

Section 1

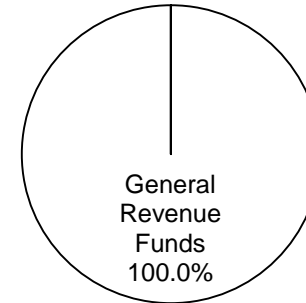
**Fire Fighters' Pension Commissioner
Summary of Recommendations - House**

Sherri Walker, Commissioner
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Pattie Featherston, LBB Analyst

Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$1,579,954	\$17,357,672	\$15,777,718	998.6%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,579,954</i>	<i>\$17,357,672</i>	<i>\$15,777,718</i>	<i>998.6%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$83,997	\$0	(\$83,997)	(100.0%)
All Funds	\$1,663,951	\$17,357,672	\$15,693,721	943.2%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	8.5	0.0	(8.5)	(100.0%)

The bill pattern for this agency (2014-15 Recommended) represents an estimated 17.4% of the agency's estimated total available funds for the 2014-15 biennium.

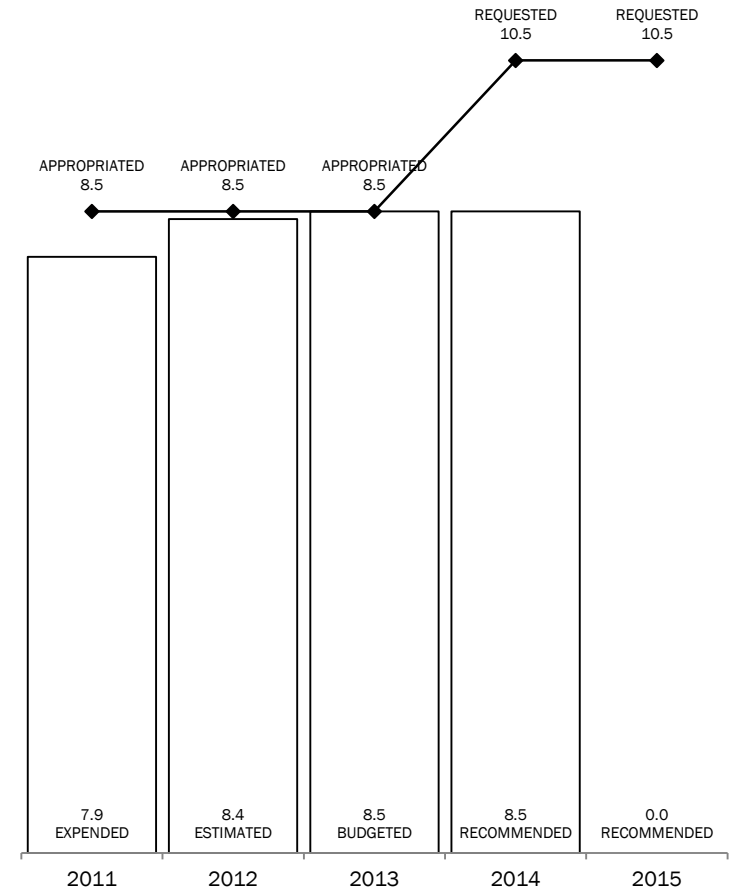
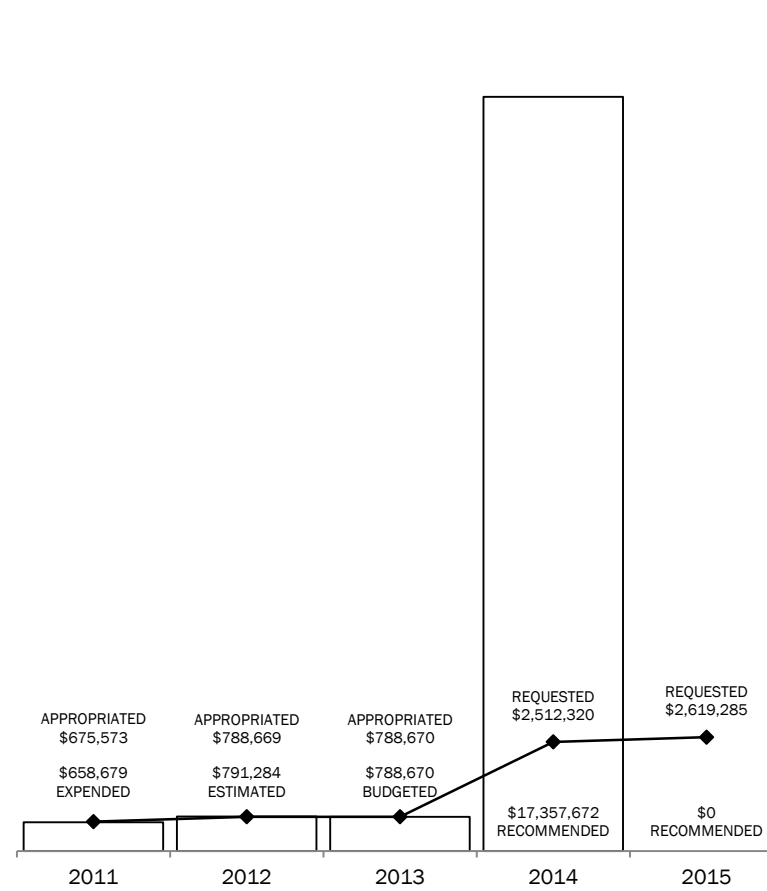
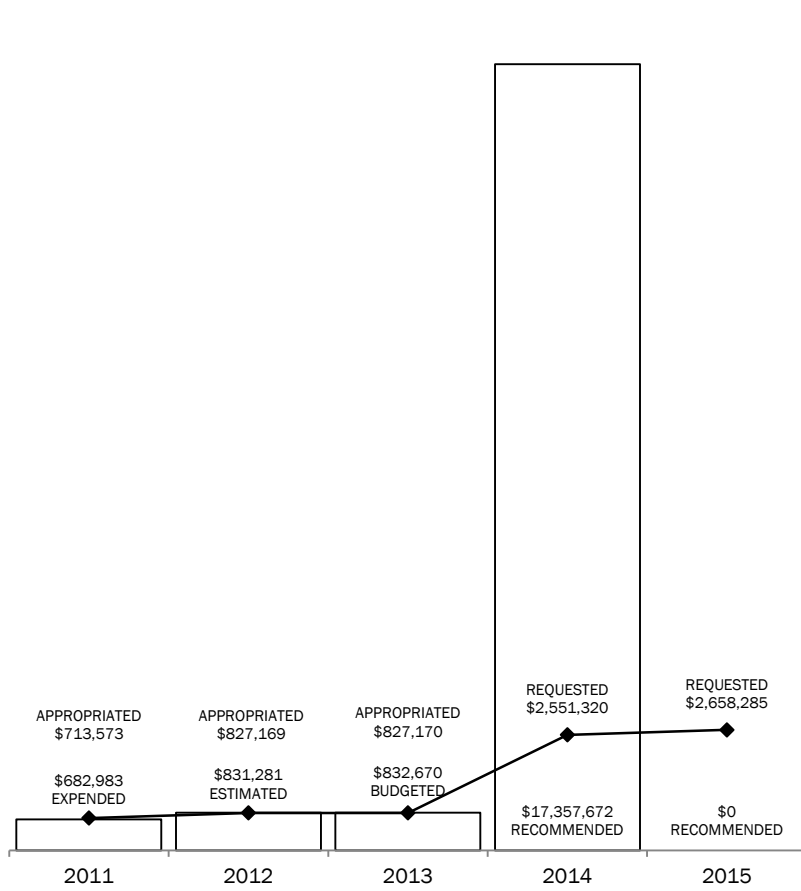
Section 1
Fire Fighters' Pension Commissioner
 2014-2015 BIENNIUM

