily in the last 10 years, from approximately 1,800 in 2001 to over 2,700 in 2011.
- The agency has exceeded the volume of payroll output within the performance measures required in the General Appropriations Act while maintaining the number of mandated FTEs.
- Since being appointed in November of 2010, the Commissioner has proactively sought to increase awareness of our pension services by reaching out to paid and volunteer departments through conferences and arranging an outreach visit for legislators to view an investment house and the operations of investment activities.
- "Infodocs", the agency's internal document processing system, ensures maximum efficiency by reducing paperwork. All forms and records sent regarding TLFFRA and TESRS are maintained using this system.
- All of the above have been achieved within the reduced appropriations expected of agencies in the difficult budgetary climate of the late 2000s.

Demographic Changes 2001 – 2009*

For the TESRS fund, the percent increases are as follows:

Number of participating departments: 19%

Number of active participants: 53%

Number of annuitants: 95%

Assets of the fund: 48%

For the TLFFRA funds the percent increases are as follows:

Number of active participants: 57%

Number of annuitants: 31%

Assets of the fund: 89%

* Most recent reporting.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

The two areas of Texas statute which govern our agency's existence and operations are the Texas Local Fire Fighters' Retirement Act (TLFFRA) and the Texas Emergency Services Retirement System (TESRS). The agency feels that by and large these codes adequately reflect our agency's mission. However, there are areas that can be adjusted to strengthen our processes and allow a more smooth operation and relationship between the agency and the departments we serve. The following chapters of Texas Government Code directly apply to our agency:

1. Vernon's Civil Statutes Articles 6243.e:

The Texas Local Fire Fighters' Retirement Act (TLFFRA).

First created in 1937, the TLFFRA statute provides a thorough explanation of what is required of municipal boards in providing their member retirement benefits. This statute is also where the agency creation and duties are specified, including the responsibilities in reporting, file maintenance, oversight duties required, authority in rulemaking and specific duties of the Commissioner. In addition, an appeals process is provided for in which departmental disputes regarding beneficiary payouts can be resolved. Since the 76th legislative session in 1999, the Commissioner has been granted the authority to enforce the Act should boards of trustees fail in their specified duties.

2. Government Code Chapters 861 – 865:

The Texas Emergency Services Retirement System (TESRS).

First created in 1977, the TESRS law provides for the creation and operations of the agency's Statewide Board of Trustees, appointed by the Governor, including the authority to establish rules to administer the TESRS program and the TESRS Fund. This nine-member board also invests funds through statutory authority given for hiring actuaries, accountants and consultants. As specified in the duties of the Commissioner in relation to the board, the statute clearly instructs that the Commissioner work with the board to administer the program and the fund.

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

The Texas Emergency Services Retirement System (TESRS) is unique among state or federal level programs since it offers retirement, death and disability benefits to volunteer fire and EMS personnel and their dependents at no charge to them. The system was uniquely designed by members of the fire service to serve the special needs of volunteer emergency services personnel. There are no other governmental entities that provide these types of services to the TESRS program members.

Similarly, the oversight services offered by the agency to the TLFFRA program members are not covered by any other governmental entity. The services the agency provides include:

- Facilitating appeals of member benefit determinations in conjunction with the State Office of Administrative Hearings.
- Assisting local department boards of trustees and plan administrators on a daily basis.
- Educating board members on at least an annual basis at the TLFFRA Educational Conference.
- Providing guidance and education at the local board level when requested.
- Maintaining records for fire departments.
- Providing opinions on interpretation of the statutes as they apply to local plan documents.
- Verifying the calculation of retirement, death and disability amounts.

F. In general, how do other states carry out similar functions?

The Fire Fighters' Pension Commission is the only state agency that carries out the services it provides strictly for the benefit of fire fighters, with both a cost free pension to members of volunteer departments and the oversight and educational services provided to paid and volunteer departments.

G. What key obstacles impair your agency's ability to achieve its objectives?

The following obstacles have been identified by our Manager of Information Services as an area in which improvement would facilitate the core functions of TESRS responsibility: ensuring a smooth payroll process for the agency's annuitants.

- Recruiting and retaining a professional programmer to assist with the payroll system, and continuing to make the system more automated and efficient.

H. Discuss any changes that could impact your agency's key functions in the future (e.g., changes in federal law or outstanding court cases).

- Federal tax requirement: The agency fulfills its duty to submit a 1099 federal tax form for each annuitant who receives a pension check. These earnings statements are required to be sent out by January 31st, and show what their earnings are for the year prior, for use in filing of their taxes. Thus, any changes to this law would have an impact on the agency.
- Any movement on the federal level to abolish defined benefit plans and change them to defined contribution plans would be of great concern to our board members and pension actuaries in the fire fighter field, since their pensions are currently defined benefit. This would also impact our agency staff, who work under defined benefit plans as state employees.

I. What are your agency's biggest opportunities for improvement in the future?

- Expanding departments in TESRS. The single greatest opportunity for improvement for the TESRS program is growth of annuitants. Emergency Service Districts (ESD's) have been a contributor in recent years, thus targeting these entities is an area where more focus is needed. Without the personnel to market the program and meet with local officials, these opportunities are limited to programs presented at various conferences and schools, which may not be attended by all departments.

- Moving the 80 volunteer departments currently in the TLFFRA system into the TESRS program so that these departments may realize increased pension benefits. For those volunteer departments in the TLFFRA system, improvement can be seen by increasing their retirement benefit from the current \$25.00.
- Increasing outreach and education into the TESRS Departments. Awareness is the biggest tool in helping volunteer departments discover the potential benefit of becoming a participant in TESRS. An added benefit of joining TESRS is that the fire fighters have an incentive to join and commit to departments since improved retirement benefits exist where they previously did not.
- Streamlined internal payroll process- recruit and retain a programming team to continually maximize the agency's payroll efficiency and back up for response improvement.
- Additional personnel to improve existing services and/or implement any additional services.
- Increased opportunities for feedback from TLFFRA board members going forward, particularly in the legislative and online portal area.
- Increasing the cross-training, backup and separation of duties for all agency personnel. This would ensure that all programs are administered with uniformity and integrity.

J. In the following chart, provide information regarding your agency's key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures. See Example 2 or [click here to link directly to the example](#).

| Fire Fighters' Pension Commission | | | |
|--|---------------------------|---------------------------------------|---|
| Exhibit 2: Key Performance Measures: Fiscal Year 2010 | | | |
| Key Performance Measures | FY 2010 Target | FY 2010 Actual Performance | FY 2010 % of Annual Target |
| ADMINISTER PENSION FUND Efficiencies: Average Annual Administrative | 70.29 | 97.01 | Exceeded target by 38% |

| | | | |
|---|-----|--|-----|
| Cost Per Pension Plan Member | | | |
| ASSISTANCE & EDUCATION Output (Volume): Number of Benefit Determinations for Local Funds | 225 | 121* End of FY 2009- data not yet available as of EOFY 210 | N/A |
| ASSISTANCE & EDUCATION Output (Volume): Number of Attendees Completing Continuing Education Conference | 400 | 200 | 50% |

III. HISTORY AND MAJOR EVENTS

Provide a timeline of your agency's history and key events, including:

- **the date your agency was established;**
- **the original purpose and responsibilities of your agency;**
- **major changes in responsibilities or statutory authority;**
- **changes to your policymaking body's name or composition;**
- **significant changes in state/federal legislation, mandates, or funding;**
- **significant state/federal litigation that specifically affects your agency's operations; and**
- **key changes in your agency's organization (e.g., a major reorganization of the agency's divisions or program areas).**

See **History and Major Events Examples** or [click here to link directly to an example.](#)

HISTORY OF THE OFFICE OF THE FIRE FIGHTERS' PENSION COMMISSIONER

The Fire Fighters' Pension Commission was created in 1937 by HB 258, by Representative Penrose Metcalfe of San Angelo, establishing the Firemen's Relief and Retirement Fund Act. This legislation is codified in Article 6243.e of Vernon's Texas Civil Statutes. The agency was initially set up and today remains a successful vehicle for providing pension services to the paid and volunteer fire fighters of Texas.

The act mandated that a fire fighter's retirement system and trust fund be established in each municipality that has a paid or part-paid fire department which, (1) is not covered by the Texas Municipal Retirement System; (2) is not covered by another state law providing retirement benefits for fire department personnel; (3) does not have in effect a program providing retirement benefits for the fire department personnel that was established by charter or ordinance, or a municipality that has a department that exists exclusively of volunteers. Under the original act, the Governor appointed the Fire Fighters' Pension Commissioner, subject to a two-year term beginning on July 1st of each odd-numbered year. Appointees continue to be selected by the Governor in conjunction with the Advise and Consent process of the Texas Senate.

The Firemen's Relief and Retirement Fund Act was revised in 1989 during the 71st Legislature via SB 390, by Senator John Montford, and was re-codified as the Texas Local Fire Fighters' Retirement Act (TLFFRA). Under the new act, the Commissioner's office maintains records for the TLFFRA departments; provides advice concerning interpretation of the statute and local plans; confirms retirement, disability and refund amounts; and serves as a participant in hearings before the State

Office of Administrative Hearings in disputed decisions made at the local board level. Thirty-seven (37) paid departments, three (3) part-paid and eighty-four (84) volunteer departments participate under this statute. Fund assets of these departments total over \$1 billion as of fiscal year-end 2008. These funds are held locally with local pension boards establishing local plans as provided in statute with the assistance of an approved contract actuary.

