

1-1 By: Callegari, Murphy (Senate Sponsor - Duncan) H.B. No. 3357  
 1-2 (In the Senate - Received from the House May 6, 2013;  
 1-3 May 7, 2013, read first time and referred to Committee on State  
 1-4 Affairs; May 17, 2013, reported favorably, as amended, by the  
 1-5 following vote: Yeas 9, Nays 0; May 17, 2013, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 COMMITTEE AMENDMENT NO. 1 By: Duncan

1-18 Amend H.B. 3357 as follows:

1-19 (1) Strike SECTION 6 of the bill, adding Section 825.103(h),  
 1-20 Government Code (page 3, lines 63-67).

1-21 (2) In SECTION 9 of the bill (page 5, lines 4-10), strike  
 1-22 amended Section 825.212(c), Government Code, and substitute the  
 1-23 following:

1-24 (c) This chapter modifies the common law of conflict of  
 1-25 interests as applied to trustees, employees, and contracts of the  
 1-26 retirement system to the extent that violations of the common law of  
 1-27 conflict of interests do not void retirement system contracts. The  
 1-28 retirement system shall by rule or policy adopt procedures for  
 1-29 disclosing and curing violations of the common law of conflict of  
 1-30 interests and any such rule or policy may specify time periods in  
 1-31 which disclosures and cures must be completed [An employee who has a  
 1-32 business or commercial relationship that could reasonably be  
 1-33 expected to diminish the employee's independence of judgment in the  
 1-34 performance of the employee's responsibilities to the retirement  
 1-35 system shall disclose that relationship in writing to a person  
 1-36 designated by the board].

1-37 (3) Strike SECTION 22 of the bill, repealing certain  
 1-38 provisions of the Government Code, and substitute the following  
 1-39 appropriately numbered SECTION:

1-40 SECTION 22. The following laws are repealed:

- 1-41 (1) Section 825.211, Government Code;
- 1-42 (2) Sections 825.212(d), (e), (f), (g), and (h),  
 1-43 Government Code;
- 1-44 (3) sections 825.402(b), (c), and (d), Government  
 1-45 Code;
- 1-46 (4) Section 825.404(d), Government Code;
- 1-47 (5) Section 825.411, Government Code; and
- 1-48 (6) Section 1579.103, Insurance Code.

1-49 (4) Strike SECTION 23 of the bill, providing an effective  
 1-50 date for the Act, and substitute the following appropriately  
 1-51 numbered SECTION:

1-52 SECTION 23. EFFECTIVE DATE. (a) Except as provided by  
 1-53 Subsection (b) of this section, this Act takes effect immediately  
 1-54 if it receives a vote of two-thirds of all the members elected to  
 1-55 each house, as provided by Section 39, Article III, Texas  
 1-56 Constitution. If this Act does not receive the vote necessary for  
 1-57 immediate effect, this Act takes effect September 1, 2013.

1-58 (b) Sections 824.1012 and 824.1013, Government Code, as  
 1-59 amended by this Act, take effect September 1, 2013.

1-60 (5) Renumber SECTIONS of the bill appropriately.

## 2-1 COMMITTEE AMENDMENT NO. 2

2-2 Amend H.B. No. 3357 (engrossed version) by inserting the  
2-3 following new SECTIONS, appropriately numbered, and renumbering  
2-4 the subsequent SECTIONS of the bill accordingly:

2-5 SECTION \_\_\_\_\_. Section 12.055, Education Code, is amended to  
2-6 read as follows:

2-7 Sec. 12.055. APPLICABILITY OF LAWS AND RULES TO CAMPUS OR  
2-8 PROGRAM GRANTED CHARTER. (a) A campus or program for which a  
2-9 charter is granted under this subchapter is subject to federal and  
2-10 state laws and rules governing public schools, except that the  
2-11 campus or program is subject to this code and rules adopted under  
2-12 this code only to the extent the applicability to a campus or  
2-13 program for which a charter is granted under this subchapter of a  
2-14 provision of this code or a rule adopted under this code is  
2-15 specifically provided.

