

By: Duncan

S.B. No. 8

A BILL TO BE ENTITLED

AN ACT

relating to certain retired and retirement-eligible education employees; making appropriations.

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

SECTION 1. Subchapter I, Chapter 21, Education Code, is amended by adding Section 21.4031 to read as follows:

Sec. 21.4031. SALARY SUPPLEMENT FOR CERTAIN RETIREMENT-ELIGIBLE CLASSROOM TEACHERS. (a) The amounts specified by this section are in addition to amounts to which a classroom teacher is entitled under Section 21.402.

(b) A classroom teacher, other than an employed retiree reported as described by Section 825.4092, Government Code, is entitled to an annual salary supplement equal to:

(1) \$1,000 for a year in which the sum of the teacher's age and years of service credit in the Teacher Retirement System of Texas equals at least 80 but less than 85;

(2) \$2,000 for a year in which the sum of the teacher's age and years of service credit in the Teacher Retirement System of Texas equals at least 85 but less than 90;

(3) \$3,000 for a year in which the sum of the teacher's age and years of service credit in the Teacher Retirement System of Texas equals at least 90 but less than 95; and

(4) \$4,000 for a year in which the sum of the teacher's age and years of service credit in the Teacher Retirement System of

1 Texas equals at least 95.

2 (c) If a person is entitled to a salary supplement under a
3 provision of Subsection (b) for only part of a year, the amount of
4 the salary supplement shall be prorated accordingly.

5 (d) The Teacher Retirement System of Texas, at the request
6 of the agency, shall provide the agency information and assistance
7 necessary to determine a person's eligibility for a salary
8 supplement under this section.

9 (e) A school district is entitled to state funds in an
10 amount equal to the sum of the salary supplements to which classroom
11 teachers employed by the district are entitled under this section.
12 Funding a school district receives under this section is in
13 addition to any funding the district receives under Chapter 42. The
14 commissioner shall distribute funds under this section with the
15 Foundation School Program payment to which the district is entitled
16 as soon as practicable after the end of the school year as
17 determined by the commissioner. A district to which Chapter 41
18 applies is entitled to funding under this section. The
19 commissioner shall determine the timing of the distribution of
20 funds to a district that does not receive Foundation School Program
21 payments.

22 SECTION 2. Sections 824.202(a-1), (b-1), and (d-1),
23 Government Code, as added by S.B. No. 1691, Acts of the 79th
24 Legislature, Regular Session, 2005, effective September 1, 2005,
25 are amended to read as follows:

26 (a-1) [~~This subsection applies only to a person who becomes~~
27 ~~a member of the retirement system on or after September 1, 2006.~~] A

1 member [~~subject to this subsection~~] is eligible to retire and
2 receive a standard service retirement annuity if:

3 (1) the member is at least 65 years old and has at
4 least five years of service credit in the retirement system; or

5 (2) the member is at least 60 years old and has at
6 least five years of service credit in the retirement system and the
7 sum of the member's age and amount of service credit in the
8 retirement system equals the number 80.

9 (b-1) [~~This subsection applies only to a person who becomes
10 a member of the retirement system on or after September 1, 2006.~~]

11 If a member [~~subject to this subsection~~] is at least 55 years old
12 and has at least five years of service credit in the retirement
13 system, but does not meet the requirements under Subsection (d-1),
14 the member is eligible to retire and receive a service retirement
15 annuity reduced from the standard service retirement annuity
16 available under Subsection (a-1)(1), to a percentage derived from
17 the following table:

18	Age at date											
19	of											
20	retirement	55	56	57	58	59	60	61	62	63	64	65
21	Percentage											
22	of standard											
23	annuity											
24	receivable	47%	51%	55%	59%	63%	67%	73%	80%	87%	93%	100%

25 (d-1) [~~This subsection applies only to a person who becomes
26 a member of the retirement system on or after September 1, 2007.~~]

