

Intensive Study:

Steps to Complete FSRPs with Model Timeline

September 2026



PENSION REVIEW BOARD

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Executive Summary

Since the Funding Soundness Restoration Plan (FSRP) requirement was established by the 84th Texas Legislature in 2015, Texas public retirement systems and their sponsors have completed more than 20 FSRPs as the requirements have changed over time.¹ In most cases, systems and sponsors did not have a point of reference to help them to get started and optimize their progress, but future parties will need to hit the ground running. With the new FSRPs triggered after September 1, 2025, having accelerated deadlines to complete future FSRPs, systems and sponsors will need to move quickly toward solutions. This model timeline aims to assist with the completion of future FSRPs. Using steps that retirement systems and sponsors have taken to formulate recent FSRPs, focusing on five case studies, the Pension Review Board (PRB) has identified select best practices for successful FSRP completion under the current statute. The model timeline best practices include:

- **Timely completion of the actuarial valuation report.** Retirement systems and their sponsors must complete their FSRP within two years from the valuation date of the triggering actuarial valuation. Systems must work with their actuary to prepare the valuation report in a timely manner so there is room to complete the remaining steps.
- **Streamlined negotiation process.** Once the triggering valuation is completed, retirement systems must work with their sponsor to develop a solution, including a joint funding policy. An established friendly relationship between the system and sponsor is a key factor in productive negotiations. Without a good working relationship, the two parties risk prolonging negotiations past the time necessary to complete the remaining steps before the deadline passes. The PRB is available to assist throughout the process and can especially help the two parties establish a good working relationship. In each of the five case studies, the PRB assisted the system and sponsor through both informal discussions and open meetings.
- **Focus on member education.** Whether the discussions are one-on-one, in small groups, or even large virtual meetings, education is the best tool to avoid rumors and misinformation throughout the process. Members need a clear picture of the system's current financial condition, how the financial condition deteriorated, and the proposed solutions to improve and maintain the system's financial health. In early discussions representatives can find out which proposals will receive buy-in from the membership. Later discussions serve to inform the membership of the final negotiated agreement between the system and sponsor.

After the system and sponsor have negotiated potential solutions and educated the members, the next step is to enact them. Many Texas public retirement systems must hold a membership vote to approve the negotiated plan changes. If no vote is needed or if the changes are approved, the final steps require the system and sponsor to both adopt the FSRP in open meetings and submit the PRB's FSRP Submission Form along with documentation to demonstrate the system's funding period is within 30 years.²

¹ Publications regarding FSRPs can be found on the PRB website: <https://www.prb.texas.gov/actuarial/funding-soundness-restoration-plan-fsrp/>

² <https://www.prb.texas.gov/wp-content/uploads/2023/05/FSRP-Submission-Form.pdf>

Introduction

The Pension Review Board's (PRB) policies, data collection, monitoring, technical assistance, and intensive studies all contribute to the agency's mission to promote the actuarial soundness of Texas public retirement systems. Two key PRB focus areas, emphasized in legislation over the last decade, are system funding policies and funding periods. The funding policy is the jointly developed contribution arrangement to fund promised benefits equitably and sustainably, while the funding period is the expected length of time it will take to fully fund the liability based on the current funding policy. Texas public retirement systems are generally considered actuarially unsound when the funding period exceeds a threshold established in law.³

When a Texas public retirement system becomes actuarially unsound, it may trigger a corrective action plan, known in state law as a Funding Soundness Restoration Plan (FSRP). Since its creation by the 84th Legislature in 2015, the FSRP has progressed through three distinct phases.⁴ The first phase lasted from 2015 until the 87th Legislature substantially reformed the statute in 2021 in response to a series of legislative recommendations by the PRB.⁵ The second phase, beginning with the 2021 statutory overhaul and subsequent adoption of the PRB's FSRP rules in 2022, established an initial FSRP deadline of September 1, 2025, and lasted until that date.⁶

The PRB began a review of the 2022 FSRP rules in January 2026, in accordance with the agency's rule review schedule. The rule review process included multiple opportunities for stakeholder feedback, including a request for feedback in March 2026 on existing rules and potential changes. One respondent suggested that the PRB provide a model FSRP timeline. This analysis aims to provide such a model and will focus on how Texas public retirement systems and their sponsors can best navigate the third phase, which began September 1, 2025. The best practices for the third phase will include timely completion of actuarial valuation reports, streamlined negotiation processes, a focus on member education, and more. This is especially key in the context of a tighter timeframe for FSRP completion compared to the second phase, in which systems and sponsors subject to an FSRP generally had a substantially longer period of time to complete the requirement compared to the time systems and sponsors will have going forward.

Background

First Phase (June 18, 2015 – August 31, 2021)

During the first phase of FSRPs, the statutory funding period target was 40 years, and to complete the FSRP, a system would have to be projected to reach the 40-year target within 10 years. The initial submission deadline was November 1, 2016, and 14 retirement systems triggered the initial requirement with 10 submitting an FSRP to the PRB on time. Public retirement systems that triggered an FSRP after

³ [Sections 802.2015\(c\) and 802.2016\(c\), Texas Government Code.](#)

⁴ H.B. 3310, 84th Texas Legislature, Regular Session, 2015.