2-16 (b) A school district may contract with another district or  
2-17 an open-enrollment charter holder for services at a campus charter.  
2-18 An employee of the district or open-enrollment charter holder  
2-19 providing contracted services to a campus charter is eligible for  
2-20 membership in and benefits from the Teacher Retirement System of  
2-21 Texas if the employee would be eligible for membership and benefits  
2-22 if holding the same position at the employing district or  
2-23 open-enrollment charter school operated by the charter holder.

2-24 SECTION \_\_\_\_\_. Section 12.057, Education Code, is amended by  
2-25 adding Subsection (b-1) to read as follows:

2-26 (b-1) An employee of a charter holder, as defined by Section  
2-27 12.1012, who is employed on a campus or in a program granted a  
2-28 charter under this subchapter and who qualifies for membership in  
2-29 the Teacher Retirement System of Texas shall be covered under the  
2-30 system in the same manner and to the same extent as a qualified  
2-31 employee of an independent school district who is employed on a  
2-32 regularly operating campus or in a regularly operating program.

2-33 A BILL TO BE ENTITLED  
2-34 AN ACT

2-35 relating to the administration of and benefits payable by the  
2-36 Teacher Retirement System of Texas.

2-37 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

2-38 SECTION 1. Sections 551.130(e) and (j), Government Code,  
2-39 are amended to read as follows:

2-40 (e) The location where a quorum is physically present must  
2-41 be open to the public during the open portions of a telephone  
2-42 conference call meeting. The open portions of the meeting must be  
2-43 audible to the public at the location where the quorum is present  
2-44 and be recorded [~~tape-recorded~~] at that location. The [~~tape~~]  
2-45 recording shall be made available to the public.

2-46 (j) A person who is not a member of the board may [~~not~~]  
2-47 at the meeting from a remote location by telephone conference  
2-48 call[, ~~except as provided by Section 551.129~~].

2-49 SECTION 2. The heading to Section 824.1012, Government  
2-50 Code, is amended to read as follows:

2-51 Sec. 824.1012. POST-RETIREMENT CHANGE IN RETIREMENT  
2-52 PAYMENT PLAN [~~REVOCATION OF BENEFICIARY DESIGNATION~~] FOR CERTAIN  
2-53 RETIREMENT BENEFIT OPTIONS.

2-54 SECTION 3. Sections 824.1012(a) and (b), Government Code,  
2-55 are amended to read as follows:

2-56 (a) As an exception to Section 824.101(c), a retiree who  
2-57 selected an optional service retirement annuity under Section  
2-58 824.204(c)(1), (c)(2), or (c)(5) or an optional disability  
2-59 retirement annuity under Section 824.308(c)(1), (c)(2), or (c)(5)  
2-60 and who has received at least one payment under the plan selected  
2-61 may change the optional annuity selection made by the retiree to a  
2-62 standard service or disability retirement annuity as provided for  
2-63 in this section. If the beneficiary is the spouse or former spouse  
2-64 of the retiree, the beneficiary must sign a notarized consent to the  
2-65 change, or [~~may revoke the designation of the beneficiary to~~  
2-66 ~~receive the annuity on the death of the retiree, if~~] a court in a

3-1 divorce proceeding involving the retiree and beneficiary must  
 3-2 approve or order the change [~~approves or orders the revocation~~] in  
 3-3 the divorce decree or acceptance of a property settlement [~~or if the~~  
 3-4 ~~beneficiary is the spouse, a former spouse, or an adult child of the~~  
 3-5 ~~retiree and signs a notarized consent to the revocation~~]. The  
 3-6 change in plan selection [~~revocation~~] takes effect when the  
 3-7 retirement system receives it.

3-8 (b) A change [~~revocation~~] described by Subsection (a)  
 3-9 cancels the optional annuity selection made by the retiree,  
 3-10 effective with the beginning of payments of the annuity as  
 3-11 recomputed under this subsection. The retiree is entitled to  
 3-12 receive payments of a standard service or disability retirement  
 3-13 annuity, as applicable, reduced for early retirement, if  
 3-14 applicable, beginning with the payment for the month after the  
 3-15 month in which the retirement system receives the notice of change  
 3-16 [~~revocation~~] and ending on the death of the retiree. The change  
 3-17 also cancels the designation of beneficiary with respect to the  
 3-18 optional annuity benefit but does not cancel a designation with  
 3-19 respect to any other benefit payable by the retirement system on the  
 3-20 death of the retiree.