TOTAL= \$17,357,672

ALL FUNDS

**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Fire Fighters' Pension Commissioner
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations provide General Revenue funding of \$207,245 for close out of agency programs and operations by November 30, 2013. The recommendations also include the transfer of \$17,150,427 to the Texas Emergency Services Retirement System (TESRS) to pay off the system's unfunded accrued liability as of the August 31, 2010 TESRS actuarial valuation, and the elimination of the functions of the Fire Fighters' Pension Commissioner (FFPC). Finally, the recommendations also include amending statute to make TESRS an independent entity and eliminate future contribution obligations by the state, and assume that the Pension Review Board will provide education and assistance to the Texas Local Firefighters' Retirement Act (TLFFRA) systems in lieu of the FFPC.
					Recommendations also reflect a decrease of \$83,997 in Appropriated Receipts from the 2012-13 biennium due to the agency not conducting any educational seminars and conferences in the 2014-15 biennium.
ADMINISTER PENSION FUND A.1.1	\$1,234,690	\$17,304,763	\$16,070,073	1,301.5%	
ASSISTANCE & EDUCATION A.2.1	\$429,261	\$52,909	(\$376,352)	(87.7%)	
Total, Goal A, SOUND PENSION FUNDS	\$1,663,951	\$17,357,672	\$15,693,721	943.2%	
Grand Total, All Strategies	\$1,663,951	\$17,357,672	\$15,693,721	943.2%	

Section 3

Fire Fighters' Pension Commissioner Selected Fiscal and Policy Issues

1. **Discontinuation of the Agency.** The recommendations provide \$207,245 in General Revenue to close out agency programs and operations by November 30, 2013. The agency is directed to transfer \$17,150,427 in General Revenue appropriations to TESRS for the purpose of paying off the system's unfunded accrued liability by November 30, 2013. This amount will be updated based on the August 31, 2012 TESRS actuarial valuation, which is expected in February 2013.

The recommendations would require a change to Government Code, Subtitle H, Chapters 861-865, related to the Texas Emergency Services Retirement System (TESRS), to make TESRS an independent entity and to eliminate future contribution obligations by the state to TESRS, and Article 6243e, Vernon's Texas Civil Statutes, related to the Texas Local Fire Fighters Retirement Act (TLFFRA), to eliminate the Commissioner's functions regarding TESRS and TLFFRA.

Finally, the recommendations assume that the Pension Review Board will provide education and assistance to the TLFFRA systems, as it currently provides for public pension systems statewide. The Pension Review Board would not receive additional funding as a result of the discontinuation of the Fire Fighters' Pension Commissioner's TLFFRA functions.

2. **Sunset Report.** The agency has been reviewed by the Sunset Commission. On November 13, 2012, the Commission adopted Sunset staff recommendations to discontinue the agency. Significant differences between the LBB recommendations and the Sunset recommendations are that Sunset continues future contributions to TESRS by the state and does not address the system's unfunded accrued liability. In addition, Sunset recommends to continue funding administrative costs for TESRS with General Revenue. Below are other recommendations by the Sunset Commission.
 - Abolish the Commissioner's position and make TESRS subject to Sunset review every 12 years.
 - Continue to fund the cost of appeal hearings related to TESRS and TLFFRA out of General Revenue.
 - Eliminate the Office's authority to collect reports from TLFFRA pension systems and its authority to conduct seminars or workshops.
 - Eliminate the Commissioner's authority to hear TLFFRA and TESRS appeals on benefit decisions, and direct the Office to cease issuing legal interpretations.
 - Require the TESRS Board to provide the Legislature with a range of options for meeting the state's contribution requirement should the TESRS fund experience significant losses or increased liabilities.
 - Require the TESRS actuarial valuation to include detailed information on the impact of assuming both a full state contribution and no state contribution.
 - Require the TESRS Board to regularly conduct actuarial audits and experience studies to ensure accurate pension assumptions and valuations.

