

By: Duncan

S.B. No. 1846

A BILL TO BE ENTITLED

AN ACT

relating to funding for, and benefits provided under, the Teacher Retirement System of Texas.

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

SECTION 1. Subchapter A, Chapter 824, Government Code, is amended by adding Section 824.009 to read as follows:

Sec. 824.009. BENEFIT INCREASE. (a) The amount of a service retirement benefit, disability retirement benefit, or death benefit paid under this chapter may be increased only to the extent authorized by the General Appropriations Act applicable to the fiscal biennium in which the increase is paid.

(b) An increase made as provided by this section is subject to Section 821.006.

SECTION 2. Section 824.2031, Government Code, is amended by adding Subsection (c) to read as follows:

(c) An improvement in the plan of benefits is subject to Section 824.009.

SECTION 3. Section 825.308, Government Code, is amended to read as follows:

Sec. 825.308. STATE CONTRIBUTION ACCOUNT. The retirement system shall deposit in the state contribution account:

(1) all state contributions to the retirement system required by Section 825.404;

(2) amounts from the interest account as provided by

1 Section 825.313(b)(2);

2 (3) retirement annuities waived or forfeited in
3 accordance with Section 824.601 or 824.004;

4 (4) fees collected under Section 825.403(h);

5 (5) fees and interest for reinstatement of service
6 credit or establishment of membership service credit as provided by
7 Section 823.501;

8 (6) the portion of a deposit required by Section
9 823.302 to establish military service credit that represents a fee;

10 (7) contributions collected by employers from federal
11 or private sources under Section 825.406;

12 (8) contributions collected by a general academic
13 teaching institution or a medical and dental unit under Section
14 825.407; and

15 (9) [~~7~~] employer contributions required under
16 Sections 825.4042 and [~~Section~~] 825.4092.

17 SECTION 4. Section 825.402, Government Code, is amended to
18 read as follows:

19 Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. (a) The rate
20 of contributions for each member of the retirement system is:

21 (1) five percent of the member's annual compensation
22 or \$180, whichever is less, for service rendered after August 31,
23 1937, and before September 1, 1957;

24 (2) six percent of the first \$8,400 of the member's
25 annual compensation for service rendered after August 31, 1957, and
26 before September 1, 1969;

27 (3) six percent of the member's annual compensation

1 for service rendered after August 31, 1969, and before the first day
2 of the 1977-78 school year;

3 (4) 6.65 percent of the member's annual compensation
4 for service rendered after the last day of the period described by
5 Subdivision (3) and before September 1, 1985; and

6 (5) 6.4 percent of the member's annual compensation
7 for service rendered after August 31, 1985, subject to Subsection
8 (b).

9 (b) The rate of contributions for each member of the
10 retirement system may be increased to not more than 6.6 percent of
11 the member's annual compensation as directed by the General
12 Appropriations Act to ensure the actuarial soundness of the
13 retirement system. An increase made under this subsection applies
14 to annual compensation received for service rendered during the
15 school years that correspond to the fiscal biennium to which the
16 General Appropriations Act requiring the increase applies or a
17 shorter period specified by that Act. An increase may not be
18 required under this subsection to fund a benefit increase described
19 by Section 824.009.

20 SECTION 5. Section 825.404(a), Government Code, is amended
21 to read as follows:

22 (a) During each fiscal year, the state shall contribute to
23 the retirement system an amount equal to at least six and not more
24 than 10 percent of the aggregate annual compensation of all members
25 of the retirement system during that fiscal year. The amount of the
26 state contribution made under this section may not be less than the
27 amount contributed by members during that fiscal year in accordance

1 with Section 825.402.

2 SECTION 6. The heading to Section 825.4041, Government
3 Code, is amended to read as follows:

4 Sec. 825.4041. EMPLOYER PAYMENTS FOR CERTAIN NEW MEMBERS.

5 SECTION 7. Subchapter E, Chapter 825, Government Code, is
6 amended by adding Section 825.4042 to read as follows:

7 Sec. 825.4042. EMPLOYER CONTRIBUTIONS. (a) During each
8 fiscal year, an employer shall contribute to the retirement system
9 an amount specified in the General Appropriations Act, which may
10 not be less than .25 percent or greater than .75 percent of the
11 aggregate annual compensation of contributing members of the
12 retirement system employed by that employer during that fiscal
13 year.

14 (b) An employer shall make the contributions required by
15 this section in 12 monthly payments and as required by the board of
16 trustees.

17 (c) A contribution made under this section is in addition to
18 other employer contributions required by this subchapter.

19 (d) An employer may deduct from the amount of the
20 contribution required under this section the amount of matching
21 contributions that are:

22 (1) made for contributing employees by the employer
23 under the Federal Insurance Contributions Act (26 U.S.C. Chapter
24 21); and

25 (2) paid by the employer from money other than money
26 appropriated by the state.

27 (e) Contributions made by employers under this section do

1 not affect the minimum state contribution required by Section
2 825.404(a).

3 (f) Contributions under this section are subject to the
4 requirements of Section 825.408.