3-21 SECTION 4. Section 824.1013(b), Government Code, is amended  
 3-22 to read as follows:

3-23 (b) If the beneficiary designated at the time of the  
 3-24 retiree's retirement is the spouse [~~or former spouse~~] of the  
 3-25 retiree at the time of the designation:

3-26 (1) the spouse [~~or former spouse~~] must give written,  
 3-27 notarized consent to the change; [~~or~~]

3-28 (2) if the parties divorce after the designation, the  
 3-29 former spouse who was designated beneficiary must give written,  
 3-30 notarized consent to the change; or

3-31 (3) a court with jurisdiction over the marriage must  
 3-32 have ordered the change.

3-33 SECTION 5. Sections 825.002(c), (e), and (e-1), Government  
 3-34 Code, are amended to read as follows:

3-35 (c) The governor shall appoint two members of the board from  
 3-36 a slate of three members of the retirement system who are currently  
 3-37 employed by a public school district, charter school, or regional  
 3-38 education service center and who have been nominated in accordance  
 3-39 with Subsection (f) by the members of the retirement system whose  
 3-40 most recent credited service was performed for a public school  
 3-41 district, charter school, or regional education service center.  
 3-42 The two members hold office for staggered terms.

3-43 (e) The governor shall appoint one member of the board from  
 3-44 a slate of three persons who have been nominated in accordance with  
 3-45 Subsection (f) by the following groups collectively:

3-46 (1) members of the retirement system whose most recent  
 3-47 credited service was performed for an institution of higher  
 3-48 education;

3-49 (2) members of the retirement system whose most recent  
 3-50 credited service was performed for a public school district,  
 3-51 charter school, or regional education service center; and

3-52 (3) persons who have retired and are receiving  
 3-53 benefits from the retirement system.

3-54 (e-1) A person may be nominated for appointment to the board  
 3-55 under Subsection (e) if the person is:

3-56 (1) a member of the retirement system who is currently  
 3-57 employed by an institution of higher education;

3-58 (2) a member of the retirement system who is currently  
 3-59 employed by a public school district, charter school, or regional  
 3-60 education service center; or

3-61 (3) a former member of the retirement system who has  
 3-62 retired and is receiving benefits from the system.

3-63 SECTION 6. Section 825.103, Government Code, is amended by  
 3-64 adding Subsection (h) to read as follows:

3-65 (h) The board of trustees may accept on behalf of the  
 3-66 retirement system gifts of money, services, or other property from  
 3-67 any public or private source.

3-68 SECTION 7. Section 825.115, Government Code, is amended by  
 3-69 adding Subsections (d) and (e) to read as follows:

4-1 (d) The board of trustees or its audit committee may conduct  
 4-2 a closed meeting in accordance with Subchapter E, Chapter 551, with  
 4-3 the retirement system's internal or external auditors to discuss:

4-4 (1) governance, risk management or internal control  
 4-5 weaknesses, known or suspected compliance violations or fraud,  
 4-6 status of regulatory reviews or investigations, or identification  
 4-7 of potential fraud risk areas and audits for the annual internal  
 4-8 audit plan; or

4-9 (2) the auditors' ability to perform duties in  
 4-10 accordance with the Internal Audit Charter, relevant auditing  
 4-11 standards, and Chapter 2102.

4-12 (e) The board of trustees may conduct a closed meeting in  
 4-13 accordance with Subchapter E, Chapter 551, to deliberate or confer  
 4-14 with one or more employees, consultants, or legal counsel of the  
 4-15 retirement system or a third party regarding a procurement to be  
 4-16 awarded by the board of trustees if, before conducting the closed  
 4-17 meeting, a majority of the trustees in an open meeting vote that  
 4-18 deliberating or conferring in an open meeting would have a  
 4-19 detrimental effect on the position of the retirement system in  
 4-20 negotiations with a third person. The board of trustees is required  
 4-21 to vote or take final action on the procurement in an open meeting.

4-22 SECTION 8. Section 825.204, Government Code, is amended by  
 4-23 adding Subsection (d) to read as follows:

4-24 (d) The medical board is not subject to subpoena regarding  
 4-25 findings it makes in assisting the executive director or board of  
 4-26 trustees under this section, and its members may not be held liable  
 4-27 for any opinions, conclusions, or recommendations made under this  
 4-28 section.