Section 3

**Fire Fighters' Pension Commissioner
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	8.5	8.5	8.5	8.5	0.0
Actual/Budgeted	7.9	8.4	8.5	NA	NA
Schedule of Exempt Positions (Cap)					
Commissioner, Group 1	\$77,000	\$77,000	\$77,000	\$77,000	\$0

Reductions in FTEs reflect recommendations to discontinue the agency and the Commissioner's functions as of December 1, 2013.

The agency is requesting an increase in the Commissioner's exempt position from \$77,000 to \$150,000 and a change in the current Group 1 classification to Group 4.

State Auditor's Report 12-708, *Executive Compensation at State Agencies*, indicates a market average of \$110,893 for the Commissioner position. The report recommends a change from the current Group 1 classification to Group 2.

Section 4

**Fire Fighters' Pension Commissioner (FFPC)
Performance Review and Policy Report Highlights**

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Fire Fighters' Pension Commissioner Rider Highlights

2. (new) **Contingency Appropriation Requiring Statutory Changes.** Add rider to reflect amounts included for close out of the Fire Fighters' Pension Commissioner contingent on the enactment of legislation by the Eighty-third Legislature relating to the modification of Government Code, Chapter 865, related to the Texas Emergency Services Retirement System and Article 6243e, Vernon's Texas Civil Statutes, related to the Texas Local Fire Fighters Retirement Act.
2. (old) **Capital Budget.** Delete rider to reflect no capital budget projects.
3. (new) **Texas Emergency Services Retirement System Fund.** Add rider directing the agency to transfer \$17,150,427 in General Revenue appropriations to the Texas Emergency Services Retirement System no later than November 30, 2013.
4. (new) **Sunset Contingency.** Add rider to identify not-to-exceed amounts for close out of the agency in the event the agency is not continued.

Section 6

**Fire Fighters' Pension Commissioner
Items not Included in Recommendations - House**

	<u>2014-15 Biennial Total</u>	
	<u>GR & GR- Dedicated</u>	<u>All Funds</u>
1. Restore agency baseline funding and full-time equivalents (FTEs):		
a. Strategy A.1.1, Administer Pension Fund and 6.0 FTEs;	\$ 1,234,690	\$ 1,234,690
b. Strategy A.2.1, Assistance and Education and 2.5 FTEs;	\$ 345,264	\$ 423,264
c. Delete new Rider 3, Contingency Appropriation Requiring Statutory Changes; and		
d. Delete new Rider 4, Texas Emergency Services Retirement System Fund.		
e. Add new standard Sunset rider		
2. a. Reverse contribution to the Texas Emergency Services Retirement System (TESRS) to pay off plan's unfunded accrued liability. The August 31, 2012 actuarial valuation of the TESRS pension plan is expected to be available in February 2013.	\$ (17,150,427)	\$ (17,150,427)
b. General Revenue funding for the statutorily required state contribution to the TESRS. Government Code, Sec. 865.015, requires a state contribution each year necessary to make the system actuarially sound, not to exceed one-third of all contributions to the system. The agency calculation is based on its estimate of total contributions to the fund by participating entities for the 2014-15 biennium.	\$ 3,167,651	\$ 3,167,651
3. Additional General Revenue and authority for exempt position Commissioner - Change salary cap from \$77,000 to \$150,000 (annual increase of \$73,000) and change Group classification from Group 1 to Group 4.	\$ 146,000	\$ 146,000
The State Auditor's Office report, <i>Executive Compensation at State Agencies</i> (Report No. 12-708, August 2012), indicates the market average for the Executive Director position is \$110,893, and recommends a change from the current Group 1 to Group 2.		
4. Additional funding and 1.0 FTE for a project manager to maintain the agency's informations systems.	\$ 170,000	\$ 170,000
5. Additional funding and 1.0 FTE for a data entry clerk.	\$ 68,000	\$ 68,000
Total, Items Not Included in the Recommendations	\$ (12,018,822)	\$ (11,940,822)