

BILL ANALYSIS

S.B. 1877
By: Averitt
Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law ambiguously considers all amounts received for awards for student achievement, educator excellence, and mentoring programs to be wages and salary for the purpose of determining contributions to the Teacher Retirement System (TRS). However, certain amounts received under these programs were never intended to be counted as salary and wages for TRS purposes. The law also excludes salary and wage amounts designated as health care supplementation from being counted for those purposes, which can create conflicts with the federal Internal Revenue Code.

As proposed, this bill adds the relevant parts of amounts received for awards for student achievement, educator excellence, and mentoring programs and all salary amounts designated as health care supplementation to the definition of “salary and wages” required to be reported and deducted for member contributions to the TRS and to credit in benefit computations.

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

SECTION 1. Amends Sections 822.201(b) and (c), Government Code, as follows:

(b) Amends language regarding the amounts received under the relevant parts of certain awards and programs that authorize compensation for service and salary amounts designated as health care supplementation by an employee under Subchapter D, Chapter 22, Education Code, to the definition of “salary and wages” as used in Subsection (a) (regarding types of compensation subject to report and deduction for member contributions to the TRS and to credit in benefit computations).

(c) Makes a conforming deletion and a conforming change.

SECTION 2. Effective date: September 1, 2007.

EFFECTIVE DATE

September 1, 2007.