4-29 SECTION 9. Sections 825.212(a), (b), and (c), Government  
 4-30 Code, are amended to read as follows:

4-31 (a) The [In addition to any other requirements provided by  
 4-32 law, the] board of trustees shall adopt a code or codes of [enforce  
 4-33 an] ethics, including standards of ethical conduct and disclosure  
 4-34 requirements, applicable to:

4-35 (1) trustees;  
 4-36 (2) [policy as provided by this section for]  
 4-37 employees; and

4-38 (3) any contractors or any categories of contractors  
 4-39 that the board of trustees determines provide:

4-40 (A) advice or opinion [of and consultants and  
 4-41 advisors] to the retirement system that is the basis for a  
 4-42 significant decision or action by or on behalf of the retirement  
 4-43 system; or

4-44 (B) significant services to the retirement  
 4-45 system that relate to the administration and operation of the  
 4-46 retirement system.

4-47 (b) In any code of ethics adopted under this section, [Each  
 4-48 employee of the retirement system who exercises significant  
 4-49 decisionmaking or fiduciary authority, as determined by] the board  
 4-50 of trustees may:

4-51 (1) impose enhanced[, shall file financial]  
 4-52 disclosure requirements on employees that [statements with a person  
 4-53 designated by] the board of trustees determines exercise  
 4-54 significant fiduciary authority;

4-55 (2) impose disclosure requirements on contractors for  
 4-56 expenditures on behalf of retirement system trustees or employees  
 4-57 in amounts equal to or greater than a minimum amount considered  
 4-58 material by the board of trustees; or

4-59 (3) address topics related to ethical conduct,  
 4-60 including prohibited conduct, conflicts of interest, waivers of  
 4-61 conflicts of interest, remedies for conflicts of interest, and  
 4-62 sanctions. [The content of a financial disclosure statement must  
 4-63 comply substantially with the requirements of Subchapter B, Chapter  
 4-64 572. A statement must be filed not later than the 30th day after the  
 4-65 date a person is employed in a significant decisionmaking or  
 4-66 fiduciary position and annually after employment not later than  
 4-67 April 30. The filing deadline may be postponed by the executive  
 4-68 director for not more than 60 days on written request or for an  
 4-69 additional period for good cause, as determined by the chairman of

5-1 ~~the board. The retirement system shall maintain a financial~~  
 5-2 ~~disclosure statement for at least five years after the date of its~~  
 5-3 ~~filing.]~~

5-4 (c) ~~This section preempts the common law of conflicts of~~  
 5-5 ~~interest as applied to trustees, employees, and contracts of [An~~  
 5-6 ~~employee who has a business or commercial relationship that could~~  
 5-7 ~~reasonably be expected to diminish the employee's independence of~~  
 5-8 ~~judgment in the performance of the employee's responsibilities to]~~  
 5-9 ~~the retirement system [shall disclose that relationship in writing~~  
 5-10 ~~to a person designated by the board].~~

5-11 SECTION 10. Section 825.312(b), Government Code, is amended  
 5-12 to read as follows:

5-13 (b) The retirement system shall pay from the account all  
 5-14 administrative expenses of the retirement system [~~that exceed the~~  
 5-15 ~~amounts appropriated under Section 825.404(d) and]~~ that are  
 5-16 required to perform the fiduciary duties of the board.

5-17 SECTION 11. The heading to Section 825.313, Government  
 5-18 Code, is amended to read as follows:

5-19 Sec. 825.313. TRANSFERS FROM INTEREST [~~OR STATE~~  
 5-20 ~~CONTRIBUTION]~~ ACCOUNT.

5-21 SECTION 12. Section 825.313(d), Government Code, is amended  
 5-22 to read as follows:

5-23 (d) The board of trustees, by resolution recorded in its  
 5-24 minutes, may transfer from the interest account to the expense  
 5-25 account an amount necessary to cover the expenses of the retirement  
 5-26 system for the fiscal year [~~that exceed the amount of operating~~  
 5-27 ~~expenses appropriated under Section 825.404(d) and]~~ that are  
 5-28 required to perform the fiduciary duties of the board [~~, including~~  
 5-29 ~~the expense of servicing mortgages insured by the Federal Housing~~  
 5-30 ~~Administration under the National Housing Act (12 U.S.C. Section~~  
 5-31 ~~1701 et seq.)].~~

