

BILL ANALYSIS

H.B. 2561
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, a member of the Teacher Retirement System of Texas (TRS) must render sufficient service in a school year to earn one year of membership service credit. The school year varies from member to member because the law allows a member's school year for TRS purposes to be based on the member's contract year for employment purposes. It is asserted that the different 12-month periods constituting a school year complicate the crediting of compensation and the establishment of TRS service credit, making it difficult to automate retirement processes for approximately 1.3 million members and retirees and requiring TRS to spend considerable time manually processing retirements. Interested parties note that legislation is required to enable TRS to determine service credit and member benefits more efficiently and accurately and to credit service and compensation in an automated manner by standardizing the school year for TRS benefit purposes only. H.B. 2561 seeks to address this issue by changing the definition of "school year" for purposes of the Teacher Retirement System of Texas.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2561 amends the Government Code to redefine "school year," for purposes of the Teacher Retirement System of Texas, as an exact 12-month period beginning September 1 and ending August 31 of the next calendar year, rather than a 12-month period beginning and ending approximately on those dates. The bill removes an alternate definition of "school year" for a member whose contract or oral or written work agreement begins after June 30 and continues after August 31 of the same calendar year specifying a period not to include more than 12 months beginning on the date the contract or agreement begins.

H.B. 2561 makes its provisions applicable beginning with the 2012-2013 school year.

EFFECTIVE DATE

September 1, 2011.