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Policies and Benefits

ERS Sunset Review

The Texas Sunset Advisory Commission is currently studying the mission and performance of the Employees Retirement System to determine if the state employee retirement program can be improved. As administrator of state employee benefit programs, the ERS has a direct impact on the economic security of hundreds of thousands of current staff members, their dependents and retirees. Pension, health insurance and other benefits that ERS administers are critical to recruitment and retention efforts for the state.

The first phase of the Sunset Review concluded in April with publication of the Staff Report on the Employees Retirement System of Texas. The Executive Summary provides a brief overview of the report's findings and recommendations. In the next phase, the Sunset Commission will hear public testimony and subsequently adopt recommendations for the legislature to consider when it convenes in January 2017.

The review found ERS strategically manages its retirement fund investment program. Investment costs are kept low and, working with the legislature, the agency has guided the fund onto the road to fiscal health. Al-



though no significant problems were found in the investment program, the agency could improve the transparency of costs related to alternative investments.

Sunset staff found that the Group Benefits Program does not always get sufficient attention. ERS and its board members are legally bound to perform their duties solely in the interest of retirement fund participants and their beneficiaries. According to Sunset staff, this fiduciary duty, along with the fact that the legislature ultimately controls the eligibility and funding aspects of the GBP, has created a focus on controlling costs, sometimes at the expense of members' needs and

expectations. The review found ERS does not strategically manage the GBP to ensure that specific program benefits meet members' and employers' needs. Also, ERS does not provide members with sufficient information to allow for informed decisions about insurance and other benefits.

Overall, Sunset recommendations are meant to ensure ERS processes and decisions are well documented, consistent, and transparent; to encourage a more comprehensive approach to managing critical ERS functions, and to continue advancing operational improvements already in progress. ●