

By: Villarreal

H.B. No. 3391

A BILL TO BE ENTITLED

AN ACT

1
2 relating to public financing of the public education employee
3 retirement system and an annual cost-of-living adjustment for
4 certain retirement benefits.

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

6 SECTION 1. Subchapter A, Chapter 824, Government Code, is
7 amended by adding Section 824.007 to read as follows:

8 Sec. 824.007. ANNUAL COST-OF-LIVING ADJUSTMENT. (a) The
9 amount of a monthly service retirement benefit, disability
10 retirement benefit, or death benefit paid under this chapter is
11 increased to include an annual cost-of-living adjustment in
12 accordance with this section.

13 (b) Effective September 1 of each year, the board of
14 trustees shall recompute the amount of a benefit paid monthly under
15 this chapter by applying the cost-of-living adjustment to the
16 monthly amount otherwise required to be paid as determined in
17 accordance with this chapter, including the amount of any previous
18 cost-of-living adjustment made under this section or other increase
19 required by law.

20 (c) The amount of a cost-of-living adjustment made under
21 this section is equal to the automatic cost-of-living adjustment
22 made by the United States Social Security Administration and
23 applicable to social security benefits in December of the year
24 preceding the year in which the adjustment under Subsection (b) is

1 made.

2 SECTION 2. Sections 825.404(a) and (b), Government Code,
3 are amended to read as follows:

4 (a) During each fiscal year, the state shall contribute to
5 the retirement system an amount sufficient to amortize, within a
6 30-year funding period, the actuarial liability of the retirement
7 system for service retirement benefits, disability retirement
8 benefits, and death benefits, including the amount of the annual
9 cost-of-living adjustment applied under Section 824.007, provided
10 under this subtitle for members, retirees, and beneficiaries. The
11 amount must be determined based on the annual August 31 actuarial
12 valuation and must be equal to at least six and not more than 10
13 percent of the aggregate annual compensation of all members of the
14 retirement system during that fiscal year.

15 (b) Before November 2 of each even-numbered year, the board
16 of trustees shall certify to the comptroller of public accounts for
17 review and adoption an estimate of the amount necessary to pay the
18 state's contributions to the retirement system for the following
19 biennium. At the time the board of trustees makes the certification
20 under this subsection, the board of trustees shall report the
21 amount certified to the lieutenant governor, the speaker of the
22 house of representatives, and the presiding officers of the
23 appropriate committees of the house and the senate.

24 SECTION 3. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

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1 Act takes effect September 1, 2007.