

Educational Training Program Working Group April 15, 2014 Meeting Summary

The third meeting of the State Pension Review Board's (PRB) Educational Training Program Working Group took place on April 15, 2014 in Austin, Texas. The PRB, at its February 26, 2014 meeting, requested the working group to consider and make recommendations on several unresolved questions in three areas related to the new training program. The staff has incorporated and highlighted these recommendations in the draft rules included in this meeting packet. The meeting packet can be found [here](#) and a summary follows.

SUMMARY OF WORKING GROUP DISCUSSION AND RECOMMENDATIONS

I. Application of Minimum Training Requirements

(1) Application of Minimum Training Requirement to Current Trustees and Administrators

How should the core education requirement be phased in for current trustees and administrators?

Recommendation: Core Requirement with Two-Year Window and Two-Year Look-back

The working group recommends that trustees and administrators already serving when the training requirements take effect should be required to complete the 7-hour core but should be granted additional flexibility in meeting the core requirement, including:

- Current trustees and administrators would have two years to complete the 7-hour core (from Jan. 1, 2015 through Dec. 31, 2016); and
- Current trustees and administrators could submit previous training completed during the past two years (between Jan. 1, 2013 and December 31, 2014) for credit towards the core requirement.

(2) Application of Minimum Training Requirement to Reappointed/Re-elected Trustees and Rehired Administrators

Should trustees and administrators serving subsequent terms be required to repeat the core requirement?

Recommendation: No Core Requirement Unless Break of Service of Two Years or More

The working group recommends that trustees and administrators serving additional terms of service should not be required to repeat the 7-hour core unless more than two years have passed since the last day of their last term of service.

(3) Application of Continuing Education Requirement to Even-Numbered Board Terms

How should the two-year continuing education requirement be applied to the final year of an even-numbered term?

Recommendation: Exempt the Final Year

The working group recommends that no service period of less than two years be subject to the two-year

continuing education requirement, effectively exempting the final year of an even-numbered term.

II. Retirement System Compliance and Reporting

Supporting Documentation for Systems

In addition to reporting training hours, should the PRB require retirement systems to submit certificates of completion or require systems to maintain documentation, subject to PRB audit?

Recommendation: Require Systems to Maintain Documentation

The working group recommends requiring retirement systems to maintain documentation for a period of five years, subject to audit at any time by the PRB.

III. Accreditation Process for Educational Sponsors

(1) Accreditation Period

How long should PRB accreditation of educational sponsors last?

Recommendation: Two Years Initially and Four Thereafter

The working group recommends that accredited sponsors be reviewed for renewal after an initial two-year period and again every four years afterward. The PRB would also be able to review and take action with regards to any sponsor at any time, as necessary.

(2) Supporting Documentation for Educational Sponsors

As a cross-check to training reporting by retirement systems, should the PRB require sponsors to submit certificates of completion or require sponsors to maintain documentation, subject to PRB audit?

Recommendation: Require Systems to Maintain Documentation

The working group recommends requiring sponsors to maintain documentation for a period of five years, subject to audit at any time by the PRB.

(3) Sponsor Accreditation Fees

Should the PRB charge an administrative fee to offset the costs of the sponsor accreditation process?

Recommendation: Continue Studying the Issue. No Action Recommended at This Time.

The working group discussed possibly charging a reasonable fee to offset the costs of accrediting sponsors, especially the costs of an online system for sponsors. Concerns were raised about the possibility of the fee being used for other purposes as well as being passed on to retirement systems. In addition, the PRB staff discussed the possible need for statutory clarification regarding fee authority. The group's consensus was to continue researching the issue in conjunction with developing the agency's budget request.

BACKGROUND INFORMATION

Working Group Members:

Andrew W. Cable, Working Group Chair and Pension Review Board Member
J. Robert Massengale, Vice Chair, Pension Review Board

Pension Review Board
May 14, 2014

Wayne R. Roberts, Board Member, Pension Review Board
Alva Littlejohn, Board Member, Lubbock Fire Pension Fund
Max Patterson, Executive Director, Texas Association of Public Employee Retirement Systems
Paula Jones, General Counsel, Employees Retirement System

Other offices in attendance: City Public Service of San Antonio Pension Plan, Houston Firefighters' Relief and Retirement Fund, Midland Firemen's Relief & Retirement Fund, San Antonio Fire and Police Pensioner's Association, Texas Association of Public Employee Retirement Systems, Texas County & District Retirement System, Texas Municipal Retirement System, Office of the Governor, Office of the Speaker of the House

Educational Training Program Requirements: Together, HB 13 and SB 220 (83rd Legislature) require the PRB to develop and administer a new educational training program for trustees and system administrators of non-exempt, defined benefit plans, including the following duties:

- Develop minimum training requirements for trustees and system administrators as necessary to begin providing training by September 1, 2014;
- Accredite other training programs;
- Provide TLFRA-specific training, including training for small-to-medium sized plans;
- Make training reasonably accessible over the internet;
- Develop a system to track compliance with requirements by January 1, 2015;
- Issue a report on compliance in the PRB Biennial Report by November 30, 2016; and
- The PRB may adopt reasonable fees to cover costs incurred.

Working group meetings are open to the public, and stakeholder participation is welcomed. Interested stakeholders may submit thoughts, ideas, or recommendations to the group for consideration at any time by sending them to [Michelle Kranes](#) with the PRB staff.