

By: Uresti

S.B. No. 1779

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

S.B. No. 1779

1 Act takes effect September 1, 2007.