

## **BILL ANALYSIS**

C.S.H.B. 264  
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Pensions & Investments  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, eligible employees hired since 1995 and choosing the Optional Retirement Program receive an employer contribution appropriated by the State equal to 6 percent of their salary, which is matched by an employee payroll deduction equal to 6.65 percent. An Appropriations Bill rider prohibits institutions from supplementing the employer contribution, though they are able to do so for employees hired prior to 1995.

CSHB 264 will amend Subchapter C, Chapter 830 of the Government Code to permit employing institutions to supplement the state appropriation with other funds up to a total of 8.5 percent of salary for all eligible employees choosing the Optional Retirement Program. This total will more closely approach the national average of 9 percent and narrow the current competitive disadvantage hampering Texas institutions from recruiting and retaining top talent.

### **RULEMAKING AUTHORITY**

This bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1: Amends Subchapter C, Chapter 830, Government Code, by adding Section 830.2015, as follows:

Adds Section 830.2015, Supplemental Contributions from Institutions of Higher Education, (a) permits governing boards of institutions of higher education to use any source of funds to supplement the state appropriation for the Optional Retirement Program.

Adds Subsection (b) stating that a contribution up to a total of 8.5 percent of salary.

Adds Subsection (c) stating that a contribution may be given to each participant employed by the institution of higher education on or before August 31, 1995 that is different from the amount of a participant employed by an institution of higher education after that date .

SECTION 2: Effective date.

### **EFFECTIVE DATE**

This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each House. If it does not receive the votes necessary for immediate effect, it will take effect on September 1, 2003.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute bill makes the contribution by the institution of higher education permissive and apply to a

participant employed on or before August 31, 1995 that is different from the amount of a participant employed by an institution of higher education after that date.