

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 31, 2007**

**TO:** Honorable Robert Duncan, Chair, Senate Committee on State Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB1039** by Lucio (Relating to the payment of benefits to certain retirees of the Teacher Retirement System of Texas who work during the final month of the school year.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would expand the exceptions to the six-month limitation on employment of return-to-work retirees of the Teacher Retirement System (TRS) by excluding work during the last instructional month of the school year if less than half of that month is worked.

Under current law, if a TRS retiree returns to work in a TRS-covered position full-time for more than six months in a school year, the retiree's annuity is discontinued after the sixth month. Any part of a month in which a retiree works beyond the sixth month results in the withholding of that month's annuity payment. Currently, most districts' school years end in May, which allows return-to-work retirees to cease employment in May and receive a June annuity payment. With later school year start dates resulting in more districts' school years extending into June, in future years, return-to-work retirees to whom the six-month limitation applies would be subject to withholding of the June payment. The withholding of the June payment is likely to result in a gain to TRS. The provisions of the bill would allow a return-to-work retiree subject to withholding to complete work during a school year during June and receive a monthly annuity payment in June, which would reduce the anticipated gain; but the impact cannot be estimated.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System

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