

## **BILL ANALYSIS**

C.S.H.B. 1608  
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Pensions, Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties observe that the Texas Legislature created the state employee charitable campaign to allow a state employee to authorize deductions from the employee's monthly paycheck for a charitable contribution. Those parties contend that since its inception, the campaign has grown into one of the largest state employee charitable campaigns in the nation, benefiting from strong leadership and strict oversight at both the state and local levels. However, the parties further contend that retired state employees may not participate in the campaign using automatic monthly deductions, nor do they have representation on either the policy committee or the local employee committee.

C.S.H.B. 1608 seeks to address the matter of retiree participation in the campaign and representation on the state policy committee and the local employee committee.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System of Texas in SECTIONS 4 and 5 of this bill.

### **ANALYSIS**

C.S.H.B. 1608 amends the Government Code to change the composition of the state employee charitable campaign policy committee by removing the requirement that each member be a state employee and instead requiring that the committee be composed of employees and retired state employees receiving benefits from the Employees Retirement System of Texas (ERS). The bill authorizes the inclusion of one or more retired state employees receiving ERS benefits in the membership of a local state employee charitable campaign committee.

C.S.H.B. 1608 authorizes a person who receives an annuity from ERS to authorize ERS, by means of a printed or electronic form filed with ERS, to deduct from the person's monthly annuity payment the amount of a contribution to the state employee charitable campaign in the manner and for the same purposes for which a state employee may authorize deductions to that campaign. The bill requires an authorization for such a deduction to direct the ERS board of trustees to deposit the deducted funds with the comptroller of public accounts for distribution as required by provisions of law in the same manner in which a state employee's deduction is distributed. The bill establishes that such an authorization for deduction from an annuity remains in effect for the same period as an authorization for a state employee's charitable deduction unless the person revokes the authorization by giving notice to the ERS board of trustees. The bill authorizes the board of trustees to adopt rules to administer provisions relating to charitable deductions from annuities and requires any rules adopted to be consistent with the comptroller's rules related to the state employee charitable campaign.

C.S.H.B. 1608 requires the ERS board of trustees and the state employee charitable campaign policy committee to coordinate responsibility for the administration of charitable deductions from annuity payments to the state employee charitable campaign in accordance with the bill's

provisions. The bill establishes that the state policy committee is authorized to approve a budget that includes funding for as many of the expenses incurred by ERS associated with the implementation and administration of annuitants' participation in the state employee charitable campaign as is practicable, including notification of annuitants.

C.S.H.B. 1608 requires the ERS board of trustees to charge an administrative fee to cover any costs not paid by the deducted funds deposited with the comptroller in the implementation of the bill's provisions relating to the charitable deduction from an annuity to the charitable organizations participating in the state employee charitable campaign in the same proportion that the contributions to that charitable organization bear to the total of contributions in that campaign. The bill requires the board of trustees to determine the most efficient and effective method of collecting the administrative fee and to adopt rules for implementing those provisions. The bill authorizes the board of trustees and the state policy committee, if necessary, to make the annuity deduction authorization available in stages to subgroups of the retirement system's annuity recipients as money becomes available to cover the expenses incurred by ERS in association with the implementation and administration of annuitants' participation in the state employee charitable campaign.

C.S.H.B. 1608 authorizes the ERS board of trustees, in cooperation with the comptroller and the state employee charitable campaign policy committee, to adopt rules to implement the bill's provisions relating to charitable deductions from annuities and to coordination between the board of trustees and the state employee charitable campaign policy committee. The bill requires the ERS board of trustees by rule to designate the start date on which the annuity deductions begin.

#### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1608 differs from the original by authorizing the Employees Retirement System of Texas (ERS) board of trustees to adopt rules to administer provisions relating to charitable deductions from annuities and by requiring any rules adopted to be consistent with the comptroller's rules related to the state employee charitable campaign, whereas the original authorizes ERS to adopt such rules.

C.S.H.B. 1608 contains provisions not included in the original relating to the coordination between the ERS board of trustees and the state employee charitable campaign policy committee for the administration of charitable deductions from annuity payments to the state employee charitable campaign.

C.S.H.B. 1608 contains a specification not included the original, in the provision authorizing the ERS board of trustees, in cooperation with the comptroller and the state employee charitable campaign policy committee, to adopt certain rules relating to the bill's provisions, that such rules include those implementing provisions relating to the coordination between the board of trustees and the state employee charitable campaign policy committee for the administration of charitable deductions from annuity payments to the state employee charitable campaign.

C.S.H.B. 1608 differs from the original by requiring the ERS board of trustees by rule to designate the start date on which the annuity deductions begin, whereas the original requires the ERS board of trustees by rule to designate as the date on which the annuity deductions begin the start date of payroll deductions by state employees who contribute to the first state employee charitable campaign that occurs after the adoption of rules to implement the charitable annuity deductions.