5-32 SECTION 13. Section 825.314, Government Code, is amended to  
 5-33 read as follows:

5-34 Sec. 825.314. USE [~~AND REPORTING]~~ OF STATE CONTRIBUTIONS  
 5-35 [~~AND OTHER APPROPRIATIONS AND ASSETS]~~. [~~(a)~~] The retirement  
 5-36 system shall use all assets contributed by the state [~~, other than~~  
 5-37 ~~operating expenses appropriated under Section 825.404(d),]~~ to pay  
 5-38 benefits authorized by this subtitle.

5-39 [~~(b) The staff of the retirement system shall report to the~~  
 5-40 ~~board at each board meeting the amounts and uses since the preceding~~  
 5-41 ~~board meeting of any money expended by the system from amounts~~  
 5-42 ~~transferred under Section 825.313(d) and include an explanation of~~  
 5-43 ~~why the amounts were needed to perform the fiduciary duties of the~~  
 5-44 ~~board. The retirement system annually shall prepare and issue to~~  
 5-45 ~~each contributing member and annuitant and to the governor,~~  
 5-46 ~~lieutenant governor, and speaker of the house of representatives a~~  
 5-47 ~~summary of the reports presented during the preceding year to the~~  
 5-48 ~~board.]~~

5-49 SECTION 14. The heading to Section 825.404, Government  
 5-50 Code, is amended to read as follows:

5-51 Sec. 825.404. COLLECTION OF STATE CONTRIBUTIONS [~~AND~~  
 5-52 ~~APPROPRIATED OPERATING EXPENSES]~~.

5-53 SECTION 15. Section 825.404(e), Government Code, is amended  
 5-54 to read as follows:

5-55 (e) All money appropriated by the state to the retirement  
 5-56 system shall be paid to the state contribution account in equal  
 5-57 monthly installments as provided by Section 403.093(c) [~~,~~  
 5-58 ~~Government Code, except money appropriated under Subsection (d),~~  
 5-59 ~~which remains in the general revenue fund until expenses are~~  
 5-60 ~~approved under Chapter 2103].~~

5-61 SECTION 16. Section 825.410(b), Government Code, is amended  
 5-62 to read as follows:

5-63 (b) Service credit shall be established pursuant to the  
 5-64 following provisions:

5-65 (1) The retirement system shall credit a member's  
 5-66 payments made under this section to a suspense account in the trust  
 5-67 fund until the sum of the payments equals the amount required for  
 5-68 one year of service credit, at which time the retirement system  
 5-69 shall deposit the payments in the appropriate accounts in the trust

6-1 fund and grant the applicable amount of service credit. No credit  
 6-2 shall be established for service pursuant to Section 823.501 [~~or~~  
 6-3 ~~Section 825.403~~] until a lump sum has been paid or all payroll  
 6-4 deduction or installment payments have been completed.

6-5 (2) No credit shall be established for other service  
 6-6 when the cost of establishing the service has been determined by  
 6-7 using withdrawn service to be reinstated pursuant to Section  
 6-8 823.501 [~~or previously unreported service to be established~~  
 6-9 ~~pursuant to Section 825.403~~] until a lump sum or all payroll  
 6-10 deductions or installments for the withdrawn [~~or previously~~  
 6-11 ~~unreported~~] service have been paid.

6-12 (3) All other service shall be credited when  
 6-13 sufficient payroll deductions or installments have been completed  
 6-14 to satisfy the cost requirements for a year of service.

6-15 SECTION 17. Sections 825.507(a), (b), (c), (f), and (g),  
 6-16 Government Code, are amended to read as follows:

6-17 (a) Records of a participant and information about the  
 6-18 records of a participant that are in the custody of the retirement  
 6-19 system or of an administrator, carrier, attorney, consultant, or  
 6-20 governmental agency, including the comptroller, acting in  
 6-21 cooperation with or on behalf of the retirement system are  
 6-22 confidential and not subject to public disclosure [~~in a form that~~  
 6-23 ~~would identify an individual and are exempt from the public access~~  
 6-24 ~~provisions of Chapter 552, except as otherwise provided by this~~  
 6-25 ~~section~~]. Because the records and information described by this  
 6-26 section [~~subsection~~] are exempt from the public access provisions  
 6-27 of Chapter 552, the retirement system or an administering firm,  
 6-28 carrier, attorney, consultant, or governmental agency, including  
 6-29 the comptroller, acting in cooperation with or on behalf of the  
 6-30 retirement system, is not required to accept or comply with a  
 6-31 request for a record or information about a record or to seek an  
 6-32 opinion from the attorney general, except as otherwise provided by  
 6-33 this section.