In 1977, the 65th Legislature passed SB 411 by Senator Don Adams, creating the Texas Statewide Volunteer Fire Fighters' Retirement Act (TSVFFRA), a retirement system exclusively for volunteer fire fighters. The legislation, found in Texas Government Code, Chapters 861 through 865, added to the authority of the Commissioner and provided for a six-member state board of trustees responsible for administering the fund. This newly-added pension system provides full retirement benefits when members reach age 55 with 15 years of service. Additionally, a fire fighter is vested in the system with 10 years' service, entitling them to a partial retirement at age 55. The state board of trustees administers the \$69 million fund by hiring a contract actuary, accountant, attorney, investment consultant and investment managers. The board also contracts with a custodial bank. Working with a consultant and actuary, the board establishes the asset allocation and the investment policies for the fund and hires and oversees investment managers to invest the assets of the fund in accordance with the board's investment policy.

The statute also allows local departments to participate at various financial contribution levels beginning at the minimum amount allowable, of \$36 per fire fighter per month to any level above that amount approved by the local governing entity. The retirement is six-times the average monthly contribution rate. The most substantial benefit is the line-of-duty death benefit of \$60,000. The plan also has an on-duty disability and off-duty death benefit. This plan currently has approximately 4,200 vested and non-vested current members, 2,700 retirees and beneficiaries currently receiving benefits and 2,200 terminated members entitled to benefits but not yet receiving them.

Sunset Legislation in 1991, HB 401 by Representative Steve Carriker, created two major changes in the agency's statutes. Under the TLFFRA law, the legislature added the Texas State Association of Fire Fighters as a nominating association to the Governor for the Commissioner's appointment. Under the TSVFFRA statute, three additional members were added to the state board of trustees.

In 1997, the 75th Legislature amended the Statewide Volunteer Fire Fighters' Retirement Act to allow volunteer emergency medical service departments, and "auxiliary firefighters" who receive some compensation, to participate in the retirement system. Under HB 337 by Representative Barry Telford, the name of the act was changed to the Texas Emergency Services Retirement System (TESRS).

In 2001 the 77th Legislature passed HB 1747 by Representative Brian McCall, Sunset legislation reauthorizing the agency for ten more years and designating that one trustee of the state board must be an EMS designee. This legislation also extended the term of the Commissioner from two years to four years.

In 2005 during the 79th Legislature, the agency worked with Senator Ken Armbrister, Representative Craig Eiland and the leadership to pass SB 522 which overhauled the Texas Emergency Services Personnel Retirement Fund, now known as the Texas Emergency Services Retirement System (TESRS). This new law allows the board of trustees for the statewide fund for 200 participating cities to address the plan design changes needed in order to reduce unfunded actuarial liabilities of the fund. These changes are aimed at creating a more stabilized funding and benefit structure for participating members going forward.

The agency is currently working with the 121 TLFFRA paid, part-paid and volunteer departments to pursue any legislative or administrative issues that need to be addressed, and is committed to educating trustees under its purview to the highest level possible. Striving to make all documents accessible and transparent to the membership is an ongoing endeavor at the agency. Accordingly, plan designs, actuarial valuations, investment policies and annual reports can be found on the website for both the TESRS plans and the paid plans under TLFFRA.

Despite the many changes to the agency since 1937, more than 20,000 fire fighters, retirees and their beneficiaries continue to benefit from the efforts of the Commission.

The Commission is presently staffed with 8.5 FTEs. These staff members include: Sherri Walker, Commissioner; Ana Tinsley, Benefits Director; Thomas Kelly, Board Manager; Jeff Wolverton Benefits Deputy Director; Linda Hajovsky, Program Supervisor; Jessica O'Brien, TLFFRA Benefits Specialist and Information Resources Manager; Thomas Roma, Benefits Specialist; Aslynn Rose, Staff Services Officer, Larry Thomas, Clerk.

Members of the staff may be reached at (512) 936-3372 or online at www.ffpc.state.tx.us.

Pension Commissioners

| | | |
|---------------------------------|--------------|---------------------------|
| Mr. H. Bayne Satterfield | 1941-1948 | Governor W. Lee O'Daniel |
| Mr. J.F. Williams | 1948-1954 | Governor Beauford Jester |
| Ms. Marie H. Winters | 1954-1973 | Governor Allan Shivers |
| Mr. Hal H. Hood | 1973-1986 | Governor Mark White |
| Ms. Helen Johnson | 1987-1997 | Governor William Clements |
| Mr. Morris Sandefer | 1997-2004 | Governor George W. Bush |
| Ms. Lisa Ivie Miller | 2004-2010 | Governor Rick Perry |
| Ms. Sherri Walker | 2010-Present | Governor Rick Perry |

IV. POLICYMAKING STRUCTURE

A. Complete the following chart providing information on your policymaking body members.

| Fire Fighters' Pension Commission | | | |
|--|---|---|----------------|
| Exhibit 3: Policymaking Body | | | |
| Member Name | Term/ Appointment Dates/ Appointed by __ (e.g., Governor, Lt. Governor, Speaker) | Qualification (e.g., public member, industry representative) | City |
| Frank Torres | Chairman 06-28-96 / 09-01-11 Appointed by Governor George W. Bush. | Public member, volunteer firefighter, active in the pension. Also the board's EMS representative. | Raymondville |
| Gracie G. Flores | Vice-Chairwoman 08-04-04 / 09-01-15 Appointed by Governor Rick Perry. | Public member, Plan Administrator for the Corpus Christi Fire Department. | Corpus Christi |
| Max Patterson | Secretary 12-03-99 / 09-01-13 Appointed by Governor George W. Bush. | Public member, investment experience. | Houston |
| Dennis R. Rice | Trustee 05-13-10 / 09-01-15 | Public member, volunteer firefighter, active in the pension. | Canyon |

| | | | |
|------------------|---|--|--------------|
| | Appointed by Governor Rick Perry. | | |
| Jenny Moore | Trustee 05-13-10 / 09-01-15 Appointed by Governor Rick Perry. | Public member, volunteer firefighter, active in the pension. | Lake Jackson |
| Stephen Williams | Trustee 11-12-10 / 09-01-11 Appointed by Governor Rick Perry. | Public member, volunteer firefighter, active in the pension. | Carthage |
| Don Shipman | Trustee 12-30-08 / 9-01-11 Appointed by Governor Rick Perry. | Public member, retired actuary. | Colleyville |
| Ron Larson | Trustee 12-30-08 / 9-01-13 Appointed by Governor Rick Perry. | Public member, volunteer firefighter, active in the pension. | El Paso |
| Dan Key | Trustee 12-30-08 / 9-01-13 Appointed by Governor Rick Perry. | Public member, volunteer firefighter, active in the pension. | Friendswood |

B. Describe the primary role and responsibilities of your policymaking body.

Role of the Statewide Board:

Each of the agency's statewide board members is appointed by the Governor. The members are responsible for serving as the governing body of the TESRS fund with the goal of enhancing and promoting the professional management of the fund. The fund is established statutorily to provide retirement and other benefits to participants and beneficiaries who have served the state and its citizens. Trustees are required to adhere to responsibilities toward the stewardship of funds entrusted to their administration and to discharge their duties solely in the interest of the fund, its beneficiaries and participants. Per Chapter 551 of the Texas Government Code, the statewide board is subject to the Texas Open Meetings Law.

Specific Responsibilities

The following are the board's requirements as stipulated in Texas Government Code Sec. 865.05:

- A. The agency's statewide board is required by law to hire an actuary, certified public accountant and investment and consultant staff to help manage the fund. These personnel are paid out of the investment fund.
- B. State law also requires the board to adopt rules to govern its administration of the fund and to provide a proration of requirements for members serving only a portion of a calendar year.
- C. The board is required to adopt rules necessary for and adhere to the administration of the assets of the fund.
- D. Any existing surpluses of the fund are required to be invested by the board.
- E. The board is given statutory authority to vote on the computation and eligibility of a service retirement annuity, cost of living increase and lump sum payments for annuitants. Agency statute stipulates that a majority vote is required by the board to enact changes to these measures.

C. How is the chair selected?

As provided for in Texas Administrative Code, the board's rules stipulate that board members must elect a Chair, Vice Chair and Secretary at their last regularly held December meeting each year. Terms for these officers begin on September 1st following their election.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

The board has overseen the increase in actuarial value of assets on a yearly basis over the past decade. In 2002, the level of pension funding stood at \$32.8 million, and has increased steadily to \$69.1 million in 2010. Growth in the number of departments who contribute to the fund has also seen a steady increase statewide. Since 1990, the number of volunteer fire departments in TESRS has increased from 100 to 200.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2010? In FY 2011?

As stipulated in the Texas Emergency Services Retirement System (TESRS) the statewide board meetings occur on a quarterly basis. During FY 2010 and FY 2011 the board of trustees met on the following dates:

FY 2010

- December 10, 2009
- February 25, 2010
- May 13, 2010
- August 30, 2010

FY 2011

- December 9, 2010
- February 24, 2011
- May 24, 2011
- August 31, 2011

F. What type of training do members of your agency's policymaking body receive?

Trustees of the agency's statewide board are statutorily responsible for developing and maintaining their skills and competence related to managing the fund. There are two main non-profit organizations in which trustees may participate to enhance fiduciary training.

Texas Association of Public Employee Retirement Systems (TEXPERS)

Formed in 1989, TEXPERS offers trustees who manage municipal pensions, such as fire fighters and police officers, a variety of fund management resources and services. Through two conferences held each year, and the three-part Certified Trustee Training Program, trustees gain detailed training on topics ranging from legal and ethical issues to actuarial and investment trends and practices.

