

BILL ANALYSIS

S.B. 1812
By: Duncan
Pensions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties would like information on the rate of the state's annual contribution to the state employees group benefits program, the Teacher Retirement System of Texas (TRS), and the optional retirement program of TRS for certain junior college employees to participate in these programs. Additionally, these parties note a needed change in the funding methodology for public junior colleges participating in the group benefits program. S.B. 1812, among other items, seeks to address these issues.

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

S.B. 1812 amends the Government Code in provisions relating to the calculation of the state contribution to the Teacher Retirement System of Texas (TRS) and to the optional retirement program of TRS to require the compensation of TRS members who are employed by public junior colleges or public junior college districts to be included in the aggregate annual compensation as follows:

- 50 percent of the eligible creditable compensation of employees who otherwise are eligible for membership in TRS and who are instructional or administrative employees whose salaries may be fully paid from the funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds
- none of the eligible creditable compensation of all other employees who are not those instructional or administrative employees but are otherwise eligible for membership in TRS
- none of the eligible creditable compensation of all other employees who cannot be included as a qualifying employee by application of other provisions of the bill

S.B. 1812 specifies that the established provision requiring the TRS board of trustees, before November 2 of each even-numbered year, to certify to the comptroller of public accounts for review and adoption an estimate of the amount necessary to pay the state's annual contributions to TRS for the following biennium be in coordination with the Legislative Budget Board (LBB), rather than making such certification to the LBB. The bill makes such requirement applicable to the board in regard to the state's annual contribution to the optional retirement program of TRS. The bill requires the TRS board, for those instructional or administrative employees otherwise eligible to participate in TRS, to include only 50 percent of the eligible creditable compensation of those employees in determining the amount to be certified. The bill prohibits the number of qualifying employees whose compensation may be included for each public junior college or public junior college district in each biennium, in determining an estimate of the amount necessary to pay the state's annual contribution to TRS and to the optional retirement system for

the following biennium, from being adjusted in a proportion greater than the change in student enrollment at each college during the reporting period. The bill establishes an exception to this prohibition by authorizing a college that experiences a decline in student enrollment to petition the LBB to maintain the number of eligible employees up to 98 percent of the level of the prior biennium.

S.B. 1812 specifies amounts that a public junior college or a public junior college district is required to contribute monthly to TRS. The bill requires the designated disbursing officer of each public junior college and each public junior college district to submit to TRS, at a time and in the manner prescribed by TRS, a monthly report containing a certificate that includes specified information. The bill also requires the officer to maintain and retain specified information relating to members employed by the college or district and requires the monthly report to be accompanied by payment of the amount of certified employer contributions.

S.B. 1812 requires TRS, not later than the 90th day after the date each school year ends, to certify to the comptroller the names of any public junior colleges or public junior college districts that have failed to remit before the seventh day after the last day of a month all required contributions for the school year and the amounts of the unpaid contributions. The bill requires the comptroller, if the comptroller receives such a certification, to withhold the amount certified, plus interest computed at a rate and in a manner under specified statutory provisions, from the first state money payable to the public junior college or public junior college district. The bill requires the withheld amount to be deposited to the credit of the appropriate accounts of TRS and requires TRS to deposit all money it receives from public junior colleges or public junior college districts under these provisions in the state contribution account.

S.B. 1812 amends the Insurance Code in provisions relating to the calculation of the state contribution to the Employees Retirement System of Texas (ERS) to require the ERS board of trustees, not later than November 1 preceding each regular session of the legislature, to certify to the budget division of the governor's office for information and review the amount necessary to pay the contributions of the state to the ERS board for the coverages provided under the Texas Employees Group Benefit Act during the following biennium in coordination with the LBB, rather than such certification being to the LBB. The bill requires the ERS board, in computing that certified amount for participants who are employed by public junior colleges or public junior college districts, to include:

- 50 percent of the cost associated with eligible employees who otherwise are eligible to participate in the state employees group benefits program provided by the Texas Employees Group Benefit Act and who are instructional or administrative employees whose salaries may be fully paid from the funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds
- none of the cost associated with employees who are not those instructional or administrative employees but are otherwise eligible to participate in the group benefits program
- none of the cost associated with employees who cannot be included as a qualifying employee by application of other provisions of the bill

The bill requires the ERS board, for those instructional or administrative employees otherwise eligible to participate in ERS, to include only 50 percent of the cost associated with eligible employees in determining that amount to be certified by the ERS board to the budget division of the governor's office. The bill prohibits the number of qualifying employees whose group benefits program costs may be included for each public junior college or public junior college district in each biennium, in determining that certified amount, from being adjusted in a proportion greater than the change in student enrollment at each college during the reporting period. The bill makes an exception to this prohibition by authorizing a college that experiences a decline in student enrollment to petition the LBB to maintain the number of eligible employees

up to 98 percent of the level of the prior biennium.

S.B. 1812 provides that the legislature finds that all governmental acts and proceedings of the board of trustees of a public junior college or of an officer or employee of the college to comply with demands for payment of retirement contributions by the comptroller or TRS for fiscal years 2012 and 2013 are valid as of the dates on which they occurred. The bill makes this provision inapplicable to any matter that on the bill's effective date is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court of competent jurisdiction or has been held invalid by a final judgment of a court of competent jurisdiction.

EFFECTIVE DATE

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