27 If the sum of the member's age and amount of service credit in the

1 retirement system equals the number 80, with at least five years of
 2 service credit, or if the member has at least 30 years of service
 3 credit in the retirement system, the member is eligible to retire
 4 regardless of age and receive a service retirement annuity, reduced
 5 from the standard service retirement annuity available under
 6 Subsection (a-1)(2) [~~(a)(2)~~], to a percentage derived from the
 7 following table:

8 Age at	50	51	52	53	54	55	56	57	58	59	60
9 date of											
10 retirement											
11 <u>Percentage</u>	<u>70%</u>	<u>73%</u>	<u>76%</u>	<u>79%</u>	<u>82%</u>	<u>85%</u>	<u>88%</u>	<u>91%</u>	<u>94%</u>	<u>97%</u>	<u>100%</u>
12 <u>of standard</u>											
13 <u>annuity</u>											
14 <u>receivable</u>											
15 [Minimum	30	29	28	27	26	25	24	23	22	21	20
16 years of											
17 service											
18 credit											
19 required											
20 <u>Percentage</u>	<u>50%</u>	<u>55%</u>	<u>60%</u>	<u>65%</u>	<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>	<u>95%</u>	<u>100%</u>
21 <u>of standard</u>											
22 <u>annuity</u>											
23 <u>receivable]</u>											

24 For each year of age under 50 years with 30 years of service
 25 credit, the standard service retirement annuity shall be three
 26 [~~five~~] percent less than the percentage for age 50 with 30 years of
 27 service credit.

1 SECTION 3. Section 824.405, Government Code, as amended by
2 S.B. No. 1691, Acts of the 79th Legislature, Regular Session, 2005,
3 effective September 1, 2005, is amended to read as follows:

4 Sec. 824.405. TABLES FOR DETERMINATION OF DEATH BENEFIT
5 ANNUITY. For the purpose of computing a death benefit annuity under
6 Section 824.402(a)(4) or Section 824.403, the board of trustees
7 shall extend the tables:

8 (1) in Section 824.202(b-1) [~~824.202(b) or (b-1)~~, as
9 ~~applicable~~,] to ages earlier than 55 years by actuarially reducing
10 the benefit available at the age of 55 years to the actuarial
11 equivalent at the attained age of the beneficiary; and

12 (2) in Section 824.202(d-1) [~~824.202(b) or (d-1)~~, as
13 ~~applicable~~,] to ages earlier than the earliest retirement age by
14 actuarially reducing the benefit available at the earliest
15 retirement age to the actuarial equivalent at the attained age of
16 the beneficiary.

17 SECTION 4. Subsection (a), Section 824.602, Government
18 Code, as amended by S.B. No. 1691, Acts of the 79th Legislature,
19 Regular Session, 2005, effective September 1, 2005, and S.B. No.
20 132, Acts of the 79th Legislature, Regular Session, 2005, effective
21 June 17, 2005, is amended to read as follows:

22 (a) Subject to Section 825.506, the retirement system may
23 not, under Section 824.601, withhold a monthly benefit payment if
24 the retiree is employed in a Texas public educational institution:

25 (1) as a substitute only with pay not more than the
26 daily rate of substitute pay established by the employer and, if the
27 retiree is a disability retiree, the employment has not exceeded a

1 total of 90 days in the school year;

2 (2) in a position, other than as a substitute, on no
3 more than a one-half time basis for the month;

4 (3) in one or more positions on as much as a full-time
5 basis, if the work occurs in not more than six months of a school
6 year that begins after the retiree's effective date of retirement;

7 (4) in a position, other than as a substitute, on no
8 more than a one-half time basis for no more than 90 days in the
9 school year, if the retiree is a disability retiree;