Certificate of Achievement in Public Plan Policy (CAPPP)

The CAPPP program, administered by the Foundation of Employee Benefit Plans, was formed in 1947. Via an 8-module program, trustees are taught a variety of topics including board governance, the regulatory and legislative environment, actuarial principles, investment concepts and aspects of pension plan design.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

The duties of the statewide board of trustees are set forth in Section 865 of Government Code, and thus there are no specific agency policies describing individual board roles.

The agency does maintain a staff position, whose title is Board Manager. The role of the board manager is as follows:

- Assisting in establishing the agendas for the upcoming board meetings.
- Coordinating travel arrangements for board members.
- Facilitating research requests members may have regarding Government Code or rules.
- Liaising between the board and the agency.
- Aid in administering the TESRS fund to annuitants and their beneficiaries.
- Represents the agency at various conferences.
- Recruit and educate volunteer fire departments to join the fund.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

Commissioner's Report: The Fire Fighters' Pension Commissioner provides the board with a report each quarterly meeting, which contains the following:

- State of the agency address.
- Budget and administration report, covering general budget issues and agency functions.
- Legislative hearings update regarding legislation affecting the board or agency.
- Department presentations and review of contribution rates.
- Upcoming meetings and conferences of importance to the board.

Agency Accountant's Quarterly Report to the Board

The agency employs an accountant, who is the fiscal manager for the agency's funds. This position is responsible for providing a report each time the board meets, containing the following:

- State of the agency’s finances.
- Quarterly non-appropriated budget report.
- Review of accounting spreadsheets.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

Trustees, pursuant to open meetings laws, conduct their quarterly meetings openly and post notice of the meetings on the Secretary of State’s website. At the end of each meeting agenda, time is allotted for public testimony. Should members of the public provide input on recommended changes or amendments to rules, the board would determine whether to take action and could ultimately vote on the matter in one of the quarterly meetings.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart. See Exhibit 4 Example or [click here to link directly to the example](#).

| Fire Fighters’ Pension Commission | | | |
|---|---|---|--|
| Exhibit 4: Subcommittees and Advisory Committees | | | |
| Name of Subcommittee or Advisory Committee | Size/Composition/How are members appointed? | Purpose/Duties | Legal Basis for Committee |
| Actuarial and Audit Committee | Three board trustees appointed by the Board Chairman. | The Actuarial Committee focuses on any actuarial issues which would affect the fund. | The board has rulemaking authority statutorily to administer the fund. |
| Evaluation and Rules Committee | Two board trustees appointed by the Board Chairman. | The Evaluation Committee makes recommendations concerning the Commissioner and generates rule | The board has rulemaking authority statutorily to administer the |

| | | | |
|-----------------------|---|--|--|
| | | changes proposed for acceptance by the full board. | fund. |
| Investment Committee | Three board trustees appointed by the Board Chairman. | The focus of the Investment Committee is on money matters and investment policy. | The board has rulemaking authority statutorily to administer the fund. |
| Legislative Committee | Four board trustees appointed by the Board Chairman. | The Legislative Committee monitors policy changes which may affect the board. | The board has rulemaking authority statutorily to administer the fund. |

V. FUNDING

A. Provide a brief description of your agency's funding.

The Fire Fighters' Pension Commission funding is distributed from legislative appropriations for the purpose of administering two separate pension programs:

1. TESRS is a pooled investment fund created for the benefit of the volunteer fire fighters in Texas. As the administrator of the system, the agency collects funds in the form of contributions from local governing entities which are deposited into the Texas Comptroller of Public Accounts Fund No. 0976. The money in this fund, from fiscal year to fiscal year, is the account balance from which the agency's statewide board operates and the agency's monthly payroll to volunteer fire fighter annuitants is paid. The agency administers the fund, while the board invests the fun. The agency also calculates benefits, and issues payments to retirees and their beneficiaries each month. The costs for the agency to ensure that its administrative duties are accomplished are funded by the Legislature from General Revenue under Article I (General Government).
2. TLFFRA is the second entity with which the agency is involved. The agency provides administrative support for 121 paid and volunteer departments across Texas, in a number of ways, as required by statute. The costs of TLFFRA oversight duties are also funded from General Revenue along with appropriated receipts, under Article I (General Government). The agency's budget utilizes appropriated receipts recouped for the purpose of covering required education services in which the agency is involved.

The agency does not collect or use any federal funds or any type of grants. The current requirement in the General Appropriations Act for agency FTE's is no more than 8.5. While this number presently allows the Commission to operate effectively using electronic reporting efficiencies and sound accounting practices, increasing the number of departments in TESRS and the ever increasing demands on the agency regarding TLFFRA, an increase in FTE's in the foreseeable future is probable.

B. List all riders that significantly impact your agency's budget.

For the current 2010-2011 biennium and the upcoming 2012-2013 biennium the agency had one rider, informational in nature only, explaining an amount of appropriated funds for the purposes of a web-accessibility project (\$87,500 per biennium).

C. Show your agency's expenditures by strategy. See Exhibit 5 Example or [click here to link directly to the example.](#)

Fire Fighters' Pension Commission
Exhibit 5: Expenditures by Strategy - Fiscal Year 2010 (Actual)

| Goal/Strategy | Total Amount | Contract Expenditures Included in Total Amount |
|---|---------------------|---|
| A 1.1 Administer the pension fund for volunteer firefighters and emergency personnel. | \$554,072.80 | \$120,299 |
| A 2.1 Assist and educate local pension boards. | \$213,337.68 | \$25,211.59 |
| GRAND TOTAL: | \$767,410.48 | \$145,510.59 |

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2010-2011. See Exhibit 6 Example or [click here to link directly to the example](#). Add columns and rows as necessary.

Fire Fighters' Pension Commission
Exhibit 6: Objects of Expense by Program or Function - Fiscal Year 2010 (Actual)

| Object-of-Expense | FY 2010 Amount |
|--------------------------------|----------------|
| Salaries and Wages | \$404,858.76 |
| Other Personnel Costs | \$28,787.14 |
| Professional Fees and Services | \$224,065.93 |

| | |
|--------------------------|---------------------|
| | |
| Consumable Supplies | \$7,869.20 |
| Travel | \$34,536.42 |
| Rent- Machine and Other | \$26,721.74 |
| Other Operating Expenses | \$40,571.29 |
| TOTAL | \$767,410.48 |

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines. See Exhibit 7 Example or [click here to link directly to the example](#).

| Fire Fighters' Pension Commission | |
|--|----------------------|
| Exhibit 7: Sources of Revenue - Fiscal Year 2010 (Actual) | |
| Source | Amount |
| State General Revenue Fund | \$726,682.60 |
| Appropriated Receipts | \$40,727.88 |
| TOTAL | \$ 767,410.48 |

| | |
|--|--|
| | |
|--|--|

F. If you receive funds from multiple federal programs, show the types of federal funding sources. See Exhibit 8 Example or [click here to link directly to the example](#).

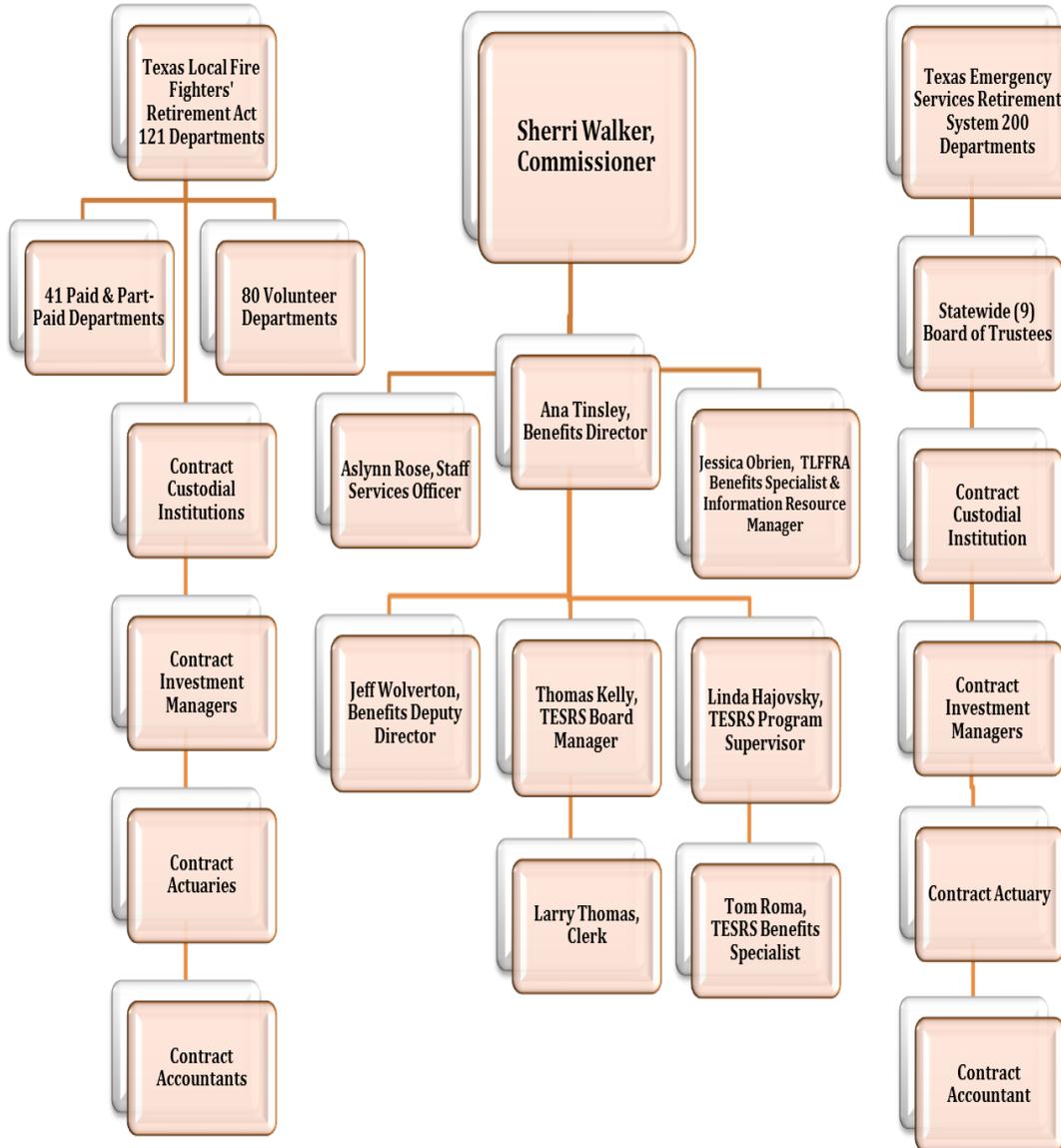
The Fire Fighters' Pension Commission receives no funding from federal sources.