⁵ H.B. 3898, 87th Texas Legislature, Regular Session, 2021; Pension Review Board, *2019-2020 Biennial Report*, accessed July 27, 2026, <https://www.prb.texas.gov/wp-content/uploads/2022/03/2019-2020-Biennial-Report.pdf>.

⁶ "FSRP Graphics," Texas Pension Review Board, accessed June 29, 2026, <https://www.prb.texas.gov/wp-content/uploads/2026/06/FSRP-Graphics.pdf>.

November 1, 2016, had six months to complete an FSRP once triggered, though they almost always missed the deadline. Some systems with funding periods below 50 years made no changes at all, usually submitting an FSRP stating that the system was already within 10 years of reaching the target threshold.

When FSRP submissions did include benefit and contribution changes, the changes looked similar. Sponsors often offered a small contribution increase, and members often opted for a new lower tier of benefits for future hires. The small sponsor contribution increases, often less than 1 percent of pay, were the result of city councils dealing with constrained budgets that did not readily allow for unexpected large contribution increases. The new tiers impacting future members only reflected the difficulties involved with convincing membership to pass benefit reductions that impact current members, primarily an issue with systems organized under the Texas Local Firefighters Retirement Act (TLFFRA), in which a member vote is required for benefit or member contributions changes.⁷ Few of the original FSRPs that used these modest changes were successful in making lasting improvements to their funding, with most of the systems becoming subject to revised FSRPs within a short timeframe.

Second Phase (September 1, 2021 – August 31, 2025)

The main changes that took effect in 2021 were to lower the funding period threshold to trigger an FSRP from 40 years to 30 years, and to set a new deadline to achieve the 30-year threshold by September 1, 2025, or two years after the actuarial valuation date, whichever was later. Systems and sponsors were also more motivated to have a successful first FSRP since the updated statutory requirements for revised FSRPs (R-FSRPs) included much more substantial changes and thresholds than standard FSRPs. With the new deadline, systems subject to the FSRP requirement as of the effective date of the bill were given an inherent extension of four years to complete FSRPs in the second phase. Since the lower funding period threshold required more substantial contribution increases and benefit reductions than those seen in the first phase, the extended initial timeline was beneficial. As expected, recent FSRPs have taken more than two years to complete due to the complexity of successfully negotiating more drastic changes.

Third Phase (September 1, 2025, and onwards)

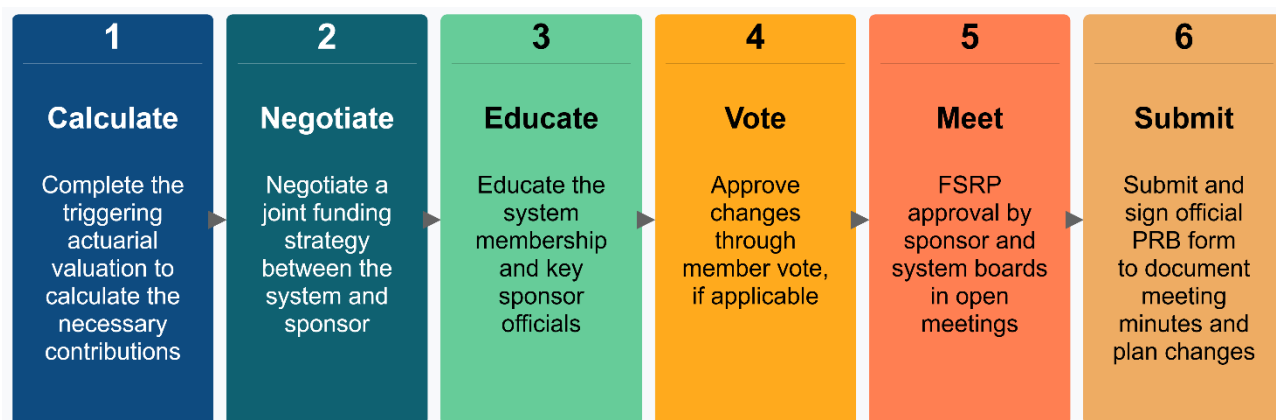
In the current third phase, FSRPs must now be completed within two years of the triggering actuarial valuation date. Since systems and sponsors have generally taken longer than two years to complete recent FSRPs, this analysis evaluates recent FSRP submissions to understand the steps necessary to complete an FSRP and the time needed to complete each step.

The analysis will focus primarily on five recent FSRPs that required substantial negotiations between the system and sponsor; however, the analysis will also include anecdotes from other recent FSRPs.

⁷ [Article 6243e, Vernon's Texas Civil Statutes.](#)

Steps to Complete an FSRP

There are six basic steps to completing an FSRP:



Along the way, system and sponsor must navigate miscellaneous other deadlines that often apply, depending on the governmental entity, such as city council budget development and adoption timelines.

Each step will be discussed in more detail in the following sections.

Step 1 – Calculate

Complete the triggering actuarial valuation to calculate the necessary contributions

Systems will need to complete the triggering valuation before negotiations in Step 2 can begin, since they will not know for sure they have triggered an FSRP until that valuation report is complete.

