

By: Flynn

H.B. No. 2974

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to contributions to, benefits from, and the administration  
3 of systems and programs administered by the Teacher Retirement  
4 System of Texas.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section [822.201\(b\)](#), Government Code, is amended  
7 to read as follows:

8 (b) "Salary and wages" as used in Subsection (a) means:

9 (1) normal periodic payments of money for service the  
10 right to which accrues on a regular basis in proportion to the  
11 service performed;

12 (2) amounts by which the member's salary is reduced  
13 under a salary reduction agreement authorized by Chapter 610;

14 (3) amounts that would otherwise qualify as salary and  
15 wages under Subdivision (1) but are not received directly by the  
16 member pursuant to a good faith, voluntary written salary reduction  
17 agreement in order to finance payments to a deferred compensation  
18 or tax sheltered annuity program specifically authorized by state  
19 law or to finance benefit options under a cafeteria plan qualifying  
20 under Section 125 of the Internal Revenue Code of 1986, if:

21 (A) the program or benefit options are made  
22 available to all employees of the employer; and

23 (B) the benefit options in the cafeteria plan are  
24 limited to one or more options that provide deferred compensation,

1 group health and disability insurance, group term life insurance,  
2 dependent care assistance programs, or group legal services plans;

3 (4) performance pay awarded to an employee by a school  
4 district as part of a total compensation plan approved by the board  
5 of trustees of the district and meeting the requirements of  
6 Subsection (e);

7 (5) the benefit replacement pay a person earns under  
8 Subchapter H, Chapter 659, except as provided by Subsection (c);

9 (6) stipends paid to teachers in accordance with  
10 Section 21.410, 21.411, 21.412, or 21.413, Education Code;

11 (7) amounts by which the member's salary is reduced or  
12 that are deducted from the member's salary as authorized by  
13 Subchapter J, Chapter 659;

14 (8) a merit salary increase made under Section 51.962,  
15 Education Code;

16 (9) amounts received under the relevant parts of the  
17 educator excellence awards program under Subchapter O, Chapter 21,  
18 Education Code, or a mentoring program under Section 21.458,  
19 Education Code, that authorize compensation for service;

20 (10) salary amounts designated as health care  
21 supplementation by an employee under Subchapter D, Chapter 22,  
22 Education Code; and

23 (11) to the extent required by Sections 3401(h) and  
24 414(u)(12) [~~414(u)(2)~~], Internal Revenue Code of 1986,  
25 differential wage payments received by an individual from an  
26 employer on or after January 1, 2009, while the individual is  
27 performing qualified military service as defined by Section 414(u),

1 Internal Revenue Code of 1986.

2 SECTION 2. Section 823.006, Government Code, is amended to  
3 read as follows:

4 Sec. 823.006. LIMITS ON ANNUAL CONTRIBUTIONS FOR PURCHASE  
5 OF SERVICE CREDIT. Notwithstanding any other provision of this  
6 subtitle, the retirement system shall [~~may~~] limit the purchase of  
7 service credit to the extent required by applicable limits on the  
8 amount of annual contributions a participant may make to a  
9 qualified plan under Sections 401(a) and 415(c), Internal Revenue  
10 Code of 1986.

11 SECTION 3. Section 824.202(f), Government Code, is amended  
12 to read as follows:

13 (f) Except as provided by Chapter 803 or 805, a member is not  
14 eligible to receive service retirement benefits from the retirement  
15 system unless the member has at least five years of service credit  
16 in the retirement system for actual service in public schools or  
17 other service the board by rule may prescribe.

18 SECTION 4. Sections 825.002(a), (d), and (e), Government  
19 Code, are amended to read as follows:

20 (a) The governor shall appoint, with the advice and consent  
21 of the senate and as provided by this section, nine [~~seven~~] members  
22 of the board of trustees.

23 (d) The governor shall appoint two members [~~one member~~] of  
24 the board from a slate of three former members of the retirement  
25 system who have retired and are receiving benefits from the  
26 retirement system and who have been nominated in accordance with  
27 Subsections (f) and (g) by the persons who have retired and are

1 receiving benefits from the retirement system.

2 (e) The governor shall appoint two members [~~one member~~] of  
3 the board from a slate of three persons who have been nominated in  
4 accordance with Subsection (f) by the following groups  
5 collectively:

6 (1) members of the retirement system whose most recent  
7 credited service was performed for an institution of higher  
8 education;

9 (2) members of the retirement system whose most recent  
10 credited service was performed for a public school district,  
11 charter school, or regional education service center; and

12 (3) persons who have retired and are receiving  
13 benefits from the retirement system.

14 SECTION 5. Section 825.408(a), Government Code, is amended  
15 to read as follows:

16 (a) An employer that fails to remit, before the 10th  
17 [~~seventh~~] day after the last day of a month, all member and employer  
18 deposits and documentation of the deposits required by this  
19 subchapter to be remitted by the employer for the month shall pay to  
20 the retirement system, in addition to the deposits, interest on the  
21 unpaid or undocumented amounts at an annual rate compounded  
22 monthly. The rate of interest is the rate established under  
23 Section 825.313(b)(1), plus two percent. Interest required under  
24 this section is creditable to the interest account. On request,  
25 the retirement system may grant a waiver of the deadline imposed by  
26 this subsection based on an employer's financial or technological  
27 resources.

1 SECTION 6. Section 1579.255(a), Insurance Code, is amended  
2 to read as follows:

3 (a) A participating entity that does not remit to the  
4 trustee all contributions required by this subchapter before the  
5 10th [~~seventh~~] day after the last day of the month shall pay to the  
6 Texas school employees uniform group coverage trust fund:

- 7 (1) the contributions; and  
8 (2) interest on the unpaid amounts at the annual rate  
9 of six percent compounded monthly.

10 SECTION 7. Section 825.002, Government Code, as amended by  
11 this Act, applies only to an election of a member of the board of  
12 trustees of the Teacher Retirement System of Texas that occurs on or  
13 after the effective date of this Act.

14 SECTION 8. The board of trustees of the Teacher Retirement  
15 System of Texas shall study the benefits, funding, and  
16 administration of the retirement system and adopt findings and  
17 recommendations that will improve the administration and  
18 performance of the retirement system. Not later than December 1,  
19 2016, the board shall report the board's findings and  
20 recommendations to the governor, lieutenant governor, speaker of  
21 the house of representatives, and standing committees of the house  
22 of representatives and senate that have primary jurisdiction over  
23 state pension systems.

24 SECTION 9. This Act takes effect September 1, 2015.