10 (5) in a position as a classroom teacher on as much as
11 a full-time basis, if the retiree has retired under Section
12 824.202(a-1) [~~824.202(a) or (a-1)~~], is certified under Subchapter
13 B, Chapter 21, Education Code, to teach the subjects assigned, is
14 teaching in an acute shortage area as determined by the board of
15 trustees of a school district as provided by Subsection (m), and has
16 been separated from service with all public schools for at least 12
17 months;

18 (6) in a position as a principal, including as an
19 assistant principal, on as much as a full-time basis, if the retiree
20 has retired under Section 824.202(a-1) [~~824.202(a) or (a-1)~~]
21 without reduction for retirement at an early age, is certified
22 under Subchapter B, Chapter 21, Education Code, to serve as a
23 principal, and has been separated from service with all public
24 schools for at least 12 months;

25 (7) as a bus driver for a school district on as much as
26 a full-time basis, if the retiree has retired under Section
27 824.202(a-1) [~~824.202(a) or (a-1)~~], and the retiree's primary

1 employment is as a bus driver; or

2 (8) as a faculty member, during the period beginning
3 with the 2005 fall semester and ending on the last day of the 2015
4 spring semester, in an undergraduate professional nursing program
5 or graduate professional nursing program, as defined by Section
6 54.221, Education Code, and if the retiree has been separated from
7 service with all public schools for at least 12 months.

8 SECTION 5. Sections 824.202(a), (b), and (d), Government
9 Code, are repealed.

10 SECTION 6. (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 in January 2006 and,
14 to the extent practicable, on a date or dates that coincide with the
15 regular annuity payment payable to each eligible annuitant.

16 (c) The amount of the supplemental payment is equal to the
17 gross amount of the regular annuity payment to which the eligible
18 annuitant is otherwise entitled for the month of December 2005 and
19 is payable in January 2006, without regard to any forfeiture of
20 benefits under Section 824.602, Government Code. The Teacher
21 Retirement System of Texas shall make applicable tax withholding
22 and other legally required deductions before disbursing the
23 supplemental payment. The supplemental payment under this section
24 is in addition to and not in lieu of the regular monthly annuity
25 payment to which the eligible annuitant is otherwise entitled.

26 (d) Subject to Subsection (e) of this section, to be
27 eligible for the supplemental payment, a person must be, for the

1 month of December 2005, and disregarding any forfeiture of monthly
2 benefits under Section 824.602, Government Code, an annuitant
3 eligible to receive:

4 (1) a standard retirement annuity payment;

5 (2) an optional retirement annuity payment as either a
6 retiree or beneficiary;

7 (3) a life annuity payment under Section
8 824.402(a)(4), Government Code;

9 (4) an annuity for a guaranteed period of 60 months
10 under Section 824.402(a)(3), Government Code; or

11 (5) an alternate payee annuity payment under Section
12 804.005, Government Code.

13 (e) If the annuitant is a retiree or a beneficiary under an
14 optional retirement payment plan, to be eligible for the
15 supplemental payment, the effective date of the retirement of the
16 member of the Teacher Retirement System of Texas must have been
17 before September 1, 2003. If the annuitant is a beneficiary under
18 Section 824.402(a)(3) or (4), Government Code, to be eligible for
19 the supplemental payment, the date of death of the member of the
20 retirement system must have been before September 1, 2003. The
21 supplemental payment shall be made to an alternate payee who is an
22 annuitant under Section 804.005, Government Code, only if the
23 annuity payments to the alternate payee commenced before September
24 1, 2003. The supplemental payment is in addition to the guaranteed
25 number of payments under Section 824.402(a)(3) or 824.204(c)(3) or
26 (4), Government Code, and may not be counted as one of the
27 guaranteed monthly payments.

1 (f) The supplemental payment does not apply to payments
2 under:

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

5 (2) Section 824.804(b), Government Code, relating to
6 participants in the deferred retirement option plan with regard to
7 payments from their deferred retirement option plan accounts;

8 (3) Section 824.501(a), Government Code, relating to
9 retiree survivor beneficiaries receiving a survivor annuity in an
10 amount fixed by statute; or

11 (4) Section 824.404(a), Government Code, relating to
12 active member survivor beneficiaries receiving a survivor annuity
13 in an amount fixed by statute.

