

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 24, 2003**

**TO:** Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2169** by Telford (Relating to the payment of retirement benefits to retirees who are employed by certain public educational institutions.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would specify that a retired teacher who is hired by a “third-party entity” retained by a Texas public educational institution to provide personnel to the institution will not be entitled to service or disability retirement benefit payments for any month in which the retiree provides services for the benefit of that institution. The bill would define a third-party entity as one that is retained by a public educational institution (i.e. public school districts, colleges, universities). Under the bill, certain Teacher Retirement System (TRS) retirees employed by certain third-party entities would not receive their monthly retirement benefits payment for any month the retiree was employed by the third-party entity. The bill could result in savings to the TRS retirement fund. These savings would depend on the extent of retirement benefits associated with TRS retirees who are employed by third-party entities. Act, applies beginning with the 2003-2004 school year.

The Commissioner of Education is afforded the option of participating either in the Teacher Retirement System or the Employees Retirement System.

The change in law, as amended by this Act, applies only to the payment of retirement benefits to a retiree who is first employed by a third-party entity on or after May 24, 2003. The payment of retirement benefits to a retiree who was first employed by a third-party entity before May 24, 2003, is governed by the law in effect before the effective date of this Act, and the former law is continued in effect for that purpose.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 323 Teacher Retirement System

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