G. If applicable, provide detailed information on fees collected by your agency. See Exhibit 9 Example or [click here to link directly to the example](#).

| Fire Fighters' Pension Commissioner | | | | |
|--|---|---|------------------------|---|
| Exhibit 9: Fee Revenue - Fiscal Year 2010 | | | | |
| Fee Description/ Program/ Statutory Citation | Current Fee/ Statutory maximum | Number of persons or entities paying fee | Fee Revenue | Where Fee Revenue is Deposited (e.g. General Revenue Fund) |
| The agency is required to request certain reports from local boards. Fees are assessed and collected by the agency as a penalty for late reports. (Texas Administrative Code Title 34, Public Finance Part 11, Chapter 310.9.) | \$500 for the initial late fee and a fee of \$100 for each subsequent month the report is late. | 13 contributing entities | \$6,500 | Per Government Code section 865.016, penalties recovered by the agency are required to be deposited in the Texas Emergency Services Retirement System Fund. |

VI. ORGANIZATION

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.



B. If applicable, fill in the chart below listing field or regional offices. See Exhibit 10 Example or [click here to link directly to the example.](#)

| Fire Fighters' Pension Commission | | | |
|--|--|---|--|
| Exhibit 10: FTEs by Location - Fiscal Year 2010 | | | |
| Headquarters, Region, or Field Office | Location | Number of Budgeted FTEs, FY 2010 | Number of Actual FTEs as of August 31, 2010 |
| Fire Fighters' Pension Commission | E. O. Thompson Bldg., 11th Floor 920 Colorado Street Austin, TX. 78701 | 8.5 | 8.5 |
| TOTAL | | 8.5 | 8.5 |

C. What are your agency's FTE caps for fiscal years 2010-2013?

As mandated by the General Appropriations Act, the following are the FTE caps for Fiscal Years 2010 through 2013:

- FY 2010: 8.5
- FY 2011: 8.5
- FY 2012: 8.5
- FY 2013: 8.5

D. How many temporary or contract employees did your agency have as of August 31, 2010?

As of August 31st 2010, the agency had the following contractual entities:

- A full-time Accountant.
- State Office of Risk Management contract for workforce safety.
- Contract with the Texas State Library for document storage.
- A contract with Dell Inc., for computer equipment.
- A contract with Cannon, a copier services company.
- An IT contract for a support group.
- A scanning contract with a company who facilitated annuitant forms.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program. See Exhibit 11 Example [or click here to link directly to the example.](#)

| Fire Fighters' Pension Commission | | |
|---|----------------------------|---------------------|
| Exhibit 11: List of Program FTEs and Expenditures - Fiscal Year 2010 | | |
| Program | FTEs as of August 31, 2010 | Actual Expenditures |
| <p>Administer the pension fund for volunteer firefighters and emergency personnel.</p> <ul style="list-style-type: none"> • TESRS monthly payroll • Quarterly statewide board meetings | 4 | \$554,072.80 |
| <p>Assist and educate local pension boards:</p> <ul style="list-style-type: none"> • Department oversight duties • Educational programs | 4.5 | \$213,337.68 |
| TOTAL | 8.5 | \$767,410.48 |

VII. GUIDE TO AGENCY PROGRAMS

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

A. Provide the following information at the beginning of each program description.

| | |
|--------------------------------------|--|
| Name of Program or Function | Texas Emergency Services Retirement System |
| Location/Division | Agency Headquarters in Austin, Texas. |
| Contact Name | Linda Hajovsky, Program Administrator |
| Actual Expenditures, FY 2010 | \$554,072.80 |
| Number of FTEs as of August 31, 2010 | 8.5 |

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of administering the TESRS benefit system, the core function of the agency, is to ensure that *every* month the approximately 2,700 annuitants receive their monthly retirement check through the payroll process housed within our agency and in conjunction with the Texas Comptroller of Public Accounts. These retirement monies are paid out of a retirement fund which is managed by the statewide Board of Trustees, and is delivered in the form of a paycheck either electronically deposited or sent via postal mail, whichever option the annuitant chooses.

The major activities involved in achieving this program's objectives are a payroll process which our agency must properly complete each month, in conjunction with the statutory requirements of the pension laid out in the Government Code, Sections 861 through 865. Integral to this procedure is the proper completion, filing and processing of the various required forms which accompany the payroll function including new entries, vested terminated, and death benefit payout forms.

Customer services is also a key activity as our agency must be alert and aware of the questions of annuitants via phone, email, postal mail and in person from day to day as needs arise. Finally, a continual awareness of the laws and any changes to them is necessary to ensure the TESRS pension program is properly administered.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

A major indicator of the agency's efficiency in administering the TESRS payroll program is the monthly payroll being met consistently. This payroll process also occurs within the agency's mandated FTE cap in spite of continual growth of pension annuitants. Proof of the program's effectiveness can be seen in the technological upgrades the system has seen in the last few years.

The agency has gone from a manual bookkeeping process to administer the payroll to an automated, online database driven system which utilizes the FFPC website via a secured portal. The agency also uses an electronic documentation storage system known as "Infodocs," in which the various process forms are received, scanned and stored electronically as a paper and file pace saving mechanism.

Additionally, the staff members at the agency who are responsible for ensuring the payroll is delivered in a timely fashion pride themselves on keeping apprised of the statutory plan changes and legislative process as these changes are made.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

An important way in which the TESRS payroll function has drastically changed has been through the implementation of the payroll system. The record keeping system has literally been upgraded from an annual system, in which hard copy books and records were used to process the monthly TESRS payroll, to an automated process through the agency's TESRS Online Pension System (TOPS).

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This program affects the approximately 2,700 retired, eligible volunteer fire fighters and auxiliary emergency services personnel who have vested in the system over time by receiving checks. The system also benefits these volunteer fire fighters in two other ways, their beneficiaries. Beneficiaries may receive a death benefit should a fire fighter be killed in the line of duty. Second, beneficiaries designated by a fire fighter would receive a portion of a deceased fire fighter's pension.

The payroll function housed within the agency and administered by its employees covers all of the above scenarios on a monthly basis.

TESRS also aids the general welfare of the community by serving as a recruitment and retaining tool for communities across Texas.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The payroll for the pension checks occurs monthly, via a secured online portal known internally as "TOPS." This system activates the database of those who are considered to be vested, and is sent to our agency accountant for vetting to compare the payroll to the last month as a discrepancy check and balance. From there, the payroll database is sent to the Comptroller of Public Accounts using the secured portal known as Uniform Statewide Accounting System (USAS), where the paychecks are physically generated.

For annuitants who receive an electronic deposit (approximately half), the funds are sent to their accounts automatically. The remaining hard-copy checks are sent to the updated addresses of annuitants in the system, through the Texas Facilities Commission mail services department.

The TOPS system also provides a payment of death benefits in the event of on-duty and off-duty member deaths. Also, a "13th-check" is provided by some departments to their members as a bonus, or extra holiday payment, in the amount of their monthly pension.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

No federal grants are sent to the agency for use in the TESRS program. The fund exists through quarterly contributions by the individual departments which are sent to the agency for depositing into a fund held with the Comptroller of Public Accounts.

Each department who participates is statutorily required to have a minimum of 10 members upon entering the system and pay a minimum of \$36 per member/per month. Contributions vary depending on the number of members in each department, and whether they contribute the minimum or greater amounts.

H. Identify any programs, internal or external to your agency, which provides identical or similar services or functions. Describe the similarities and differences.

No programs within our agency are duplicative. The TLFRRRA education and oversight responsibilities are separate from the TESRS pension payroll function.

A private corporation does exist nationally, called Volunteer Fire Insurance Services, which caters to volunteer fire and EMS personnel and provides a variety of insurance options, and a long term reward for service, at a set cost.

The difference between TESRS and this company's service is that TESRS is a pension system, which provides a retirement pension, death and disability insurance at no cost. Volunteer members within TESRS are free to choose this service, as they are any supplemental company's services, if they choose to pay the additional fees required.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Since the services we provide are not identical to the entity as described in section H above, there is no conflict or duplication taking place. The Fire Fighters' Pension Commission is exclusive in its providing an annuity at no cost to its members.

There is no contractual or interagency business between the agency and any other entity of similar provision.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The agency deals with local tax paying entities who contribute to the pension fund for their members. Contributing entities are comprised mostly of cities, with counties and emergency services districts also participating.