6-34 (b) The retirement system may release records of a  
 6-35 participant, or information about the records of a participant,  
 6-36 including a participant to which Chapter 803 applies, to:

6-37 (1) the participant or the participant's attorney or  
 6-38 guardian or another person who the executive director determines is  
 6-39 acting on behalf of the participant;

6-40 (2) the executor or administrator of the deceased  
 6-41 participant's estate, including information relating to the  
 6-42 deceased participant's beneficiary, or if an executor or  
 6-43 administrator of the deceased participant's estate has not been  
 6-44 named, a person or entity who the executive director determines is  
 6-45 acting in the interest of the deceased participant's estate, or an  
 6-46 heir, legatee, or devisee of the deceased participant;

6-47 (3) a spouse or former spouse of the participant if the  
 6-48 executive director determines that the information is relevant to  
 6-49 the spouse's or former spouse's interest in member accounts,  
 6-50 benefits, or other amounts payable by the retirement system;

6-51 (4) an administrator, carrier, consultant, attorney,  
 6-52 or agent acting on behalf of the retirement system;

6-53 (5) a governmental entity, an employer, or the  
 6-54 designated agent of an employer, only to the extent the retirement  
 6-55 system needs to share the information to perform the purposes of the  
 6-56 retirement system, as determined by the executive director;

6-57 (6) a person authorized by the participant in writing  
 6-58 to receive the information;

6-59 (7) a federal, state, or local criminal law  
 6-60 enforcement agency that requests a record for a law enforcement  
 6-61 purpose;

6-62 (8) the attorney general to the extent necessary to  
 6-63 enforce child support; or

6-64 (9) a party in response to a subpoena issued under  
 6-65 applicable law if the executive director determines that the  
 6-66 participant will have a reasonable opportunity to contest the  
 6-67 subpoena.

6-68 (c) The records of a participant and information about the  
 6-69 records remain confidential after release to a person as authorized

7-1 by this section. This section does not prevent the retirement  
 7-2 system or administering firm or carrier acting in cooperation with  
 7-3 or on behalf of the retirement system from disclosing or confirming  
 7-4 ~~[disclosure or confirmation]~~, on an individual basis, ~~[of]~~ the  
 7-5 status or identity of a participant as a member, former member,  
 7-6 retiree, deceased member or retiree, beneficiary, or alternate  
 7-7 payee of the retirement system.

7-8 (f) This section does not authorize the retirement system to  
 7-9 compile or disclose a list of participants' names, addresses,  
 7-10 including e-mail addresses, or social security numbers unless the  
 7-11 executive director determines that a compilation or disclosure is  
 7-12 necessary to administer the retirement system.

7-13 (g) In this section, "participant" means a member, former  
 7-14 member, retiree, annuitant, beneficiary, or alternate payee of the  
 7-15 retirement system, or an employee or contractor of an employer  
 7-16 covered by the retirement system for whom records were received by  
 7-17 the retirement system for the purpose of administering the terms of  
 7-18 the plan, including for audit or investigative purposes.

7-19 SECTION 18. Section 825.515(a), Government Code, is amended  
 7-20 to read as follows:

7-21 (a) At least annually, the retirement system shall acquire  
 7-22 and maintain records identifying members and specifying the types  
 7-23 of positions they hold as members. Employers shall provide to the  
 7-24 retirement system information specifying the type of position held  
 7-25 by each member ~~[The type of position shall be identified]~~ as  
 7-26 Administrative/Professional, Teacher/Full-Time Librarian,  
 7-27 Support, Bus Driver, or Peace Officer. Employers shall also  
 7-28 provide to the retirement system the work e-mail address for each  
 7-29 member. For each member identified as a Peace Officer, the records  
 7-30 must specify whether the member is an employee of an institution of  
 7-31 higher education or of a public school that is not an institution of  
 7-32 higher education. An employer shall provide the information  
 7-33 required by this section in the form and manner specified by the  
 7-34 retirement system.

