

BILL ANALYSIS

H.B. 99
By: Perry
Pensions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The state is currently required to contribute to the Teacher Retirement System of Texas (TRS) each state fiscal year an amount equal to at least six percent and not more than 10 percent of the aggregate annual compensation of all TRS members. Interested parties have expressed concern that public school teachers enrolled in TRS may receive less in retirement benefits than they would if they were enrolled in the federal Old-Age, Survivors, and Disability Insurance (OASDI) program, or the federal Social Security program, if that program's rate is greater than six percent. Interested parties contend that under the state budget for the current biennium, the state contribution rate to TRS for fiscal year 2012 amounted to six percent of teacher salaries in Texas. H.B. 99 seeks to increase the state's annual contribution to TRS, under certain conditions, to at least the rate under which TRS beneficiaries would receive benefits comparable to the benefits they would receive if they were eligible for Social Security benefits.

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. 99 amends the Government Code to set the state's rate of contributions to the Teacher Retirement System of Texas (TRS), as a percentage of the aggregate annual compensation of all TRS members, during each fiscal biennium at an amount that is not less than the amount of the federal Old-Age, Survivors, and Disability Insurance (OASDI) tax rate that is in effect on January 1 of the year preceding the biennium under the Federal Insurance Contributions Act. The bill applies this minimum percentage only to a state fiscal biennium for which the OASDI tax rate in effect on the preceding January 1 is at least 6 and not more than 10 percent. The bill's provisions apply to state contributions to TRS for public education employees beginning with the first state contribution amount for that purpose made on or after September 1, 2013.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.