The agency deals on a daily basis with the personnel of these entities as they have procedural questions or need various forms or processes complete. Beyond the procedural functions of dealing with the contributing entities, the agency does not deal with any federal entities or other municipal entities.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2010;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **A short description of any current contracting problems.**

Total Expenditures for FY 2010: \$110,675.08

Total Contracts for the Program: 7

- Accounting Services
- SORM Compliance
- Texas State Library Services
- Dell Computer Equipment
- Copier Equipment and Services
- IT Support for the Agency
- Scanning Services

The estimated contract expenditures for this program amount to approximately 92% of the overall strategy of administering the TESRS pension fund.

The purpose of the contracts for this program is to procure sufficient equipment and personnel needed to administer the TESRS monthly payroll process for volunteer firefighters and EMS personnel.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Require that departments are out of actuarial or audit compliance, they must move from TLFRA into TESRS automatically.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

An additional area of the TESRS pension fund that would better help explain its operation most smoothly would be in the area of Information Technology.

The TESRS database exists on a dedicated server with the following specifications:

- CPU – Intel Xeon 3.6 GHz Dual Core Processor.
- Space – (2) 73 GB drive in a RAID 1 configuration.
- OS Version – Windows 2003.
- Network Speed – 1 Gb/s.
- Network Type – Ethernet.

Software:

- Windows Server 2003 operating system - 5 user licenses.
- Microsoft SQL 2005 - 5 licenses provided by Currey and Adkins Hosting Company.
- Trend Micro Anti-Virus.
- Remote desktop access.
- Front Page Extensions.
- Crystal Reports.
- .Net 2003.
- FrontPage 2003.

The current custom TESRS Online Pension System (TOPS) database was created in 2006 with .Net 2003, crystal reporting and SQL Server 2008. This uniquely designed database consists of 193 tables, 131 screens, and an estimated 95 reports which include sub-level reports. TOPS host information for 200 TESRS departments: 18,836 participant records including active and vested/non-vested, and 2,679 payee records.

The current functionality of TOPS allows performance of the following key functions:

- Generate data for the actuarial study.
- Manage factors for internal application use including tax withholding tables, contribution rates and other tables.
- Manage department information.
- Process the monthly payroll for annuitants and beneficiaries.
- Process invoices sent to departments.
- Generate data files to the agency accountant and to the Comptroller's office.
- Manage benefit payments and adjustments.
- Manage and setup participants, retirees and widows.
- Create benefit estimates and generate benefit statements.
- Generate quarterly member reconciliation report statements.

Administrative privileges are only assigned to agency staff who may edit data and run existing reports. Agency staff only access data authorized by permissions set by an administrator and to create login credentials for fund users.

Fund users are volunteer departments who have access to the online website. Approximately 600 members of local departments input data, edit, and terminate volunteers into a database using any public computer on a weekly basis.

Room for improvement: The agency's .Net and Crystal Reports online support systems are being supported by old and outdated software. The agency will need additional funding to update this database environment. The result of this upgrade would enable the agency to preserve our backups and obtain additional web security.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **Procedures for handling consumer/public complaints against regulated entities.**

N/A. The agency is not affiliated with regulatory or licensing programs or entities.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

N/A.

VII. Guide to Agency Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

A. Provide the following information at the beginning of each program description.

| | |
|--------------------------------------|--|
| Name of Program or Function | Board of Trustees and Quarterly Meetings |
| Location/Division | Agency Headquarters in Austin, Texas. |
| Contact Name | Thomas Kelly, Board Manager |
| Actual Expenditures, FY 2010 | \$554,072.80 |
| Number of FTEs as of August 31, 2010 | 8 |

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the board meetings are to adhere to the statutory duties required of the members of the board. These duties include the following:

- Vote on rulemaking changes pertinent to investing the fund.
- Meeting with financial advisors and money managers.
- Receive updates from the Commissioner.
- Hearing any public testimony, or testimony from local boards responsible for processing the local level fund duties.
- Organizing into committees to handle actuarial matters.
- Producing an actuarial evaluation of the fund every two years.
- Review legislative pension updates and issues related to the fund.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Success in increasing the fund is the area in which our statewide board has proven its efficiency and effectiveness.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The board history listed in previous sections of the SER is sufficient. No major changes have happened in the evolution of the statewide board since the statute is explicit in the way in which the board must operate.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This program operates the fund which currently affects volunteer fire fighters and emergency services staff and their support personnel. Presently there are close to 4,200 active, 2,200 vested terminated and 2,700 retirees who are served by this program.

As the plan design is universal for all departments involved, the eligibility requirements to be a part of the fund are uniform.

To join TESRS, fire departments and/or emergency services departments must adhere to the following:

- A local municipality agrees to enter into a contractual agreement with the agency to pay the statutory minimum per month for each member.
- A department must have at least 10 members.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The quarterly board meets in Austin at the appropriate location to accommodate the board and the public, usually determined by the board. One of the quarterly meetings takes place in an alternate city, also chosen by the board and historically where one of the members lives.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funds used by the agency to administer the TESRS program come from a legislative appropriation of general revenue. In FY 2010, this amount was \$554,072.80.

In addition to the general revenue appropriation, the TESRS fund is required by statute (Government Code 865.015) to receive a yearly contribution from the state should the pension not be actuarially sound. This amount must not be greater than 1/3 of the contributions from local entities into the fund for a given year. There is no general revenue dedicated, other funds or federal fund related to the program's expenditures.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

No other agency does exactly the same thing- providing no cost benefits at the level which we provide. Members are statutorily exempt from contributing; local entities are required to contribute on behalf of the volunteers. The spirit of the law in this regard is aimed at being a reward, and appreciation, for partaking in volunteer fire service.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The board adheres to the statutory requirements of administering its pension for the purpose of the volunteer service men and women and in this way it ensures a uniquely designed program which is not replicated by other entities.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Administration of the TESRS fund program requires that the agency enter into contract with local cities or entities who agree to levy taxes and pay the statutorily required contribution per member into the fund. Presently, this contribution amount is \$36 per member/per month.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2010;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance;**
- **and**
- **a short description of any current contracting problems.**

Total Expenditures for FY 2010: \$9,623.92

Total Contracts for the Program: 7

- Accounting Services
- SORM compliance
- Texas State Library Services
- Dell Computer Equipment
- Copier Equipment and Services
- IT Support for the Agency
- Scanning Services

The estimated contract expenditures for this program amount to approximately 8% of the overall strategy of administering the TESRS pension fund.

The purpose of the contracts for this program is to procure sufficient equipment and personnel needed to support the functions of the TESRS statewide board quarterly meetings.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Since the TESRS statewide board has much authority delegated by statute, and the plan specifics are clearly detailed in statute, major statutory changes are not needed in the board meeting program of our agency.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

In the area of information technology, the statewide board also utilizes the following tool which helps administer the fund efficiently. The TESRS Board Web is also hosted on a dedicated server and was created using .net 2005 with SQL Reporting Services and SQL Server 2008 Database. It consists of 45 tables, 28 screens and 7 reports.

The TESRS Board Web provides information to the nine TESRS board members. The selected programmer assists with and maintains this site to accommodate any changes.

Board Web functions include:

- Managing agendas.
- Sharing documents with the TESRS board members.
- Posting private content for the TESRS board members.
- Managing user access.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A. The agency is not affiliated with regulatory or licensing programs or entities.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

N/A.

VII. Guide to Agency Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

A. Provide the following information at the beginning of each program description.

| | |
|--------------------------------------|---|
| Name of Program or Function | Local Firefighters' Retirement Fund Oversight |
| Location/Division | Agency Headquarters in Austin, Texas. |
| Contact Name | Ana Tinsley, Benefits Director |
| Actual Expenditures, FY 2010 | \$213,337.68 |
| Number of FTEs as of August 31, 2010 | 8 |

B. What is the objective of this program or function? Describe the major activities performed under this program.

The purpose of the TLFFRA oversight program is to meet the statutory obligations the agency has in assisting paid fire departments by providing technical assistance to members in the form of opinions and appeals hearing judgments relating to aspects of their individual pension plans. Typically, the general number of opinions generated by the agency is greater than that of the more lengthy appeals hearings process.

The program also serves to provide a total of 41 paid city departments and 80 volunteer departments with records administration, auditing, record storage, and an annual review of financial reports, all of which strengthen their pension expertise and administration. Per the

agency's mission, the purpose of these services is also to ensure sound leadership, growing expertise, and dedication to the TLFFRA statute in providing departmental support.

Meetings held by the Commissioner to gain the input of the TLFFRA local board members is an additional oversight responsibility which the agency performs. The purpose of these meetings, held at the agency headquarters in Austin, is to enable the agency to gain insight into any questions, concerns or praise with which a department is dealing.

The most recent of these meetings, held in July of 2011, saw 16 of the 41 paid departments under the TLFFRA system represented in person and via phone conference.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

The effectiveness of the agency's oversight program is evident in the following key areas:

Departmental input meetings achieve efficiency by accomplishing two critical goals in one step:

1. Illustrating that the departments have an accessible ally in the Commissioner and agency staff, and;
2. Enabling inclusion of the departmental input into the agency's statutory and budget considerations for upcoming legislative sessions.