5 SECTION 8. Section 825.406(b), Government Code, is amended
6 to read as follows:

7 (b) When an employer receives money for state contributions
8 from an application made in accordance with Subsection (a), the
9 employer shall immediately send the money to the retirement system
10 for deposit in the state contribution account [~~general revenue fund~~
11 ~~of the state treasury~~].

12 SECTION 9. Section 825.407(g), Government Code, is amended
13 to read as follows:

14 (g) The retirement system shall deposit [~~submit~~] all money
15 it receives under this section in the state contribution account
16 [~~to the comptroller of public accounts for deposit in the general~~
17 ~~revenue fund~~].

18 SECTION 10. Section 825.4092(e), Government Code, is
19 amended to read as follows:

20 (e) The amounts required to be paid under Subsections (b)
21 and (c) are not required to be paid by a reporting employer for a
22 retiree who retired from [~~was reported under~~] the retirement system
23 [~~rules in effect for the report month of January 2005 by:~~

24 [~~(1) that reporting employer, or~~
25 [~~(2) another employer, if both employers are school~~
26 ~~districts that consolidated into a consolidated school district on~~
27 ~~or~~] before September 1, 2005.

1 SECTION 11. Subchapter I, Chapter 21, Education Code, is
2 amended by adding Section 21.4031 to read as follows:

3 Sec. 21.4031. SALARY SUPPLEMENT FOR CERTAIN
4 RETIREMENT-ELIGIBLE CLASSROOM TEACHERS. (a) The amounts specified
5 by this section are in addition to amounts to which a classroom
6 teacher is entitled under Section 21.402.

7 (b) A classroom teacher, other than an employed retiree
8 reported as described by Section 825.4092, Government Code, is
9 entitled to an annual salary supplement equal to:

10 (1) \$1,000 for a year in which the sum of the teacher's
11 age and years of service credit in the Teacher Retirement System of
12 Texas equals at least 80 but less than 85;

13 (2) \$2,000 for a year in which the sum of the teacher's
14 age and years of service credit in the Teacher Retirement System of
15 Texas equals at least 85 but less than 90;

16 (3) \$3,000 for a year in which the sum of the teacher's
17 age and years of service credit in the Teacher Retirement System of
18 Texas equals at least 90 but less than 95; and

19 (4) \$4,000 for a year in which the sum of the teacher's
20 age and years of service credit in the Teacher Retirement System of
21 Texas equals at least 95.

22 (c) If a person is entitled to a salary supplement under a
23 provision of Subsection (b) for only part of a year, the amount of
24 the salary supplement shall be prorated accordingly.

25 (d) The Teacher Retirement System of Texas, at the request
26 of the agency, shall provide the agency information and assistance
27 necessary to determine a person's eligibility for a salary

1 supplement under this section.

2 (e) A school district is entitled to state funds in an
3 amount equal to the sum of the salary supplements to which classroom
4 teachers employed by the district are entitled under this section.
5 Funding a school district receives under this section is in
6 addition to any funding the district receives under Chapter 42. The
7 commissioner shall distribute funds under this section with the
8 Foundation School Program payment to which the district is entitled
9 as soon as practicable after the end of the school year as
10 determined by the commissioner. A district to which Chapter 41
11 applies is entitled to funding under this section. The
12 commissioner shall determine the timing of the distribution of
13 funds to a district that does not receive Foundation School Program
14 payments.

15 SECTION 12. Section 1575.204(b), Insurance Code, is amended
16 to read as follows:

17 (b) Each state fiscal year, each employer who reports to the
18 retirement system under Section 824.6022, Government Code, the
19 employment of a retiree who is enrolled in the group program shall
20 contribute to the fund the difference, if any, between the
21 contribution amount that the reported retiree is required to pay
22 for the retiree and any enrolled dependents to participate in the
23 group program and the full cost of the retiree's and enrolled
24 dependents' participation in the group program, as determined by
25 the trustee. The amounts required to be paid under this subsection
26 are not required to be paid by a reporting employer for a retiree
27 who retired from the [~~was reported by that employer under~~]

1 retirement system before September 1, [~~rules in effect for the~~
2 ~~report month of January~~] 2005.

3 SECTION 13. Section 1575.252, Insurance Code, is amended to
4 read as follows:

5 Sec. 1575.252. APPLICATION BY EMPLOYER FOR MONEY TO PAY
6 STATE CONTRIBUTIONS. An employer who applies for money provided by
7 the United States or a privately sponsored source shall:

8 (1) if any of the money will pay part or all of an
9 active employee's salary, also apply for any legally available
10 money to pay state contributions required by Subchapter E; and

11 (2) immediately send any money received for state
12 contributions as a result of the application to the trustee for
13 deposit in the [~~general revenue~~] fund.

14 SECTION 14. Section 825.4092, Government Code, as amended
15 by this Act, applies only to an employer contribution required to be
16 made under that section on or after September 1, 2007. An employer
17 contribution required to be made before September 1, 2007, is
18 governed by the law as it existed at the time the contribution was
19 required to be made, and that law is continued in effect for that
20 purpose.

21 SECTION 15. Section 21.4031, Education Code, as added by
22 this Act, applies beginning with the 2006-2007 school year.

23 SECTION 16. This Act takes effect September 1, 2007.