By statute, FSRPs are triggered in the following scenarios:⁸

- The funding period has exceeded 30 years for three consecutive annual valuations or two consecutive biennial valuations, or,
- For a single valuation:
 - The funding period exceeds 40 years, or
 - The funding period exceeds 30 years, and the funded ratio is less than 65 percent

Most Texas systems can complete actuarial valuations in five to seven months, but systems have often taken longer. The main cause of delay generally occurs when systems and sponsors do not provide data to the actuary in a timely fashion. Actuaries need participant data to begin, and asset data to complete the valuation. The participant data includes retiree payment information provided by the system and active member payroll information that may be provided by the system or the sponsor. If the delays are lengthy enough, the system and sponsor may decide the information has become outdated. In fact,

⁸ Section 802.2015, Texas Government Code; more information on FSRPs can be found on the PRB's website: <https://www.prb.texas.gov/actuarial/funding-soundness-restoration-plan-fsrp/>

several systems discussed later in this report decided to complete another valuation report before beginning the negotiation process.

While all systems should strive to complete their actuarial valuations within a reasonable timeframe, it is especially important that systems at risk of triggering an FSRP do so. The analysis in this section will establish a reasonable timeframe based on actual experience of several systems that have recently completed FSRPs.

In the first scenario requiring consecutive funding periods above the threshold, the PRB's *Policy for Promoting Compliance with Funding Soundness Restoration Plan Requirements* requires the PRB notify a system after crossing the 30-year threshold for the first time that it is at risk of triggering an FSRP.⁹ A system with a funding period or funded ratio that has already exceeded the threshold should prioritize completing the next actuarial valuation as quickly as possible.

In the next two scenarios, an FSRP can be triggered without warning since only a single valuation is required to trigger the requirement. Systems not known to be at risk of triggering an FSRP should discuss with their actuary whether they could end up triggering an FSRP following a down investment year or other negative economic or demographic experience. If they are at risk of triggering an FSRP in that scenario, they should prioritize completing the next actuarial valuation as quickly as possible.

However, regardless of scenario, a system will not know if it has triggered an FSRP until it completes the next actuarial valuation that demonstrates the funding period or funded ratio has crossed one of the thresholds. The sooner the triggering valuation is completed, the more time the system and sponsor will have to complete the FSRP.

With the deadline extended during the second phase, the triggering valuation reports were not always expedited. For four systems that used a second actuarial valuation report rather than the triggering actuarial valuation report during the negotiation process, Figures 1 and 2 show the months taken for systems to complete the two valuation reports.

Figure 1 shows the months to complete the triggering actuarial valuation ranged from six months for Wichita Falls Firemen's Relief & Retirement Fund (Wichita Falls Fire) to 17 months for Marshall Firemen's Relief & Retirement Fund (Marshall Fire). Had the FSRPs been triggered during the third phase, Wichita Falls Fire would have had 18 months remaining to complete the other five steps of completing the FSRP, while Marshall Fire would have had only seven months remaining.

⁹ "Policy for Promoting Compliance with Funding Soundness Restoration Plan Requirements," Pension Review Board, Accessed June 29, 2026, <https://www.prb.texas.gov/wp-content/uploads/2026/04/Policy-for-Promoting-Compliance-with-FSRP-Requirements.pdf>