In the area of records management and storage, the retention of electronically stored files provides for three achieved efficiencies:

1. Eases access to files for all agency staff.
2. Greatly reduces paper and printing costs for the agency.
3. Facilitates increased transparency to members of the public by scanning, emailing and web-posting information.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The TLFFRA system, when first created in the 1930s, contained both paid and volunteer departments. Since the creation of TESRS, in 1977, many of the volunteer departments that were originally in TLFFRA have migrated into TESRS via contract, to take advantage of the improved pension benefits.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The TLFFRA oversight program benefits local fire fighter pension boards and members of the plan both active and retired. As long as departments elect to enter into the TLFFRA pension system, they are covered by the TLFFRA statute and eligible for the oversight services provided by the agency.

TLFFRA statute prescribes that local paid and volunteer boards must consist of membership of local municipalities, serve specific terms, elect officers and provide rules on voting procedures for these members.

As of the end of FY 2009, there were 6,657 active members and 4,064 beneficiaries covered under the TLFFRA system statewide.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The opinion oversight for departments under the TLFFRA purview is provided for through a process in which board members may solicit an opinion from the Commissioner, regarding any number of questions that may arise involving various aspects of their departmental plan. As allowed for statutorily, the Commissioner researches applicable laws and rules, consults with attorneys, and drafts letters and documents of opinion to provide to the board members.

Additionally, appeals hearings are provided for statutorily and occur in concert with the State Office of Administrative Hearings, (SOAH) who schedules the hearings and provides a SOAH judge. This judge presides over the proceedings and offers a ruling. The Commissioner reviews the SOAH judge's finding and issues a final decision that will either concur or overrule the SOAH judge's finding.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The oversight responsibilities for the agency are provided for solely through the appropriation of general revenue in the legislative appropriations process. In FY 2010, the agency appropriations for this program amounted to \$210,632.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

There are two entities which are not state funded, who provided similar pension services.

The Texas Municipal Retirement System provides pension services to employees of cities.

The Texas County and District Retirement System, provides pension services to employees of counties and districts.

While these entities are similar in that they provide pensions and pension services, they differ from the agency whose core statutorily required mission is to administer the pension of and serve fire fighters, their departments and beneficiaries.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

By adhering to TLFFRA law, the agency avoids duplication in acting on its duties specifically designed for assisting fire fighters and their boards.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The program works with the local boards and municipalities closely in providing the oversight responsibilities with which the agency is required to assist. The agency does not work with federal entities in administering this program.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2010;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance;
- and
- a short description of any current contracting problems.

Total Expenditures for FY 2010: \$20,421.39

Total Contracts for the Program: 7

- Accounting Services
- SORM compliance
- Texas State Library Services
- Dell Computer Equipment
- Copier Equipment and Services
- IT Support for the Agency
- Scanning Services

The estimated contract expenditures for this program amount to approximately 81% of the overall strategy of assisting and educating local TLFFRA boards.

The purpose of the contracts for this program is to procure sufficient equipment and personnel needed to support the local pension boards in TLFFRA with benefit determination appeals, opinions, and assistance with a variety of procedures to ensure that their document plans are compliant per IRS code.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

- Increasing the minimum contribution for municipalities under TLFFRA to 15%.
- The requirement that qualified domestic relations order (QDRO) language is added to the TLFFRA code, as it is in other areas of Texas Government Code, for consistency.

- In TLFFRA statute section 19.1, amending language to add the requirement that commissioners or designated members of an ESD's governing entity serve on a local fire fighter's retirement system board.
- Amend TLFFRA statute to require that volunteer departments under TLFFRA must provide annual proof to TLFFRA board members that they receive at least 16 hours of educational credit towards their pension fund.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The agency created the Trustee Secured Website in 2008 to allow departments to review and share confidential documentation information.

TLFFRA Secured Website functions enable the following procedures:

- Sharing of documents and presentations with TLFFRA funds.
- Manage annual reports.
- A total of 60 tables and 5 reports are included on over 37 screens.
- Manage user access for administrators at paid, part paid and volunteer levels.

TLFFRA Annual Report:

- An online portal was created for the 2010 reporting year to gather the following information from local boards: asset allocations, revenues, reporting of disbursements, and actuarial data.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A. The FFPC is not affiliated with regulatory or licensing programs or entities.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

N/A.

VII. Guide to Agency Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

A. Provide the following information at the beginning of each program description.

| | |
|--------------------------------------|--|
| Name of Program or Function | TLFFRA Educational Services |
| Location/Division | Agency Headquarters in Austin, Texas. |
| Contact Name | Sherri Walker, Ana Tinsley, Jessica O'Brien, Jeff Wolverton |
| Actual Expenditures, FY 2010 | \$213,337.68 |
| Number of FTEs as of August 31, 2010 | 8 |

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the TLFFRA educational program is to provide, through an annual conference, fund administrators and board of trustees training by qualified entities in the fields of investment management and administration.

Two major activities encompass the educational activities of the agency:

TLFFRA Conference: An annual statewide conference in which TLFFRA departments, members and vendors take part in a variety of investment meetings and workshops. Usually taking place over 2-3 days, the conference includes speakers on the topics of investment trends, ethics, technology and investing, construction of plan designs, media relations, and open records. The conference usually includes a variety of speakers from the actuarial and investment field and elected officials involved in the investment arena.

Peer Review: The Peer Review process is a method by which new trustees on local firefighter pension boards participate in a conference which provides them with a more focused, one-on-one training in a variety of investment topics. Taking place each year in April, and typically occurring in the Austin area, these smaller meetings are facilitated by a committee of veteran board members which the Commissioner assembles as the Peer Review Committee.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

The TLFFRA annual conference and Peer Review process are effective in providing plan board members with the most up to date and professional investment trends, as well as legislative insight.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

From 2005 through 2007, these educational conferences saw 606 attendees credited with continuing education in the public pension field. By 2009, the Killeen conference alone saw 178 attendees, as demand for the educational opportunities grew, including several plans not in under TLFFRA seeking this fiduciary training for their local boards.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The program affects the following under TLFFRA law:

- 80 volunteer departments statewide.

- 41 paid fire departments statewide. The eligibility of these departments to take part in the educational programs is simply to be a participating department under TLFFRA.

TLFFRA educational opportunities directly benefit the paid and volunteer fire fighters' improved knowledge of investment trends and practices and training opportunities. The educational programs also benefit the staff of the agency and its affiliates by providing them the opportunity to engage with and assist departments.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The TLFFRA educational conferences are administered as a collaborative effort by the following partnering entities:

- Agency staff and the Commissioner.
- Speakers and facilitators who conduct the various trainings.
- Vendors who work with the departments.
- A non-profit organization is involved in the planning of events.

There are no regional or field services as the educational programs are all administered through the agency at its Austin headquarters.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The educational responsibilities for the agency are provided for solely through the appropriation of general revenue in the legislative appropriations process. In FY 2010, the agency appropriations for this program amounted to \$210,632.

The agency also solicits the efforts of sponsors, including vendors and donors. There are five levels, ranging from \$1,500 – \$5,000 in which each donor receives a booth. Depending on the level they also become involved in certain conference activities.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

The agency is unique in that there is no statutorily created entity in Texas that provides pension benefits and administrative services for the exclusive use of fire fighters.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

By adhering to TLFFRA statute and gearing the conference curriculum to the specific investment need and benefit of local boards, the TLFFRA educational opportunities are unique in their mission and are not duplicated by other entities.

There are no interagency contracts or agreements related to these educational programs, however the agency does contract with the various vendors, sponsors and guest speakers who participate as mentioned above.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The agency does not work with any federal programs. TLFFRA educational programs are involved with local governmental entities: the regional boards which manage the municipal department pension plans. Since the agency exists expressly for their benefit, working with municipalities in planning and executing these programs is required throughout the year.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2010;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance;
- and
- a short description of any current contracting problems.

Total Expenditures for FY 2010: \$4,790.20

Total Contracts for the Program: 7

- Accounting Services
- SORM compliance
- Texas State Library Services
- Dell Computer Equipment
- Copier Equipment and Services
- IT Support for the Agency
- Scanning Services

The estimated contract expenditures for this program amount to approximately 19% of the overall strategy of assisting and educating local TLFFRA pension boards.

The purpose of the contracts for this program is to procure sufficient equipment and personnel needed to support the local pension boards in TLFFRA with growing their actuarial expertise and fund management through the conferences and seminars.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

The agency's bill pattern in the General Appropriations Act may need to be revisited by amending performance measures, to more realistically reflect the feasibility of TLFFRA educational conferences attendance goals.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and

- **procedures for handling consumer/public complaints against regulated entities.**

N/A. The agency is not affiliated with regulatory or licensing programs or entities.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

N/A.

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2007 - 2011, or earlier significant Attorney General opinions, that affect your agency's operations.

| Fire Fighters' Pension Commission Exhibit 13: Statutes/Attorney General Opinions | |
|---|--|
| Statutes | |
| Citation/Title | Authority/Impact on Agency (e.g., provides authority to license and regulate nursing home administrators) |
| Article 6243 (e): Vernon's Civil Statutes | This statute created the Texas Local Fire Fighters' Retirement Act (TLFFRA) which enables local pension boards to create plans and govern retirement funds for their departments. The laws also created the agency: establishing a Pension Commissioner and providing for their guidelines and responsibilities. |
| Texas Government Code - Chapters 861 through 865 | This statute, first established in 1977, created the Texas Emergency Services Retirement System which administers the pension fund created expressly for the volunteer fighter fighters of the state. The fund also creates and establishes rules for the statewide board, which is appointed by the |

| | |
|---|---|
| | Governor and oversees the investment of the pension. |
| Attorney General Opinions | |
| Attorney General Opinion No. | Impact on Agency |
| General Greg Abbott, Opinion # 272 - November 22, 2004 | The opinion requested an answer on whether the agency can impose a fee on TLFFRA departments who transfer into TESRS. The opinion summarized that the agency may not impose the fee since the Texas Administrative Code prohibits such fees. In the Legislative Session of 2005, the code was amended to require the fee. |

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). See Exhibit 14 Example or [click here to link directly to the example](#).

