

By: Duncan

S.B. No. 1846

A BILL TO BE ENTITLED

AN ACT

relating to funding for, and benefits provided under, the Teacher Retirement System of Texas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 824, Government Code, is amended by adding Section 824.009 to read as follows:

Sec. 824.009. BENEFIT INCREASE. (a) The amount of a service retirement benefit, disability retirement benefit, or death benefit paid under this chapter may be increased only to the extent authorized by the General Appropriations Act applicable to the fiscal biennium in which the increase is initially paid.

(b) An increase made as provided by this section is subject to Section 821.006.

SECTION 2. Section 824.2031, Government Code, is amended by adding Subsection (c) to read as follows:

(c) An improvement in the plan of benefits is subject to Section 824.009.

SECTION 3. Section 825.308, Government Code, is amended to read as follows:

Sec. 825.308. STATE CONTRIBUTION ACCOUNT. The retirement system shall deposit in the state contribution account:

(1) all state contributions to the retirement system required by Section 825.404;

(2) amounts from the interest account as provided by

1 Section 825.313(b)(2);

2 (3) retirement annuities waived or forfeited in  
3 accordance with Section 824.601 or 824.004;

4 (4) fees collected under Section 825.403(h);

5 (5) fees and interest for reinstatement of service  
6 credit or establishment of membership service credit as provided by  
7 Section 823.501;

8 (6) the portion of a deposit required by Section  
9 823.302 to establish military service credit that represents a fee;  
10 ~~[and]~~

11 (7) contributions collected by employers from federal  
12 or private sources under Section 825.406;

13 (8) contributions collected by a general academic  
14 teaching institution or a medical and dental unit under Section  
15 825.407; and

16 (9) employer contributions required under Sections  
17 825.4042 and ~~[Section]~~ 825.4092.

18 SECTION 4. Section 825.402, Government Code, is amended to  
19 read as follows:

20 Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. (a) The rate  
21 of contributions for each member of the retirement system is:

22 (1) five percent of the member's annual compensation  
23 or \$180, whichever is less, for service rendered after August 31,  
24 1937, and before September 1, 1957;

25 (2) six percent of the first \$8,400 of the member's  
26 annual compensation for service rendered after August 31, 1957, and  
27 before September 1, 1969;

1           (3) six percent of the member's annual compensation  
2 for service rendered after August 31, 1969, and before the first day  
3 of the 1977-78 school year;

4           (4) 6.65 percent of the member's annual compensation  
5 for service rendered after the last day of the period described by  
6 Subdivision (3) and before September 1, 1985; and

7           (5) 6.4 percent of the member's annual compensation  
8 for service rendered after August 31, 1985, subject to Subsection  
9 (b).

10          (b) The rate of contributions for each member of the  
11 retirement system may, as directed by the General Appropriations  
12 Act consistent with the actuarial soundness of the retirement  
13 system, be decreased to not less than 6 percent, or increased to not  
14 more than 6.6 percent, of the member's annual compensation. A  
15 decrease or increase made under this subsection applies to annual  
16 compensation received for service rendered during the school years  
17 that correspond to the fiscal biennium to which the General  
18 Appropriations Act requiring the decrease or increase applies or a  
19 shorter period specified by that Act. An increase may not be  
20 required under this subsection to fund a benefit increase described  
21 by Section 824.009.

22          SECTION 5. Subsection (a), Section 825.404, Government  
23 Code, is amended to read as follows:

24          (a) During each fiscal year, the state shall contribute to  
25 the retirement system an amount equal to at least six and not more  
26 than 10 percent of the aggregate annual compensation of all members  
27 of the retirement system during that fiscal year. The amount of the

1 state contribution made under this section may not be less than the  
2 amount contributed by members during that fiscal year in accordance  
3 with Section 825.402.

