

AN ACT

relating to the determination of compensation under the Teacher Retirement System of Texas.

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

SECTION 1. Subsections (b) and (c), Section 822.201, Government Code, are amended to read as follows:

(b) "Salary and wages" as used in Subsection (a) means:

(1) normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed;

(2) amounts by which the member's salary is reduced under a salary reduction agreement authorized by Chapter 610;

(3) amounts that would otherwise qualify as salary and wages under Subdivision (1) but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax sheltered annuity program specifically authorized by state law or to finance benefit options under a cafeteria plan qualifying under Section 125 of the Internal Revenue Code of 1986, if:

(A) the program or benefit options are made available to all employees of the employer; and

(B) the benefit options in the cafeteria plan are limited to one or more options that provide deferred compensation, group health and disability insurance, group term life insurance,

1 dependent care assistance programs, or group legal services plans;

2 (4) performance pay awarded to an employee by a school  
3 district as part of a total compensation plan approved by the board  
4 of trustees of the district and meeting the requirements of  
5 Subsection (e);

6 (5) the benefit replacement pay a person earns under  
7 Subchapter H, Chapter 659, except as provided by Subsection (c);

8 (6) stipends paid to teachers in accordance with  
9 Section 21.410, 21.411, 21.412, or 21.413, Education Code;

10 (7) amounts by which the member's salary is reduced or  
11 that are deducted from the member's salary as authorized by  
12 Subchapter J, Chapter 659;

13 (8) a merit salary increase made under Section 51.962,  
14 Education Code; ~~and~~

15 (9) amounts received under the relevant parts of the  
16 awards for student achievement program under Subchapter N, Chapter  
17 21, Education Code, the educator excellence awards program under  
18 Subchapter O, Chapter 21, Education Code, or a mentoring program  
19 under Section 21.458, Education Code, that authorized compensation  
20 for service; and

21 (10) salary amounts designated as health care  
22 supplementation by an employee under Subchapter D, Chapter 22,  
23 Education Code.

24 (c) Excluded from salary and wages are:

25 (1) expense payments;

26 (2) allowances;

27 (3) payments for unused vacation or sick leave;

- 1           (4) maintenance or other nonmonetary compensation;
- 2           (5) fringe benefits;
- 3           (6) deferred compensation other than as provided by
- 4 Subsection (b)(3);
- 5           (7) compensation that is not made pursuant to a valid
- 6 employment agreement;
- 7           (8) payments received by an employee in a school year
- 8 that exceed \$5,000 for teaching a driver education and traffic
- 9 safety course that is conducted outside regular classroom hours;
- 10          (9) the benefit replacement pay a person earns as a
- 11 result of a payment made under Subchapter B or C, Chapter 661;
- 12          (10) ~~[any compensation designated as health care~~
- 13 ~~supplementation by an employee under Subchapter D, Chapter 22,~~
- 14 ~~Education Code, subject to an annual limit of \$1,000;~~
- 15          ~~[(11)]~~ any amount received by an employee under:
- 16               (A) former Article 3.50-8, Insurance Code;
- 17               (B) former Chapter 1580, Insurance Code;
- 18               (C) Subchapter D, Chapter 22, Education Code, as
- 19 that subchapter existed January 1, 2006; or
- 20               (D) Rider 9, Page III-39, Chapter 1330, Acts of
- 21 the 78th Legislature, Regular Session, 2003 (the General
- 22 Appropriations Act); and
- 23          (11) ~~[(12)]~~ any compensation not described in
- 24 Subsection (b).

25          SECTION 2. This Act takes effect September 1, 2007.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1877 passed the Senate on April 19, 2007, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1877 passed the House on May 23, 2007, by the following vote: Yeas 144, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor