

## **BILL ANALYSIS**

C.S.H.B. 1105  
By: McClendon  
Pensions & Investments  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, the state contributes the constitutional minimum of 6 percent of the aggregate annual compensation of all of the members of the retirement system to the Teachers Retirement System (TRS) Pension Fund (the fund).

The TRS board of trustees cannot approve an increase in benefits unless the funding period is less than 31 years.

This bill increases the state contribution to 6.7 percent and directs TRS to pay an extra or "13th check" to its annuitants.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

This bill requires the state to contribute at least 6.7 percent and not more than 10 percent of the aggregate annual compensation of all of the members of the retirement system to the Teachers Retirement System Pension Fund.

This bill requires the TRS to make a one-time supplemental payment not later than September 2007 in the amount equal to the gross amount of the regular annuity payment to which eligible annuitants are otherwise entitled to for the month of August 2007.

### **EFFECTIVE DATE**

September 1, 2007.

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

The original bill changed the state contribution rate from 6 percent to 7 percent. The committee substitute changes the state contribution rate from 6 percent to 6.7 percent.

The original bill increased the standard service retirement annuity by four percent. The substitute does not increase the standard service retirement annuity.

The substitute requires TRS to make a one time supplemental payment to certain eligible annuitants, the original bill did not require this supplemental payment.

The substitute does not contain the language included in the original bill regarding the contribution rate specified in the General Appropriations Act.