4 SECTION 6. The heading to Section 825.4041, Government  
5 Code, is amended to read as follows:

6 Sec. 825.4041. EMPLOYER PAYMENTS FOR CERTAIN NEW MEMBERS.

7 SECTION 7. Subchapter E, Chapter 825, Government Code, is  
8 amended by adding Section 825.4042 to read as follows:

9 Sec. 825.4042. EMPLOYER CONTRIBUTIONS. (a) During each  
10 fiscal year, an employer shall contribute to the retirement system  
11 an amount specified in the General Appropriations Act, which may  
12 not be less than .25 percent or greater than .75 percent of the  
13 aggregate annual compensation of contributing members of the  
14 retirement system employed by that employer during that fiscal  
15 year. The total of an employer's contributions to the retirement  
16 system under this section and the employer's contributions under  
17 Subchapter E, Chapter 1575, Insurance Code, to the retired school  
18 employees group insurance fund may not exceed one percent of the  
19 aggregate annual compensation of the contributing members of the  
20 retirement system employed by that employer during a fiscal year.

21 (b) An employer shall make the contributions required by  
22 this section in 12 monthly payments and as required by the board of  
23 trustees.

24 (c) A contribution made under this section is in addition to  
25 other employer contributions required by this subchapter.

26 (d) An employer may deduct from the amount of the  
27 contribution required under this section the amount of matching

1 contributions that are:

2 (1) made for contributing employees by the employer  
3 under the Federal Insurance Contributions Act (26 U.S.C. Chapter  
4 21); and

5 (2) paid by the employer from money other than money  
6 appropriated by the state.

7 (e) Contributions made by employers under this section do  
8 not affect the minimum state contribution required by Section  
9 825.404(a).

10 (f) Contributions under this section are subject to the  
11 requirements of Section 825.408.

12 (g) An employer that is a state agency is required to make  
13 contributions under this section only if the employer is subject to  
14 Subchapter F, Chapter 404.

15 SECTION 8. Subsection (b), Section 825.406, Government  
16 Code, is amended to read as follows:

17 (b) When an employer receives money for state contributions  
18 from an application made in accordance with Subsection (a), the  
19 employer shall immediately send the money to the retirement system  
20 for deposit in the state contribution account [~~general revenue fund~~  
21 ~~of the state treasury~~].

22 SECTION 9. Subsection (g), Section 825.407, Government  
23 Code, is amended to read as follows:

24 (g) The retirement system shall deposit [~~submit~~] all money  
25 it receives under this section in the state contribution account  
26 [~~to the comptroller of public accounts for deposit in the general~~  
27 ~~revenue fund~~].

1           SECTION 10. Subsection (e), Section 825.4092, Government  
2 Code, is amended to read as follows:

3           (e) The amounts required to be paid under Subsections (b)  
4 and (c) are not required to be paid by a reporting employer for a  
5 retiree who retired from ~~[was reported under]~~ the retirement system  
6 ~~[rules in effect for the report month of January 2005 by:~~

7                     ~~[(1) that reporting employer, or~~

8                     ~~[(2) another employer, if both employers are school~~  
9 ~~districts that consolidated into a consolidated school district on~~  
10 ~~or]~~ before September 1, 2005.

11          SECTION 11. Subsection (b), Section 1575.204, Insurance  
12 Code, is amended to read as follows:

13          (b) Each state fiscal year, each employer who reports to the  
14 retirement system under Section 824.6022, Government Code, the  
15 employment of a retiree who is enrolled in the group program shall  
16 contribute to the fund the difference, if any, between the  
17 contribution amount that the reported retiree is required to pay  
18 for the retiree and any enrolled dependents to participate in the  
19 group program and the full cost of the retiree's and enrolled  
20 dependents' participation in the group program, as determined by  
21 the trustee. The amounts required to be paid under this subsection  
22 are not required to be paid by a reporting employer for a retiree  
23 who retired from the ~~[was reported by that employer under]~~  
24 retirement system before September 1, ~~[rules in effect for the~~  
25 ~~report month of January]~~ 2005.

26          SECTION 12. Section 1575.252, Insurance Code, is amended to  
27 read as follows:

1           Sec. 1575.252. APPLICATION BY EMPLOYER FOR MONEY TO PAY  
2 STATE CONTRIBUTIONS. An employer who applies for money provided by  
3 the United States or a privately sponsored source shall:

4           (1) if any of the money will pay part or all of an  
5 active employee's salary, also apply for any legally available  
6 money to pay state contributions required by Subchapter E; and

7           (2) immediately send any money received for state  
8 contributions as a result of the application to the trustee for  
9 deposit in the [~~general revenue~~] fund.