14 (g) Except as provided by this section, the board of
15 trustees of the Teacher Retirement System of Texas shall determine
16 the eligibility for and the amount and timing of a supplemental
17 payment and the manner in which the payment is made.

18 (h) The Teacher Retirement System of Texas shall pay the
19 supplemental payment made under this section from the retired
20 reserve account and may transfer to that account from the state
21 contribution account any portion of the amount that exceeds the
22 amount in the retired reserve account available to finance the
23 supplemental payment and that is actuarially determined to be
24 necessary to finance the supplemental payment. The supplemental
25 payment under this section must comply with Section 821.006,
26 Government Code.

27 SECTION 7. (a) The changes in law made by this Act to

1 Sections 824.202, 824.405, and 824.602, Government Code, apply only
2 to a person who retires under the Teacher Retirement System of Texas
3 on or after the effective date of this Act, unless the person meets
4 one of the requirements of Subsection (b) of this section. A person
5 who retires under the Teacher Retirement System of Texas before the
6 effective date of this Act is governed by the law as it existed
7 immediately before that date, and that law is continued in effect
8 for that purpose.

9 (b) A person who retires under the Teacher Retirement System
10 of Texas on or after the effective date of this Act is governed by
11 the law as it existed immediately before that date, and that law is
12 continued in effect for that purpose if:

13 (1) on or before August 31, 2005, the person meets one
14 or more of the following requirements:

15 (A) the person has attained age 50;

16 (B) the sum of the person's age and amount of
17 service credit in the retirement system equals 70 or greater; or

18 (C) the person has at least 25 years of service
19 credit in the retirement system; or

20 (2) on or before September 1, 2010, the sum of the
21 person's age and amount of service credit in the retirement system
22 equals the number 80.

23 (c) Only service actually credited in the Teacher
24 Retirement System of Texas on or before August 31, 2005, may be used
25 to determine eligibility under Paragraphs (B) and (C), Subdivision
26 (1), Subsection (b) of this section. Service credit established
27 only after completion of additional payments under an installment

1 agreement after August 31, 2005, may not be considered to be
2 actually credited for the purpose of Paragraphs (B) and (C),
3 Subdivision (1), Subsection (b) of this section.

4 SECTION 8. (a) In addition to the estimated amounts
5 appropriated under Strategies A.1.1 and A.1.2 of the appropriations
6 to the Teacher Retirement System of Texas by S.B. No. 1, Acts of the
7 79th Legislature, Regular Session, 2005 (the General
8 Appropriations Act), an estimated \$57 million is appropriated from
9 the general revenue fund to the system to fund the retirement
10 contributions described by those strategies for the state fiscal
11 biennium beginning September 1, 2005, at the rate of 6.12 percent of
12 payroll for each fiscal year.

13 (b) This section applies notwithstanding the rate specified
14 in Rider 4, page III-33, S.B. No. 1, Acts of the 79th Legislature,
15 Regular Session, 2005 (the General Appropriations Act).

16 SECTION 9. In addition to other amounts appropriated by
17 other acts of the 79th Legislature, \$35 million is appropriated
18 from the general revenue fund to the Texas Education Agency for the
19 fiscal year beginning September 1, 2006, to fund the salary
20 supplement authorized by Section 21.4031, Education Code, as added
21 by this Act.

22 SECTION 10. Section 21.4031, Education Code, as added by
23 this Act, applies beginning with the 2006-2007 school year.

24 SECTION 11. This Act takes effect September 1, 2005, if it
25 receives a vote of two-thirds of all the members elected to each
26 house, as provided by Section 39, Article III, Texas Constitution.
27 If this Act does not receive the vote necessary for effect on that

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1 date, this Act takes effect November 1, 2005.