Fire Fighters' Pension Commission

Exhibit 14: 82nd Legislative Session Chart

Legislation Enacted – 82nd Legislative Session

| Bill Number | Author | Summary of Key Provisions |
|---|-----------------------------|--|
| <u>HB 2460</u> : Relating to confidentiality of information held by a public retirement system. | Representative Vicki Truitt | This bill amends Chapter 552 of the Government Code which relates to the confidentiality of information held by a public retirement system. The legislation seeks to apply the same open records laws and exceptions to local public retirement systems. TESRS and TLFRA are public retirement systems whose plans would fall under the category of public pension plans this law affects. |

Legislation Not Passed – 82nd Legislative Session

| Bill Number | Author | Summary of Key Provisions/Reason the Bill Did Not Pass |
|--|-----------------------------|--|
| <u>HJR 127</u> : Proposing a constitutional amendment prohibiting the use of state funds to pay for the obligations of a local public retirement system. | Representative Vicki Truitt | This proposed constitutional amendment would prohibit the state from using funds to assist local public retirement system obligations. This prohibition would directly affect the TESRS fund which currently has a stipulation requiring the state to pay a portion of obligations under certain circumstances. As a result, to protect from unintended consequences the bill might have had, the author withdrew the bill in recognition of keeping volunteer fire fighter pensions secure. |

| | | |
|---|------------------------------------|--|
| <p><u>HB 2542</u>: Relating to the powers and duties of the State Board of Trustees of the Texas Emergency Services Retirement System and of the Fire Fighters' Pension Commissioner.</p> | <p>Representative Vicki Truitt</p> | <p>This bill would have directly impacted TESRS, by amending language in the TESRS statute that removes lump sum payments from the provisions on which a majority of board members are required to vote. The bill also added the Legislative Budget Board as an agency to which the Commissioner is required to report the fund's financial status. The legislation did not pass as the bill was not fleshed out in time to meet session deadlines.</p> |
| <p><u>HB 2731</u>: Relating to contributions to, benefits from, and administration of certain public retirement systems; providing administrative penalties.</p> | <p>Representative Vicki Truitt</p> | <p>This legislation would directly impact the TESRS and local TLFFRA pension fund boards by increasing ethics requirements and disclosures to the Pension Review Board (PRB). The bill added additional rules, reporting requirements and penalties assessed to the purview of the PRB, under which the TLFFRA and TESRS funds would fall. While the positive intent of the bill was increased enforcement of ethics standards for pension boards, more thorough input from stakeholders was needed to complete the bill in time for the end of session.</p> |

IX. Policy Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. This section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions which can be enacted in state law. This section contains three components:

Brief Description of Issue.

Background. Include enough information to give context for the issue. Information helpful in building context includes:

- What specific problems or concerns are involved in this issue?
- Who does this issue affect?
- What is the agency's role related to the issue?
- Any previous legislative action related to the issue?

Possible Solutions and Impact. Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- How will the proposed solution fix the problem or issue?
- How will the proposed change impact any entities or interest groups?
- How will your agency's performance be impacted by the proposed change?
- What are the benefits of the recommended change?
- What are the possible drawbacks of the recommended change?
- What is the fiscal impact of the proposed change?

Complete this section for each policy issue. Copy and paste boxes A through C as many times as needed to discuss each issue. See Policy Issue Example or [click here to link directly to the example](#)

The following suggestions stem from the most recent meetings with board members and fire fighters in the TLFFRA system. Through their input, the following potential legislative changes are being considered by the agency:

ISSUE 1: Allowing board members to take office with no election if running unopposed.

A. Brief Description of Issue

Currently, per election code, board members must hold an election even if they are not opposed for the office they are seeking. Several of the departments have addressed this as unnecessary and would like to see it changed.

B. Discussion

This issue was tabled during the 2011 legislative session due to the more pressing agenda of the legislators. In the summer of 2011, following the session, this topic was brought to light as a way to potentially ease the hassle of elections by changing the statute for the local boards. The sentiment was unanimous among departments.

C. Possible Solutions and Impact

The change would require legislation to amend the election code to remove the requirement, giving local boards a cleanup provision which would make their election process run more smoothly. The fiscal impact of the change would be minimal to none.

ISSUE 2: Revising language in TLFFRA law to alter actuarial assumptions and rate changes.

A. Brief Description of Issue

Several departments have asked that language be amended regarding parity with the Texas Municipal Retirement System that has resulted in up to a 30% drop in their city's contributions. The language is found in TLFFRA statute section 29: Contributions.

B. Discussion

During the 2011 session, SB 350 was passed and resulted in several departments' feeling a negative impact in their contribution rates. Also, fire fighter board members have explained that this law resulted in the rate changes since actuarial assumptions were changed. Several board members expressed dissatisfaction with the changes.

C. Possible Solutions and Impact

Several of the local TLFFRA chairmen agreed that a change in the floor and ceiling percentage would be desirable. Members also added that this might be a change that would need to be vetted with TMRS in order for a mutually beneficial outcome to be achieved.

ISSUE 3: Reducing the frequency of the Pension Review Board audit.

A. Brief Description of Issue

TLFFRA department local boards have expressed interest in a reduction in the frequency of the Pension Review Board audit which is required annually.

B. Discussion

The suggestion for TLFFRA boards has been to change the cycle of the audit to every two years. The reasoning behind the reduced frequency would be to eliminate what is essentially a double expense required to pay an actuary and an audit each year.

C. Possible Solutions and Impact

A simple language change in the statute, with little to no fiscal impact, might make this change possible and result in relieving the local fire department boards in TLFFRA of a financial burden.

ISSUE 4: Strengthening clarification of board authority in TLFFRA statute.

A. Brief Description of Issue

TLFFRA local boards have indicated they would like to see a change in TLFFRA statute section 9 (f), which would ensure that it is clear the board is the authorizing entity throughout the law.

B. Discussion

TLFFRA department board members and chairman have indicated to the agency that strengthening this statute might make more uniform the otherwise individual action boards have taken in the past of adding certain clauses in their rules to address the issue.

C. Possible Solutions and Impact

The changes to this law would not affect the operations of the agency and would be achieved by legislation which would amend the statute. Fiscally the impact would be little to nothing.

ISSUE 5: Changing the cycle of determination letters in the Pick-up Contribution process.

A. Brief Description of Issue

TLFFRA boards have brought to the agency's attention that they would like to see a change in the cycle of the determination letter. This area of TLFFRA law is found in TLFFRA statute section 30, c-3: Pick up Contributions.

B. Discussion

Members specifically stated that a statutory change is needed since a determining letter is required before contributions can be taken out pre-tax. They also explained that certain departments in the state are also similarly concerned about this issue.

C. Possible Solutions and Impact

While the agency operation would not be affected by this change, it might be a statutory change that potentially requires further research of federal/ ERISA statutes.

ISSUE 6: Strengthen TLFRA statute to encourage more participation from board members.

A. Brief Description of Issue

TLFFRA board members have suggested changing TLFRA statute, section 19 (1-3). This law concerns the makeup of the boards of trustees. Members have stated that in their departments they have encountered situations in which the tardiness of members has become a problem, or that the governing entity members does not participate in board meetings.

B. Discussion

One consideration aired in light of this possible statute change was that the statute might need language which gives the board more teeth to force participation.

C. Possible Solutions and Impact

Amending the statute to include standards for attendance.

ISSUE 7: Allowing pension plan members to roll non-TLFFRA funds into TLFRA funds.

A. Brief Description of Issue

TLFFRA board members have suggested a revision in TLFRA statute section 11-c. The concern relates to why members are not able to roll a non-TLFFRA fund into a TLFRA fund

B. Discussion

A few board members have stated this might be an area in which there is a statutory conflict.

C. Possible Solutions and Impact

A further review of board input and number of incidences across the TLFFRA plans would need to be surveyed. Also, a thorough review would need to be conducted of each area of statute this change might impact.

