

BILL ANALYSIS

C.S.H.B. 1383
By: Keffer
Pensions
Committee Report (Substituted)

BACKGROUND AND PURPOSE

State law currently sets the minimum and maximum amounts of the state contribution to the Teacher Retirement System of Texas (TRS) during each fiscal year. Interested parties contend that the minimum amount needs to be increased to ensure that TRS is actuarially sound now and for the future. Without an increase, the parties say, TRS cannot consider a cost-of-living increase for retired teachers. C.S.H.B. 1383 attempts to address these concerns by proposing a gradual increase in the minimum state contribution to TRS.

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

C.S.H.B. 1383 amends the Government Code to increase the minimum amount of the required annual state contribution to the Teacher Retirement System of Texas (TRS) from six to 7.4 percent of the aggregate annual compensation of all members of TRS during the fiscal year.

C.S.H.B. 1383 adds a temporary provision, set to expire September 1, 2015, to require the state, during the fiscal year beginning September 1, 2013, to contribute to TRS an amount equal to 6.9 percent of the aggregate annual compensation of all TRS members during that fiscal year. The bill requires the state, during the fiscal year beginning September 1, 2014, to contribute to TRS an amount equal to 7.4 percent of the aggregate annual compensation of all TRS members during that fiscal year.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1383 differs from the original in minor or nonsubstantive ways to make technical corrections and by conforming to certain bill drafting conventions.