

Public Agenda Item #25

Review, Discussion and Consideration of the CPI-U Adjustment for the Lump Sum Payment Under Tex. Gov't Code § 615.022 for FY21 – (Action)

August 19, 2020

Robin Hardaway, Director of Customer Benefits

Chapter 615 Benefits



For eligible survivors of certain individuals killed in the line of duty

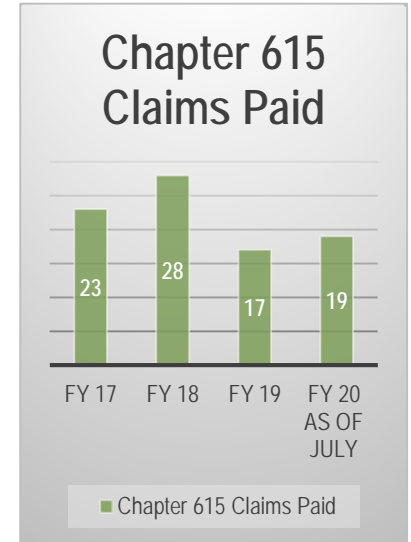
- What are Chapter 615 benefits?:
 - The Texas Legislature enacted Chapter 615 of the Texas Government Code during the 60th legislative session (1967) to provide death benefits for eligible survivors of certain law enforcement officers, fire fighters, and other first responders killed in the line of duty. The program is funded by the state of Texas and is administered by ERS. It is not part of the retirement program.
- Survivors of the following individuals can be covered:
 - Peace officers employed by the state of Texas and political subdivisions of the state (Counties and Cities)
 - Jailers and guards
 - Firefighters
 - Emergency Medical Technicians (EMT's)
 - And other first responders

Chapter 615 Benefits



For eligible survivors of certain individuals killed in the line of duty

- Available Chapter 615 benefits:
 - A lump sum payment of \$500,000 from the State of Texas for the eligible surviving spouse, child, or parent.
 - A monthly payment to the eligible surviving minor child(ren) until the surviving child(ren) reaches age 18:
 - \$400 per month, if there is one surviving child
 - \$600 per month, equally split, if there are two surviving children
 - \$800 per month, equally split, if there are three or more surviving children
- Survivors may be eligible for other benefits, but are subject to rules and eligibilities:
 - Spousal monthly payment
 - Funeral expenses
 - Health, Dental, and/or Vision Insurance
 - Educational Benefits
 - Federal Benefits
 - Surviving Spouse Residence Homestead Exemption



CPI-U Adjustment for Lump Sum Payment Under § 615.022 for FY21



- House Bill 3635 (86th Legislative Session) 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.
- Under a previous agenda item, the Board was presented with a proposed new rule providing for adjustment of the \$500,000 lump sum benefit payable to eligible survivors of certain law enforcement officers, fire fighters, and other first responders killed in the line of duty.

CPI-U Adjustment for Lump Sum Payment Under § 615.022 for FY21



As provided by proposed new Trustee Rule § 75.3, the system's actuary, Gabrielle Roeder Smith (GRS), reported the percentage change to the CPI-U from December 2018 to December 2019:

CPI-U Change: 2.3%

CPI-U Adjustment for Lump Sum Payment Under § 615.022 for FY21



- The percentage change as recommended by the system's actuary would adjust the lump sum payment to survivors under § 615.022, Texas Government Code to **\$511,500**.
- The adjusted payment for survivors applies to deaths that occur September 1, 2020 through August 31, 2021.

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 to this agenda as Exhibit A, and applies to deaths occurring effective September 1, 2020 through August 31, 2021.

Questions?
Action Item