10          SECTION 13. (a) The Teacher Retirement System of Texas  
11 shall make a one-time supplemental payment of a retirement or death  
12 benefit, as provided by this section.

13          (b) The supplemental payment is payable not later than  
14 September 2007 and, to the extent practicable, on a date or dates  
15 that coincide with the regular annuity payment payable to each  
16 eligible annuitant.

17          (c) To the extent authorized by the General Appropriations  
18 Act, the amount of the supplemental payment shall be no more than  
19 the gross amount of the regular annuity payment to which the  
20 eligible annuitant is otherwise entitled for the month of August  
21 2007.

22          (d) The supplemental payment is payable without regard to  
23 any forfeiture of benefits under Section 824.601, Government Code.  
24 The Teacher Retirement System of Texas shall make applicable tax  
25 withholding and other legally required deductions before  
26 disbursing the supplemental payment. A supplemental payment under  
27 this section is in addition to and not in lieu of the regular

1 monthly annuity payment to which the eligible annuitant is  
2 otherwise entitled.

3 (e) Subject to Subsection (f) of this section, to be  
4 eligible for the supplemental payment, a person must be, for the  
5 month of August 2007, and disregarding any forfeiture of benefits  
6 under Section 824.601, Government Code, an annuitant eligible to  
7 receive:

8 (1) a standard retirement annuity payment;

9 (2) an optional retirement annuity payment as either a  
10 retiree or beneficiary;

11 (3) a life annuity payment under Subdivision (4),  
12 Subsection (a), Section 824.402, Government Code;

13 (4) an annuity for a guaranteed period of 60 months  
14 under Subdivision (3), Subsection (a), Section 824.402, Government  
15 Code; or

16 (5) an alternate payee annuity payment under Section  
17 804.005, Government Code.

18 (f) If the annuitant is a retiree or a beneficiary under an  
19 optional retirement payment plan, to be eligible for the  
20 supplemental payment, the effective date of the retirement of the  
21 member of the Teacher Retirement System of Texas must have been on  
22 or before December 31, 2006. If the annuitant is a beneficiary  
23 under Subdivision (3) or (4), Subsection (a), Section 824.402,  
24 Government Code, to be eligible for the supplemental payment, the  
25 date of death of the member of the retirement system must have been  
26 on or before December 31, 2006. The supplemental payment shall be  
27 made to an alternate payee who is an annuitant under Section



1 804.005, Government Code, only if the annuity payment to the  
2 alternate payee commenced on or before December 31, 2006. The  
3 supplemental payment is in addition to the guaranteed number of  
4 payments under Subdivision (3), Subsection (a), Section 824.402,  
5 Government Code, or Subdivision (3) or (4), Subsection (c), Section  
6 824.204, Government Code, and may not be counted as one of the  
7 guaranteed monthly payments.

8 (g) The supplemental payment does not apply to payments  
9 under:

10 (1) Subsection (a), Section 824.304, Government Code,  
11 relating to disability retirees with less than 10 years of service  
12 credit;

13 (2) Subsection (b), Section 824.804, Government Code,  
14 relating to participants in the deferred retirement option plan  
15 with regard to payments from their deferred retirement option plan  
16 accounts;

17 (3) Subsection (a), Section 824.501, Government Code,  
18 relating to retiree survivor beneficiaries who receive a survivor  
19 annuity in an amount fixed by statute; or

20 (4) Subsection (a), Section 824.404, Government Code,  
21 relating to active member survivor beneficiaries who receive a  
22 survivor annuity in an amount fixed by statute.

23 (h) Except as provided by this section, the board of  
24 trustees of the Teacher Retirement System of Texas shall determine  
25 the eligibility for and the amount and timing of a supplemental  
26 payment and the manner in which the payment is made.

27 SECTION 14. Section 825.4092, Government Code, as amended

1 by this Act, applies only to an employer contribution required to be  
2 made under that section on or after September 1, 2007. An employer  
3 contribution required to be made before September 1, 2007, is  
4 governed by the law as it existed at the time the contribution was  
5 required to be made, and that law is continued in effect for that  
6 purpose.

7 SECTION 15. This Act takes effect September 1, 2007.