Figure 1 – Months to Complete Triggering Actuarial Valuation

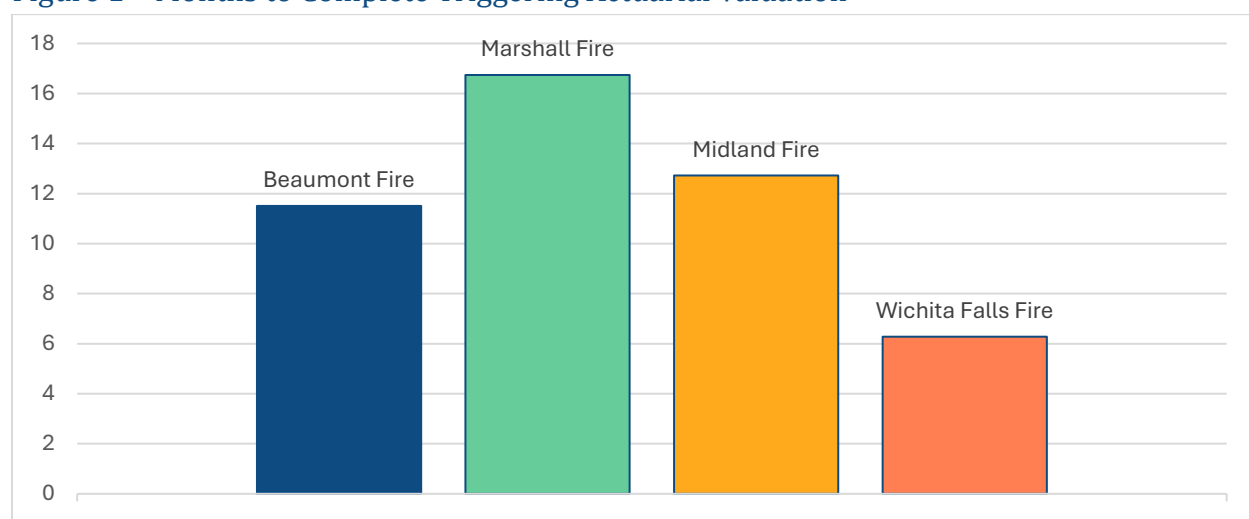
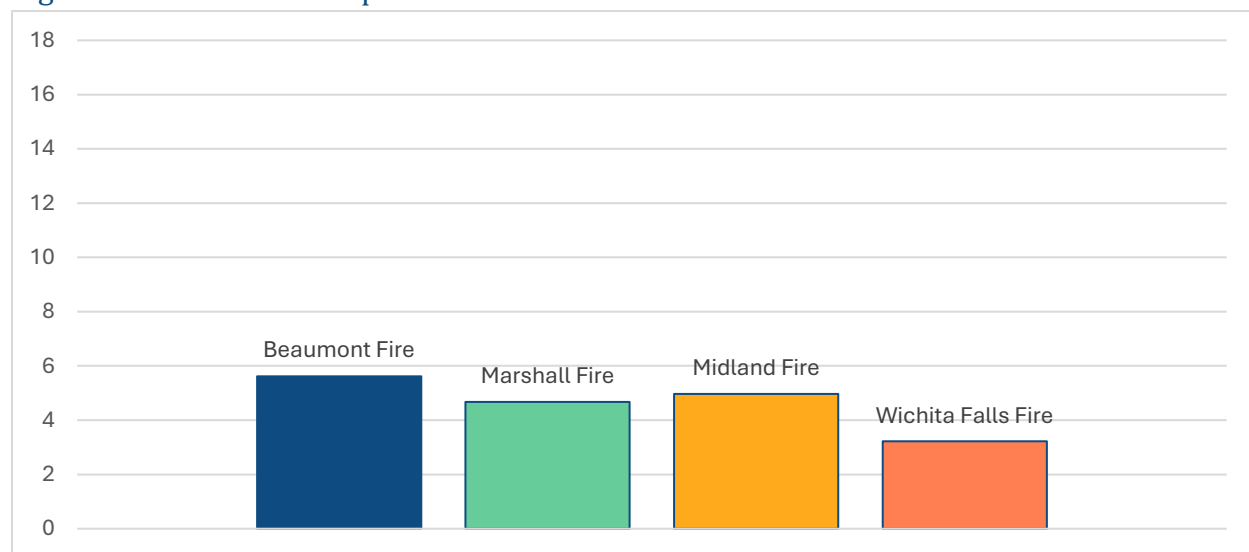


Figure 2 shows the timeline for systems to complete the final, updated actuarial valuation used in the FSRP process was much shorter, with all four systems completing the valuation in under six months. Wichita Falls Fire took less than four. Had these FSRPs been triggered after September 1, 2025, each system would have had at least 18 months remaining to complete the FSRP.

Figure 2 – Months to Complete Second Actuarial Valuation



Based on these results, six months appears to be a very reasonable goal to complete the triggering FSRP, leaving 18 months for the remaining five steps.

Step 2 – Negotiate

Negotiate a joint funding strategy between the system and sponsor

Because FSRPs indicate funding deficiencies, FSRP completion often requires increased sponsor contributions. Sponsors typically require agreements regarding how contributions can be used by the

system prior to agreeing to increase contributions. This is particularly true for systems under TLFFRA that, in the absence of a separate agreement, can increase benefits or decrease member contribution rates without separate sponsor approval, such as approval by the city council.¹⁰ When such an agreement is necessary to move forward, a lengthy negotiation process between the system and sponsor often follows. Consequently, Step 2 is typically by far the longest step in the FSRP process.

In the recent past, the negotiation processes have generally run until close to the September 1, 2025, deadline, with an average of 16 months to complete the FSRP. Going forward into phase three, negotiations will have to be carefully planned to end with enough time to complete the FSRP within two years of the triggering valuation date. There are several steps discussed later in the report to complete after negotiations have concluded. Systems and sponsors will need to understand how long it will take to complete the final steps to know when their negotiations need to finish.

City managers and finance managers are typically subject matter experts in city services, finance and budget in general, but they may not necessarily be experts in pension funding, especially when new to the position. New city representatives may go into negotiations without full awareness of the severity of the pension underfunding and the consequences of delayed action. The first few months of negotiations often include time for the key sponsor officials to gain the proper understanding of pensions necessary for negotiations, assuming they have not previously been engaged on pension matters and educated on the issues at hand. The PRB is available to help inform the key decision makers for both the system and sponsor to help begin negotiations with both parties having a clear view of the path forward.

The negotiation processes for five recent FSRPs are discussed in the following sections. In each case, PRB staff assisted through informal discussions, meetings with system and sponsor staff, and holding PRB open meetings where the system and sponsor could speak directly to the board. Public meetings with the board, whether the full board or the PRB's Actuarial Committee, offer a public forum for systems and sponsors to provide updates on negotiations in front of a neutral third party. The board has gathered substantial knowledge from other systems' past negotiations. Once the system and sponsor summarize the steps they have taken, the board or committee can help the two parties focus on next steps toward a solution.

