

**AGENDA ITEM DETAILS**

**Subject:** Review, Discussion and Consideration of the CPI-U Adjustment for the Lump Sum Payment Under Tex. Gov't Code §615.022 for FY 2021– (Action)

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**RECOMMENDED ACTION:**

Move that the Board of Trustees of the Employees Retirement System of Texas approve an adjustment to the lump sum payment to survivors under Texas Government Code § 615.022 beginning September 1, 2020 through August 31, 2021 to \$511,500. This adjustment is reflective of the percentage change in the Consumer Price Index for All Urban Consumers as reported by the system's actuary.

**Background:**

The Texas Legislature enacted Chapter 615 of the Texas Government Code during the 60th legislative session (1967) to provide death benefits for eligible survivors of certain law enforcement officers, fire fighters, and others killed in the line of duty (First Responders). The program is fully funded by the State and benefits are not paid from the retirement trust fund.

During the 86th Legislature, Regular Session (2019) H.B. 3635 amended Tex. Gov't Code § 615.022 to require the ERS Board of Trustees, by rule, to adjust the lump sum benefit payable to eligible survivors by an amount equal to the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the previous calendar year. The first adjustment begins on September 1, 2020 and must be adjusted each September 1 thereafter.

**Review and Discussion:**

Under a previous agenda item, a rule was presented for the Board's consideration to establish a process for adjusting the lump sum payment to eligible survivors of First Responders pursuant to Tex. Gov't Code § 615.022. In accordance with the rule presented to the Board, Gabriel Roeder Smith & Company, the system's actuary, calculated the percentage change in the CPI-U for the previous calendar year, recommended an adjustment amount and reported the information to the system in its letter that is attached to this agenda item as Exhibit A. The September 1, 2020 adjustment amount recommended to the Board is reflective of the percentage change in the CPI-U from December 2018 to December 2019. The Board will review and discuss the adjustment to the lump sum payment made under § 615.022 beginning September 1, 2020 and each year moving forward.

The current lump sum payment is \$500,000 from the State of Texas for the eligible surviving spouse, child, or parent of First Responders.

**Staff Recommendation:**

Staff recommends approval of an adjustment to the lump sum payment to eligible survivors in accordance with Tex. Gov't Code § 615.022 effective September 1, 2020 through August 31, 2021 to \$511,500. This adjustment is reflective of the percentage change in the CPI-U as reported by the system's actuary in its letter to the Executive Director, attached as Exhibit A.

**ATTACHMENTS:**

1. Exhibit A – CPI Increase for 2019 Calendar Year