



Restore Local Control of Municipal Retirement Systems

Over the years, more than a dozen municipal retirement systems have successfully petitioned the Legislature to get some or all of their pension plans preserved in state law. In doing so, these state-governed local retirement systems have effectively locked in plan elements like “contribution rates, benefit levels and the composition of their board of trustees” and locked out community stakeholders.

Putting Austin Between People and their Pension Plans

The Texas Bond Review Board’s report 2015 Guide to Public Retirement Systems in Texas identifies 13 municipal retirement systems that are “specifically enabled by state statute.” These local retirement systems have been codified under Article 6243, Vernon’s Texas Civil Statutes:

SOURCE: *Texas Pension Review Board*

Austin Employees’ Retirement System	Fort Worth Employees’ Retirement Fund
Austin Fire Fighters Relief & Retirement Fund	Galveston Employees’ Retirement Plan for Police
Austin Police Retirement System	Houston Firefighters’ Relief & Retirement Fund
Dallas Police & Fire Pension System–Combined	Houston Municipal Employees Pension System
Dallas Police & Fire Pension System–Supplemental	Houston Police Officer’s Pension System
El Paso Fireman’s Pension Fund	San Antonio Fire & Police Pension Fund
El Paso Police Pension Fund	

The process of establishing certain local retirement systems in state statute has effectively created a bureaucratic barrier for community stakeholders to overcome. It is not uncommon for interested parties lacking the right political connections in Austin to be unable to achieve reform in the limited stretch of a legislative session.

Even Trivial Changes Must Be Made at the Statehouse

Aside from the protectionist aspect of this policy, the current setup also means that even trivial and agreed-upon reforms have to make it through the legislative process before going into effect. One current example of this is an amicable agreement reached by Houston Mayor Annise Parker and the Houston Firefighters’ Relief & Retirement Fund (HFRRF).

Mayor Parker and the HFRRF recently announced a pension deal that would see each side make certain concessions in an effort to rehabilitate the city’s second largest retirement system. Though this agreement has been years in the making and both sides agree on it, there is still some uncertainty as to whether the matter is concluded since it must now successfully navigate the legislative process. This adds another layer of complexity that the system can do without.

To be fair, certain systems allow for some changes to be made locally, either through the meet-and-confer process or through procedures outlined in the enabling statute, but this is not universally applicable, as is evident with the HFRRF.

What House Bill 2608 Would Do

House Bill 2608 seeks to restore local control of state-governed municipal retirement systems by granting decision-making rights to the governing body of the sponsoring municipality. The bill allows for changes to be made locally via municipal ordinance or resolution.

What House Bill 2608 Wouldn’t Do

House Bill 2608 is singularly focused on restoring local control of state-governed municipal pension plans. The bill in no way affects a pension plan’s benefit levels, contribution rates, or makes any other structural changes. ★