

BILL ANALYSIS

Senate Research Center
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S.B. 1063
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill addresses two retirement issues that remained after legislation was passed last session to assist the Travis County Healthcare District (district) in transferring the federally qualified health center (FQHC) status, employees, and clinics from the City of Austin to the district. The 80th Texas Legislature enacted legislation that allowed the retirement plan of the district and the district's affiliated charitable organization, Central Texas Community Health Centers (CTCHC), to become proportionate with the City of Austin Employees Retirement System (COAERS). Two gaps appeared after this legislation was passed: how a district or CTCHC employee would re-establish service credit if that employee withdraws his or her money out of the district or CTCHC retirement plan, and whether CTCHC is an agency or instrumentality of a governmental unit for retirement purposes, and, therefore, clearly allowed to be proportionate with the COAERS under Employee Retirement Income Security Act (ERISA) requirements.

To address the first retirement issue, Section 1 of the bill permits district and CTCHC employees to reestablish service credit in the same way that participants in the Texas County and District Retirement System (TCDRS) and the Texas Municipal Retirement System (TMRS) do. The TCDRS and TMRS plans are more similar to the district and CTCHC plan, as these plans are not pure defined benefit plans, but are either hybrid defined contribution/defined benefit plans or are pure defined contribution plans. In the case of a defined benefit plan, an individual seeking to reestablish service credit would need to buy back his or her time at its actuarial value to help ensure the continued viability of the fund. This is not the case for the hybrid and defined contribution plans, in which the individual is entitled only to the funds that he or she deposited plus the employer's share, if vested in the plan. Therefore, this provision of the bill adds the district and CTCHC plans to the current provision addressing TCDRS and TMRS, in which an individual is required to send a letter requesting reestablishment rather than paying any money to reestablish service credit in those plans.

To address the second retirement issue, Section 2 of the bill determines that CTCHC is an agency or instrumentality of a governmental unit. This determination assists the district in obtaining an opinion from the U.S. Department of Labor that the district's plan is a governmental plan in which the CTCHC employees can participate without making the plan subject to ERISA. When the district obtains that opinion, it can implement its original plan that the transferring city employees become employees of CTCHC rather than being employed by the district, which is the current solution while awaiting the federal opinion.

As proposed, S.B. 1063 authorizes district and CTCHC employees to reestablish service credit in the same way that participants in TCDRS and TMRS do. The bill also provides that CTCHC is an agency or instrumentality of a governmental unit.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 803.203, Government Code, by amending Subsections (a), (c), and (e), and adding Subsection (h), as follows:

(a) Authorizes a person who is a member of a retirement system participating in the program provided by this chapter, except as provided by Subsection (g) (relating to a prohibition of the reestablishment of service credit under certain circumstances), to reestablish service credit, including prior service credit if applicable, previously canceled in another retirement system that is participating in the program provided by this chapter if the person, among other things, in the case of an employee to whom Section 803.204 (Combined Service Credit in Certain Systems) applies, does not have an open account with the employing hospital district, charitable organization, or administrative agency, as applicable, for which the person performed the service for which the credit is sought.

(c) Requires the retirement system in which the service credit was originally credited, except as provided by Subsection (f) (relating to the establishment of service credit in a public retirement system for municipal employees), to grant the service credit after receiving an application and a certification required by Subsection (b) (relating to the authorization of a person to reestablish service credit by filing an application) and, to reestablish service credit other than in the Texas County and District Retirement System, the Texas Municipal Retirement System, or the retirement system in which a hospital district, charitable organization, or administrative agency described by Section 803.204 participates, a contribution in the amount generally required to establish service credit in the system including any applicable interest and membership fees; among other actions. Makes conforming and nonsubstantive changes.

(e) Authorizes that service credit in the Texas County and District Retirement System, rather than service credit reestablished in the Texas County and District Retirement System, the Texas Municipal Retirement System, or the retirement system in which a hospital district, charitable organization, or administrative agency described by Section 803.204 participates that is reestablished under Subsection (c)(2) (relating to the reestablishment of service credit in certain systems) be used only to meet eligibility requirements for benefits. Provides that service credit reestablished in the Texas County and District Retirement System or the Texas Municipal Retirement System, rather than either system, under Subsection (c)(3) (relating to the reestablishment of current service credit in certain retirement systems) or (d) (relating to a one-time election to authorize the reestablishment of a service credit under this system) has the same value as service credit performed for the particular subdivision or municipality at the time of deposit.

(h) Provides that this section applies to an employee described by Section 803.204 on the date the federal government establishes as the effective date of the transfer of federally qualified health center status from a municipality described by Section 803.0021(1) (relating to the application of this chapter to a retirement system for general municipal employees in a municipality with a certain population) to a hospital district, charitable organization, or administrative agency described by Section 803.204.

SECTION 2. Amends Section 803.204, Government Code, by adding Subsection (d), to provide that for purposes of this section, a charitable organization created by a hospital district or an administrative agency created under Section 791.013 (Contract Supervision and Administration) is an agency or instrumentality of a governmental unit.

SECTION 3. Amends Section 61.056, Health and Safety Code, by adding Subsection (d), as follows:

(d) Authorizes a hospital district created in a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003, to provide health care services for eligible residents through the purchase of health coverage or other health benefits, including benefits described by Chapter 75 (Other Court Administration). Provides that for the purposes of this subsection, the board of managers of the district has the powers and duties provided to the commissioners court of a county under Chapter 75.

SECTION 4. Effective date: upon passage or September 1, 2009.