Austin Firefighters Retirement Fund (Austin Fire)

For Austin Fire, like many other large municipal systems in Texas, all benefit and contribution changes must be made through legislation. It was the only system that took advantage of the option to submit a voluntary FSRP, as the system was never subject to an FSRP but knew they were on a path to triggering one.¹¹ Robust discussions between the system and city began in 2023 after the system received their

¹⁰ Boards of Trustees governed under TLFFRA (Article 6243e, Vernon's Texas Civil Statutes) consist of seven members: three actively contributing firefighters, two from the retirement system sponsor (mayor and chief financial officer or their designees), and two citizen members voted on by the other five trustees.

¹¹ Voluntary FSRPs are no longer applicable effective September 1, 2025.

actuarial valuation. Both parties had full proposals developed by early 2024, which they presented at a January 2024 PRB Actuarial Committee meeting.¹²

Opposing viewpoints and repercussions from past decisions hindered progress for two years. Until 2023, the system had provided annual ad-hoc cost-of-living adjustments (COLAs) for decades without valuing any future COLAs in their liability even though the COLAs appeared to be automatic in nature. When a retirement system reports a liability that does not represent all future payments the system intends to distribute, that system obscures the complete financial picture from the sponsor.

In this case, the system and sponsor interpreted a proposed change in COLA structure very differently. In their proposal, the system offered to exchange their larger ad-hoc COLA that had not been valued in the liability for a much smaller automatic COLA that would be valued in the actuarial accrued liability. The system viewed the proposed smaller prospective COLA as a benefit reduction from the historical larger COLAs. The sponsor saw a reported liability increase as a benefit increase regardless of the change in methodology.

During their negotiations, comparisons to other employee groups also posed obstacles towards an agreement. Austin Fire proposed a new benefit tier for future members with reduced benefits and lower contribution rates. The system pointed to the larger reduction in benefits than contribution rate as an indication that it was an overall benefit reduction. The sponsor preferred a Tier 2 contribution rate structure for firefighters similar to the structure it had already negotiated for police and general employees, which maintained the same contribution rate as the previous tier. The member contribution rates differed among the three groups, with the highest contribution rate for the firefighters.

The two parties were unable to agree on a unified approach before the beginning of the legislative session in 2025, so separate bills were filed for the contrasting proposals. After meeting with PRB staff and legislative staff at the beginning of April and continuing to negotiate through May, the two parties arrived at an agreement just before their bill had to be finalized to meet strict end-of-session deadlines for passing legislation.

Austin Fire Key Negotiation Steps

Step	Date
2022 valuation report completed	July 2023
PRB Actuarial Committee meeting	January 2024
Pension Review Board meeting	September 2024
Separate bills filed	February 2025
PRB staff met with system, sponsor, and legislators	April 2025
Agreed-to bill version passed	May 2025

¹² Videos, agendas and minutes are available for each full board and actuarial committee meeting on the PRB website: <https://www.prb.texas.gov/board-and-agency-info/board-meetings/>.

Starting from the 2024 Actuarial Committee meeting, negotiations took 17 months to complete; however, the system had sent their first communications five months prior. While the longer timeline in phase two allowed for five-month gaps in communication, Phase 3 will require swift responses.

Beaumont Firemen's Relief & Retirement Fund (Beaumont Fire)

In 2018, the PRB published an intensive review of Beaumont Fire which recommended the system and sponsor reach a 30-year funding period using a more conservative expected investment return, preferably with an actuarially determined contribution (ADC) rate.¹³ Beaumont Fire triggered an FSRP with their 2018 actuarial valuation that was completed in 2019. The system and sponsor made significant progress in the years following the intensive review, including making gradual contribution rate increases from 15.5 percent of pay for both to 18 percent for the members and 20 percent for the sponsor.

Largely due to the contribution increases, the 2023 actuarial valuation report showed that the funding period had decreased from infinite in 2020 down to 33 years by 2023. Though there were still components of a funding agreement to work through, the two parties needed only a three-year reduction in funding period to satisfy the FSRP requirement.

PRB staff met with the city of Beaumont in March of 2024, but due to certain factors, it took until September of 2025 to reach the threshold. One of the factors impeding the process concerned the city resolving a pension-related lawsuit. The city also had to rework their process to allow for employee benefits negotiations to be held directly with the system board rather than with the firefighter union only to allow for more efficient negotiations. For TLFFRA systems, it is helpful for pension negotiations to go through the system board rather than the union. Cities and firefighters often forge multi-year agreements (commonly referred to as meet and confer agreements) outlining budgets, salary increases, benefits, and more. FSRPs can be difficult to complete if there is an existing meet and confer agreement in effect for multiple years.

Once those issues were resolved and a new valuation report was adopted in June 2025, the system and city were able to come to an agreement after also appearing before the Pension Review Board in July 2025.

Beaumont Fire Key Negotiation Steps

Step	Date
PRB staff met with sponsor	March 2024
PRB Actuarial Committee meeting	February 2025
New valuation report adopted	June 2025
Pension Review Board meeting	July 2025
Agreement formally adopted	August 2025

¹³ "Intensive Actuarial Review: Beaumont Firemen's Relief & Retirement Fund," Pension Review Board, Accessed June 29, 2026, <https://www.prb.texas.gov/wp-content/uploads/2018/06/Beaumont-Fire-Intensive-Review-Final.pdf>

Assuming negotiations first became substantive around the time PRB staff met with city representatives, it took 17 months to complete negotiations from March 2024 through August 2025.

