

BILL ANALYSIS

H.B. 2358
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Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Teacher Retirement System (TRS) provides retirement, disability retirement, and death benefits for public school and certain higher education employees in Texas. If employees receive salaries based on federal or private sources (including grants), their employers will remit certain employer contributions to TRS for retirement and health care purposes. Current statute provides for TRS to deposit those employer contributions directly into the state's general revenue fund. To complete the circle, the Legislature appropriates an amount equal to those federal or private source employer contributions from general revenue to TRS. Unfortunately, this process causes the state appropriations bill to reflect higher than necessary expenditures in general revenue.

This bill would simplify the accounting process and allow the state to cease appropriating general revenue funds for these purposes. The bill would provide that the specific employer contributions be deposited in the appropriate TRS accounts.

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

HB 2358 requires that when an employer receives money for state contributions to the TRS from certain sources they send the money to the retirement system for deposit in the state contribution account. This bill then requires the retirement system to deposit all money it receives under this section in the state contribution account.

This bill also provides that an employer who applies for money provided by the United States or a privately sponsored source shall, if any of the money will pay part or all of an active employee's salary, also apply for any legally available money to pay state contributions required by Subchapter E, and immediately send any money received for state contributions as a result of the application to TRS for deposit in the TRS fund.

EFFECTIVE DATE

September 1, 2007.