7-35 SECTION 19. Section 1575.003(1), Insurance Code, is amended  
 7-36 to read as follows:

7-37 (1) "Dependent" means:  
 7-38 (A) the spouse of a retiree;  
 7-39 (B) a ~~[an unmarried]~~ child of a retiree or  
 7-40 deceased active member if the child is younger than 26 ~~[25]~~ years of  
 7-41 age, including:

7-42 (i) an adopted child or child who is  
 7-43 lawfully placed for legal adoption;

7-44 (ii) a foster child, stepchild, or other  
 7-45 child who is in a regular parent-child relationship; or

7-46 (iii) a ~~[recognized]~~ natural child;

7-47 (C) a retiree's ~~[recognized]~~ natural child,  
 7-48 adopted child, foster child, stepchild, or other child who is in a  
 7-49 regular parent-child relationship and who lives with or has his or  
 7-50 her care provided by the retiree or surviving spouse on a regular  
 7-51 basis regardless of the child's age, if the child has a mental  
 7-52 disability or is physically incapacitated to an extent that the  
 7-53 child is dependent on the retiree or surviving spouse for care or  
 7-54 support, as determined by the trustee; or

7-55 (D) a deceased active member's ~~[recognized]~~  
 7-56 natural child, adopted child, foster child, stepchild, or other  
 7-57 child who is in a regular parent-child relationship, without regard  
 7-58 to the age of the child, if, while the active member was alive, the  
 7-59 child:

7-60 (i) lived with or had the child's care  
 7-61 provided by the active member on a regular basis; and

7-62 (ii) had a mental disability or was  
 7-63 physically incapacitated to an extent that the child was dependent  
 7-64 on the active member or surviving spouse for care or support, as  
 7-65 determined by the trustee.

7-66 SECTION 20. Section 1575.205(c), Insurance Code, is amended  
 7-67 to read as follows:

7-68 (c) The trustee may spend a part of the money received for  
 7-69 the group program to offset a part of the costs for optional

8-1 coverage paid by retirees if [~~the expenditure does not reduce the~~  
8-2 ~~period~~] the group program is projected to remain financially  
8-3 solvent during the currently funded [~~by more than one year in a~~  
8-4 biennium.

8-5 SECTION 21. Section 1579.004, Insurance Code, is amended to  
8-6 read as follows:

8-7 Sec. 1579.004. DEFINITION OF DEPENDENT. In this chapter,  
8-8 "dependent" means:

8-9 (1) a spouse of a full-time employee or part-time  
8-10 employee;

8-11 (2) a [~~an unmarried~~] child of a full-time or part-time  
8-12 employee if the child is younger than 26 [~~25~~] years of age,  
8-13 including:

8-14 (A) an adopted child or child who is lawfully  
8-15 placed for adoption;

8-16 (B) a foster child, stepchild, or other child who  
8-17 is in a regular parent-child relationship; and

8-18 (C) a [~~recognized~~] natural child;

8-19 (3) a full-time or part-time employee's [~~recognized~~]  
8-20 natural child, adopted child, foster child, stepchild, or other  
8-21 child who is in a regular parent-child relationship and who lives  
8-22 with or has his or her care provided by the employee or the  
8-23 surviving spouse on a regular basis, regardless of the child's age,  
8-24 if the child has a mental disability or is physically incapacitated  
8-25 to an extent that the child is dependent on the employee or  
8-26 surviving spouse for care or support, as determined by the board of  
8-27 trustees; and

8-28 (4) notwithstanding any other provision of this code,  
8-29 any other dependent of a full-time or part-time employee specified  
8-30 by rules adopted by the board of trustees.

8-31 SECTION 22. The following laws are repealed:

8-32 (1) Section 825.211, Government Code;

8-33 (2) Sections 825.212(d), (e), (f), (g), and (h),  
8-34 Government Code;

8-35 (3) Sections 825.402(b), (c), and (d), Government  
8-36 Code;

8-37 (4) Section 825.404(d), Government Code; and

8-38 (5) Section 825.411, Government Code.

8-39 SECTION 23. This Act takes effect September 1, 2013.

8-40

\* \* \* \* \*