Marshall Fire

Following the PRB's 2018 intensive review of Marshall Fire and the system completing an FSRP that same year, Marshall Fire increased member and sponsor contributions in 2020.¹⁴ The system triggered a revised FSRP with their 2022 actuarial valuation completed in May 2024, only seven months before their next valuation date. With both parties wanting updated numbers to use for negotiations, the system completed the 2024 actuarial valuation in May 2025.

When negotiations began, the city of Marshall had experienced changes in key positions. A new interim city manager began in October of 2024 to join the finance director who was also serving in an interim capacity. The city hired an actuarial consultant to assist them, and since that consultant needed their own actuarial valuation to model contribution and benefit change proposals, negotiations paused until the city's valuation was completed. After the system and city appeared at a Pension Review Board meeting, it took around three months of negotiations before both sides agreed to a solution.

Marshall Fire Key Negotiation Steps

Step	Date
New interim city manager	October 2024
New valuation report adopted	May 2025
Second actuarial firm valuation complete	July 2025
Pension Review Board meeting	September 2025
FSRP approved by system board and city council	December 2025

From the time the new interim city manager was hired, it took around 15 months to complete the negotiations, but the bulk of the progress was during the last 6 or 7 months after the 2024 actuarial valuation was completed.

Midland Firemen's Relief & Retirement Fund (Midland Fire)

Midland Fire triggered an FSRP with their 2017 actuarial valuation that was completed in 2019. The PRB then published an intensive review of Midland Fire in 2021 and the system appeared again at three Pension Review Board meetings in 2022. Also, the system underwent contracted forensic and governance audits in 2022 as recommended by the PRB to further evaluate serious concerns about the system's governance and investment practices. Momentum finally began in January of 2023 when the city's new mayor took office and the system board elected a new chair who won his position on the

¹⁴ "Intensive Actuarial Review: Marshall Firemen's Relief & Retirement Fund," Pension Review Board, Accessed June 29, 2026, <https://www.prb.texas.gov/wp-content/uploads/2018/06/Marshall-Fire-Intensive-Review-Final.pdf>

board advocating for needed pension reform, in contrast to previous long-tenured board leadership that contributed to the system’s critical funding challenges and obstructed progress.¹⁵

Midland Fire Key Pre-Negotiation Steps

Step	Year
Triggered FSRP	2019
PRB intensive review	2021
Discussed progress at three Pension Review Board meetings	2022

The new mayor was instrumental in involving the Midland city council in pension solution discussions. With a new board chair, the system began to consider benefit reductions for the first time. The system voted on key benefit reductions in August of 2023, with intent to follow with more significant changes from both the system and city. Negotiations took place in the public eye, with the local newspaper reporting periodically on the developments.

During a meeting with PRB staff in December of 2023, the system opted to perform a new actuarial valuation to use for final negotiations. That valuation report was published in May of 2024. The first several offers for more substantial final changes came from the city beginning in July of 2024 and the system rejected them because the system board did not expect them to be approved by a membership vote. In October of 2024, the system offered a proposal with the benefit reductions they expected could pass a member vote, and the sponsor accepted this offer. That agreement was for a benefit reduction target expressed as a percent of pay, with the firefighters voting on the specific reductions in the coming months.

Midland Fire Key Negotiation Steps

Step	Date
New mayor took office	January 2023
New board chair elected	January 2023
First benefit changes enacted	August 2023
New valuation report adopted	May 2024
First sponsor proposal	July 2024
City accepted system’s offer	October 2024

The PRB provided assistance to the system and city along the way, including a Pension Review Board meeting in June of 2023, PRB staff meetings with both system and city in December of 2023, four Pension Review Board meetings and another Actuarial Committee meeting in 2024, with other miscellaneous phone calls throughout the process. Many of the board and committee meeting

¹⁵ “Intensive Actuarial Review: Midland Firemen’s Relief & Retirement Fund,” Pension Review Board, Accessed June 29, 2026, <https://www.prb.texas.gov/wp-content/uploads/2024/01/Midland-Firemens-Relief-and-Retirement-Fund-Intensive-Actuarial-Review.pdf>

appearances occurred at the request of Midland Fire and/or the city of Midland, not only because they wished to keep the PRB informed but also because they saw these public meetings as a tool to encourage progress and maintain momentum in the negotiations.

Midland Fire Key PRB Assistance

Step	Date
Pension Review Board meeting	June 2023
PRB staff meetings with system/city	December 2023
PRB Actuarial Committee meeting	May 2024
Pension Review Board meeting	July 2024
Pension Review Board meeting	September 2024
Pension Review Board meeting	December 2024

In all, negotiations took 17 months to complete from June 2023 through October 2024. Subtracting out the five months to complete the updated valuation report, actual negotiations took closer to 12 months.

Wichita Falls Fire

Despite the 2022 PRB intensive review of Wichita Falls Fire, system and city negotiations stagnated until 2024 when the city hired a new chief financial officer (CFO).¹⁶ TLFFRA establishes the board structure for these systems, and includes the sponsor's CFO as a board member, including the new Wichita Falls CFO. He quickly became one of the most active CFOs serving on a pension board, frequently attending conferences with the firefighter board members. The shared information and experience that comes from engaged sponsor representation on retirement system boards can facilitate a smoother negotiation process between the system and sponsor.