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

| Fire Fighters’ Pension Commission Exhibit 15: Contacts | | | |
|---|--|------------------|--|
| INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions) | | | |
| Group or Association Name/ Contact Person | Address | Telephone | E-mail Address |
| State Firemen's and Fire Marshals' Association of Texas Chris Barron | 4450 Frontier Trail Austin, TX. 78745 | (512) 454-3473 | cbarron@sffma.org |
| Texas State Association of Fire Fighters Guy Turner | 627 Radam Lane Austin, TX. 78745 | (512) 326-5050 | gturner@tsaff.org |
| INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS (that serve as an information clearinghouse or regularly interact with your agency) | | | |

| Group or Association Name/ Contact Person | Address | Telephone | E-mail Address |
|---|---|------------------|--|
| Texas Association of Public Employee Retirement Systems (TEXPERS) Julie Vu | Two Riverway, Suite 360 Houston, TX. 77056 | (713) 622-8018 | texpers@texpers.org |
| INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS (that serve as an information clearinghouse or regularly interact with your agency) | | | |
| Agency Name/Relationship/ Contact Person | Address | Telephone | E-mail Address |
| Governor's Appointment Office Bekki Lammert | Address: 1100 San Jacinto Austin, TX. 78701 | (512) 463-1828 | blammert@governor.state.tx.us |
| Legislative Budget Board Demetrio Hernandez | Robert E. Johnson Bldg. Fifth Floor 1501 North Congress Austin, TX. 78701 | (512) 463-7611 | demetrio.hernandez@lbb.state.tx.us |
| Office of the Attorney General Kevin Heyburn | 209 W. 14 th Street Austin, TX. 78701 | (512) 475-4203 | kevin.heyburn@oag.state.tx.us |

| | | | |
|---|--|----------------|--|
| | | | |
| State Auditor's Office Kelly Ngaide | P. O. Box 12067 Austin, TX. 78711-2067 | (512) 936-9471 | KNgaide@sao.state.tx.us |
| Comptroller of Public Accounts Pamela Martinez | 111E. 17 th Austin, TX. 78701 | (512) 463-4871 | pamela.martinez@cpa.state.tx.us |
| State Pension Review Board Christopher Hanson | 300 W.15th St. Rm. 406 Austin, TX. 78701 | (512) 463-1736 | chris.hanson@prb.state.tx.us |
| State Office of Administrative Hearings Rommel Corro | 300 W. 15 th St. Austin, TX. 78701 | (512) 475-4892 | rommel.corro@soah.state.tx.us |
| Department of Information Resources Doug Holt | 300 W. 15th St. Ste. 1300 Austin, TX. 78701 | (512) 936-9261 | doug.holt@dir.state.tx.us |
| State Office of Risk Management Joseph Deering | 300 W.15th 6th Floor Austin, Tx.78701 | (512) 936-1568 | Joseph.Deering@sorm.state.tx.us |

XI. Additional Information

A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

TLFFRA statute contains provisions for the processing of complaints against the agency. The agency normally routes these complaints to the Commissioner, who follows the protocol outlined in the statute in responding to the complaint. In FY 2009 and 2010, no such complaints were received against the agency.

There is no provision for a complaints process within the TESRS statute, however like TLFFRA, complaints that come to the agency would be handled by routing to the Commissioner who would follow similar protocol for responding in a timely fashion.

| Fire Fighters' Pension Commission | | |
|---|----------------|----------------|
| Exhibit 16: Complaints Against the Agency Fiscal Years 2009 and 2010 | | |
| | FY 2009 | FY 2010 |
| Number of complaints received | N/A | N/A |
| Number of complaints resolved | N/A | N/A |
| Number of complaints dropped/found to be without merit | N/A | N/A |
| Number of complaints pending from prior years | N/A | N/A |
| Average time period for resolution of a complaint | N/A | N/A |

B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases. See Exhibit 17 Example or [click here to link directly to the example](#).

Fire Fighters' Pension Commission

Exhibit 17: Purchases from HUBs

| FISCAL YEAR 2008 | | | | |
|------------------------------|-----------------------|---------------------------|----------------|-----------------------|
| Category | Total \$ Spent | Total HUB \$ Spent | Percent | Statewide Goal |
| Heavy Construction | N/A | N/A | N/A | 11.9% |
| Building Construction | N/A | N/A | N/A | 26.1% |
| Special Trade | N/A | N/A | N/A | 57.2% |
| Professional Services | \$143,568 | \$0.00 | 0 | 20.0% |
| Other Services | \$511,704 | \$13,967 | 2.72% | 33.0% |
| Commodities | \$19,525 | \$8,361 | 42.8% | 12.6% |
| TOTAL | \$674,798 | \$22,328 | 3.30% | |

| FISCAL YEAR 2009 | | | | |
|------------------------------|-----------------------|---------------------------|----------------|-----------------------|
| Category | Total \$ Spent | Total HUB \$ Spent | Percent | Statewide Goal |
| Heavy Construction | N/A | N/A | N/A | 11.9% |
| Building Construction | N/A | N/A | N/A | 26.1% |
| Special Trade | N/A | N/A | N/A | 57.2% |
| Professional Services | \$230,385 | \$0.00 | 0 | 20.0% |
| Other Services | \$353,853 | \$11,576 | 3.27% | 33.0% |

| | | | | |
|------------------------------|-----------------------|---------------------------|----------------|-----------------------|
| Commodities | \$20,935 | \$4,456 | 21.2% | 12.6% |
| TOTAL | \$605,173 | \$16,032 | 2.64% | |
| FISCAL YEAR 2010 | | | | |
| Category | Total \$ Spent | Total HUB \$ Spent | Percent | Statewide Goal |
| Heavy Construction | N/A | N/A | N/A | 11.9% |
| Building Construction | N/A | N/A | N/A | 26.1% |
| Special Trade | \$790 | \$0.00 | 0 | 57.2% |
| Professional Services | \$138,321 | \$0.00 | 0 | 20.0% |
| Other Services | \$509,948 | \$13,037 | 2.55% | 33.0% |
| Commodities | \$36,017 | \$7,019 | 19.4% | 12.6% |
| TOTAL | \$685,077 | \$20,056 | 2.92% | |

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Sec. 2161.003; TAC Title 34, Part 1, rule 20.15b)

The agency maintains a HUB policy in compliance with the Comptroller of Public Accounts and Secretary of State statutes for contract expenditures. The agency purchasing protocol is to seek HUB contracts, in compliance with Texas Administrative Code (TAC) Title 34-1, rule 20.13, and to ensure compliance with TAC Title 34-1, rule 20.14 (contracts over \$100,000). Per TAC Title 34-1, rule 20.15, the agency's strategic plan reflects HUB statutory requirements for state purchasing.

D. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Sec. 2161.252; TAC Title 34, Part 1, rule 20.14)

The agency has one contract over \$100,000, which is for an accountant. The agency has complied with Texas Administrative Code in adhering to bid proposals required for such contracts.

E. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

N/A.

F. Fill in the chart below detailing your agency's Equal Employment Opportunity (EEO) statistics.¹ See Exhibit 18 Example or [click here to link directly to the example](#).

| Fire Fighters' Pension Commission | | | | | | | |
|--|------------------------|---------------------------------------|-------------------------------|-----------------|-------------------------------|---------------|-------------------------------|
| Exhibit 18: Equal Employment Opportunity Statistics | | | | | | | |
| FISCAL YEAR 2008 | | | | | | | |
| Job Category | Total Positions | Minority Workforce Percentages | | | | | |
| | | Black | | Hispanic | | Female | |
| | | Agency | Civilian Labor Force % | Agency | Civilian Labor Force % | Agency | Civilian Labor Force % |
| Officials/ Administration | 2 | 0 | 6.6% | 22% | 14.2% | 22% | 37.3% |

¹ The Service/Maintenance category includes three distinct occupational categories: Service/Maintenance, Para-Professionals, and Protective Services. Protective Service Workers and Para-Professionals are no longer reported as separate groups. Please submit the combined Service/Maintenance category totals, if available.

| Professional | 4 | 22% | 8.3% | 0 | 13.4% | 11% | 53.2% |
|---------------------------------|------------------------|---------------------------------------|-------------------------------|-----------------|-------------------------------|---------------|-------------------------------|
| Technical | 1 | 0 | 12.4% | 0 | 20.2% | 0 | 53.8% |
| Administrative Support | 2 | 0 | 11.2% | 22% | 24.1% | 22% | 64.7% |
| Service/Maintenance | N/A | N/A | 13.8% | N/A | 40.7% | N/A | 39.0% |
| Skilled Craft | N/A | N/A | 6.0% | N/A | 37.5% | N/A | 4.8% |
| FISCAL YEAR 2009 | | | | | | | |
| Job Category | Total Positions | Minority Workforce Percentages | | | | | |
| | | Black | | Hispanic | | Female | |
| | | Agency | Civilian Labor Force % | Agency | Civilian Labor Force % | Agency | Civilian Labor Force % |
| Officials/Administration | 2 | 0 | 9.0% | 8% | 23.7% | 17% | 38.8% |
| Professional | 3 | 17% | 11.7% | 0 | 19.9% | 8% | 54.5% |
| Technical | 1 | 0 | 17.0% | 0 | 27.0% | 0 | 55.6% |
| Administrative Support | 6 | 8% | 13.2% | 25% | 31.9% | 33% | 66.2% |
| Service/Maintenance | N/A | N/A | 12.8% | N/A | 44.8% | N/A | 39.7% |
| Skilled Craft | N/A | N/A | 5.1% | N/A | 46.9% | N/A | 5.1% |
| FISCAL YEAR 2010 | | | | | | | |
| | | | | | | | |

| Job Category | Total Positions | Minority Workforce Percentages | | | | | |
|----------------------------------|-----------------|--------------------------------|------------------------|----------|------------------------|--------|------------------------|
| | | Black | | Hispanic | | Female | |
| | | Agency | Civilian Labor Force % | Agency | Civilian Labor Force % | Agency | Civilian Labor Force % |
| Officials/ Administration | 2 | 0 | 7.5.0% | 10% | 21.17% | 20% | 37.5% |
| Professional | 4 | 20% | 9.7% | 10% | 18.8% | 20% | 53.3% |
| Technical | N/A | N/A | 13.9% | N/A | 27.1% | N/A | 53.9% |
| Administrative Support | 4 | 10% | 12.7% | 10% | 31.9% | 20% | 67.1% |
| Service/ Maintenance | N/A | N/A | 14.4% | N/A | 49.9% | N/A | 39.1% |
| Skilled Craft | N/A | N/A | 6.6% | N/A | 46.3% | N/A | 6.0% |

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

The agency does have an EEOC policy, which it provides at the start of each new employee's orientation and continues for each employee through the duration of their tenure at the agency. The agency's policy complies with procedures suggested by the U.S. Equal Employment Opportunity Commission in applicant screening, interview and selection.

XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

N/A.