The system triggered an FSRP with their 2024 actuarial valuation that was completed in July of 2024. During the negotiation process, the system expedited the 2025 actuarial valuation and completed it in early April 2025. Within a few months, the system and sponsor had completed the FSRP.

Wichita Falls Fire Key Negotiation Steps

Step	Date
New CFO	January 2024
Triggered FSRP	July 2024
New valuation report adopted	April 2025
Agreement formally adopted	August 2025

In all, negotiations took 20 months to complete from the time the new CFO was hired through August of 2025.

¹⁶ "Intensive Review: Wichita Falls Firemen's Relief & Retirement Fund," Pension Review Board, Accessed June 29, 2026, <https://www.prb.texas.gov/wp-content/uploads/2024/01/Wichita-Falls-Firemens-Relief-and-Retirement-Fund-Intensive-Review.pdf>

Expected Time to Complete Negotiations

Negotiations took between 12 and 20 months for the five systems discussed above.

Negotiation Lengths

System	Months
Austin Fire	17 months
Beaumont Fire	17 months
Midland Fire	12 months
Marshall Fire	15 months
Wichita Falls Fire	20 months

The ideal timeline for Step 2 and each additional step will be shown later in the report.

Because the expected target of 11 months is shorter than the time periods systems and their sponsor have needed in phase two, it is imperative that systems and their sponsor already have a positive working relationship before even triggering an FSRP. Having no existing relationship prior to these negotiations is a hurdle that can add significant time to this process. Having an up-to-date funding policy that is jointly adopted between the system and sponsor can be a significant resource in guiding negotiations. If there is already a clear policy in place on how to handle inadequate funding issues that both the system and sponsor have agreed to, the negotiations can focus more on implementing an already established plan, rather than starting from nothing.

Step 3 – Educate

Educate the system membership and key sponsor officials

In some respects, education likely begins concurrently with negotiations. The representatives in the negotiations must hold discussions with system membership to keep them informed regarding what changes are being proposed by both the system and sponsor and how those changes could impact members. Often these discussions are broken into small groups of about 15 members so that members are more likely to feel comfortable asking questions. It is in these discussions that the representatives will find out which proposals will be encouraged, tolerated, or refused by membership at large.

Multiple discussions may be necessary for complex changes. In Midland Fire's case, there were around four discussions per member. Odessa Firemen's Relief & Retirement Fund had two discussions per member, amounting to 54 total meetings to cover each shift twice. It may also be helpful to reach out to the presidents of any unions or retiree associations.

For any system considering changes to member benefits or contribution rates, members must be educated regarding the options that were negotiated in Step 2. Ongoing member education in a variety of formats to achieve support and buy-in is the best tool to avoid rumors and misinformation to increase the chance of earning member support for proposed changes, including for the purpose of holding a successful member vote in Step 4, if applicable.

Member education can take several forms, including but not limited to:

- One-on-one conversations,
- Meetings with the system board presenting to membership,
- Meetings with the system actuary presenting to membership, and
- Related documents and videos added to the system website.

Each form may involve traveling to several locations (e.g., each firehouse or each hospital wing), and it can take several days to reach every member of every shift at every location. When Midland Fire's actuaries educated members and answered questions before the vote, they presented many times to portions of each shift over several days. Following the member education, voting ended in February 2025, with 88 percent of voters approving the benefit changes.

Larger systems may even use virtual sessions. Austin Fire held six information sessions over Zoom. They also created a "Plan Sustainability" page on their system's website that included background information, plan provisions, meeting minutes, bill summaries, and recordings of member info sessions.

Systems should consider allocating two months to educate members in Step 3 regarding the options that were negotiated in Step 2, leaving approximately five months for the remaining steps. They should also keep in mind that if a city council vote is also required, council members will also likely need the same education as the members.

Step 4 – Vote

Approve changes through member vote, if applicable

The first ballot might fail to approve of necessary changes if the membership voting threshold is not met, or if no options on the ballot receive a majority of votes. Systems should allocate time for multiple votes to approve any necessary changes; however, there are several tools a system can employ to ensure a successful first ballot.

A successful ballot requires at least 50 percent of members to vote.¹⁷ Systems can maximize turnout by allowing for online voting, especially if some members are on vacation. Austin Fire and Midland Fire used online voting. Marshall Fire and Wichita Falls Fire used paper ballots.

Systems should give careful consideration to the ballot structure. Marshall Fire included a ballot addendum to explain each change that was being voted on. When Laredo Firefighters Retirement System's first election failed to gather a majority of votes for any single option, the system board realized they could restructure the ballot in a way to ensure at least one option received a majority of votes, and the second election was successful.

Systems and sponsors should set aside one month to complete Step 4, leaving four months for the remaining steps.

¹⁷ Section 7, Article 6243e, Vernon's Texas Civil Statutes.

Step 5 – Meet

FSRP approval by sponsor and system boards in open meetings

FSRPs are considered complete once the PRB receives documentation of open-meeting approval in both a system board meeting and a sponsor board meeting.¹⁸ Documentation may include a link to a video recording or approved minutes. Since TLFFRA system boards are required to meet at least once a month, TLFFRA systems and sponsors should allow at least a couple of months for both the approval meeting and potentially a follow-up meeting to approve the minutes from the approval meeting.¹⁹ Keep in mind that system boards organized under other statutes may meet less frequently. More time may need to be allocated to Step 5 if a system board meets only once per quarter, or the board can plan special meetings to shorten this step.

Step 6 – Submit

Submit and sign official PRB form to document meeting minutes and plan changes

The final FSRP submission must use the form required by the PRB.²⁰ The form includes sections to:

- document the final adoptions by the system board and sponsor in Step 5, either by providing the meeting minutes or a video
- document the changes negotiated and approved in Steps 2 through 4
- add attachments as necessary
- certify with signature.

It should not take more than an hour to complete this final step.

Additional Considerations

Beyond the membership votes and open meetings, systems and sponsors may need to consider other deadlines. For example, the systems and sponsors may need to complete negotiations before the city budget process begins. Some systems, such as Dallas Employees Retirement System, may also require citizen approval of contribution and benefit changes, while others, such as the three Austin municipal systems, may require legislation. Depending on financing methods, the process may also need to allow for a bond election, which was strongly considered in Midland though ultimately not pursued.

There are often further issues affecting the timing of negotiations. The city of Beaumont was involved in litigation that had to be resolved before an FSRP could be completed. In addition, several cities involved in recent FSRPs had key staff changes during the process, including the Midland mayor, the Midland Fire board chair, and the chief financial officers for Beaumont, Marshall and Wichita Falls.

¹⁸ Section 802.2015(e-1)(4), Texas Government Code.

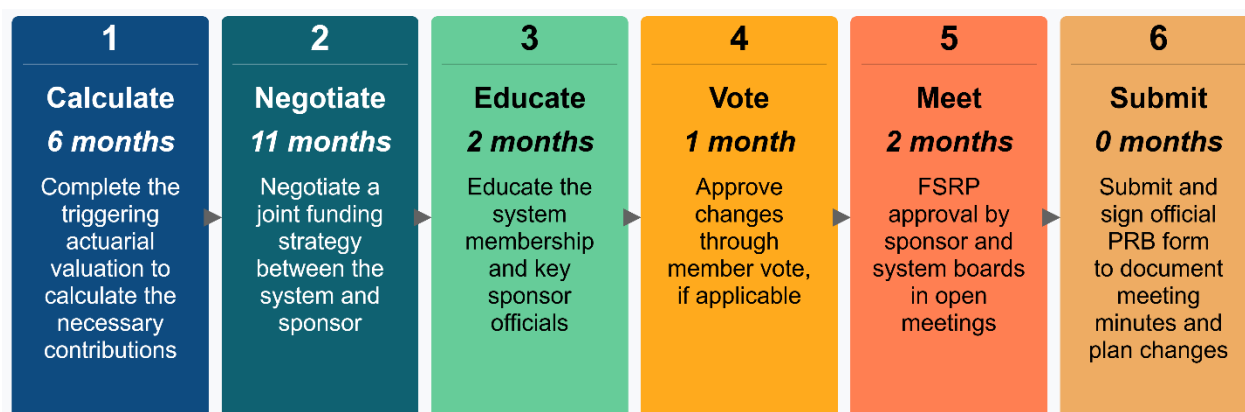
¹⁹ Section 18, Article 6243e, Vernon's Texas Civil Statutes.

²⁰ The FSRP submission form can be found on the PRB website: <https://www.prb.texas.gov/wp-content/uploads/2023/05/FSRP-Submission-Form.pdf>

Conclusion

Historically, retirement systems had difficulties completing an effective FSRP within the six-month timeline during phase one and relied on the extra time granted to them during phase two to develop solutions. With the FSRP statute entering its third phase of implementation beginning September 1, 2025, systems and sponsors must have a plan to complete FSRPs within two years of the triggering actuarial valuation date.

This timeline will require swift completion of the valuation report that triggers the requirement, so the system and sponsor have sufficient time to solidify their plan. Negotiations between retirement systems and their sponsoring entity should ideally be completed over a period that allows at least seven months for the many remaining steps that follow. Those remaining steps include educating the system membership and key sponsor officials, a successful membership vote on changes if applicable, open meetings to approve the FSRP and document the minutes, and consideration of miscellaneous other deadlines and issues. With two years to complete the six steps, the suggested timeline as outlined in this report is:



The times for the six steps total to 22 months, leaving two months to navigate the miscellaneous additional deadlines that often apply, as outlined in the Additional Considerations section. The ideal timelines for Steps 1, 3, 4, 5, and 6 were developed based on system experience in recent FSRPs completed during the second phase. The 11-month ideal timeline for successful negotiations in Step 2 is the time remaining within the 24-month total period allowable in the third phase of the FSRP statute.

To meet this deadline, retirement systems and their sponsors are encouraged to have a strong, positive, working relationship even prior to triggering an FSRP. The two entities should work together to ensure they have a jointly agreed upon funding policy in place that outlines how they would address any funding inadequacies so that the FSRP negotiations already have an established starting point to work from. Any changes that occur during the FSRP process should be used to update the funding policy, which is required to be sent to the PRB after the FSRP is submitted.²¹

²¹ Section 802.2011(b)(1)(B), Texas Government Code.