2019S0068-T 01/18/19

By:  Huffman S.B. No. 393

A BILL TO BE ENTITLED

AN ACT

relating to the contributions to the Teacher Retirement System of Texas.

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

SECTION 1.  Section 825.402, Government Code, is amended to read as follows:

Sec. 825.402.  RATE OF MEMBER CONTRIBUTIONS. The rate of contributions for each member of the retirement system is:

(1)  five percent of the member's annual compensation or $180, whichever is less, for service rendered after August 31, 1937, and before September 1, 1957;

(2)  six percent of the first $8,400 of the member's annual compensation for service rendered after August 31, 1957, and before September 1, 1969;

(3)  six percent of the member's annual compensation for service rendered after August 31, 1969, and before the first day of the 1977-78 school year;

(4)  6.65 percent of the member's annual compensation for service rendered after the last day of the period described by Subdivision (3) and before September 1, 1985;

(5)  6.4 percent of the member's annual compensation for service rendered after August 31, 1985, and before September 1, 2014;

(6)  6.7 percent of the member's annual compensation for service rendered after August 31, 2014, and before September 1, 2015;

(7)  7.2 percent of the member's annual compensation for service rendered after August 31, 2015, and before September 1, 2016;

(8)  7.7 percent of the member's annual compensation for service rendered after August 31, 2016, and before September 1, 2017; [~~and~~]

(9)  for compensation paid [~~service rendered~~] on or after September 1, 2017, and before September 1, 2019, the lesser of:

(A)  7.7 percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to 7.7 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year;

(10)  for compensation paid on or after September 1, 2019, and before September 1, 2020, the lesser of:

(A)  8.25 percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to 8.25 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year;

(11)  for compensation paid on or after September 1, 2020, and before September 1, 2021, the lesser of:

(A)  8.5 percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to 8.5 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year;

(12)  for compensation paid on or after September 1, 2021, and before September 1, 2022, the lesser of:

(A)  8.75 percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to 8.75 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year;

(13)  for compensation paid on or after September 1, 2022, and before September 1, 2023, the lesser of:

(A)  nine percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to nine percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year;

(14)  for compensation paid on or after September 1, 2023, and before September 1, 2024, the lesser of:

(A)  9.25 percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to 9.25 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year; and

(15)  for compensation paid on or after September 1, 2024, the lesser of:

(A)  9.5 percent of the member's annual compensation; or

(B)  a percentage of the member's annual compensation equal to 9.5 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2015 fiscal year.

SECTION 2.  Subchapter E, Chapter 825, Government Code, is amended by adding Section 825.4021 to read as follows:

(a)  All members of the retirement system excluding full-time classroom teachers shall receive successive permanent raises according to the following schedule:

(1)  0.55 percent of annual compensation paid on or after September 1, 2019;

(2)  0.25 percent of annual compensation paid on or after September 1, 2020;

(3)  0.25 percent of annual compensation paid on or after September 1, 2021;

(4)  0.25 percent of annual compensation paid on or after September 1, 2022;

(5)  0.25 percent of annual compensation paid on or after September 1, 2023; and

(6)  0.25 percent of annual compensation paid on or after September 1, 2024.

(b)  The raises described in Subsection (a) are not considered in determining whether the employer is paying the member the applicable minimum monthly salary as set forth in the Education Code, if any.

(c)  The state shall increase its annual aid to each employer in an amount sufficient to fund the raises described in Subsection (a).

SECTION 3.  Section 825.4035, Government Code, is amended by adding Subsection (e) to read as follows:

(e)  The 1.5 percent rate of contribution contained in this section shall increase as follows:

(1)  beginning with the report month for September 2020, the contribution rate shall increase to 1.6 percent;

(2)  beginning with the report month for September 2021, the contribution rate shall increase to 1.7 percent;

(3)  beginning with the report month for September 2022, the contribution rate shall increase to 1.8 percent;

(4)  beginning with the report month for September 2023, the contribution rate shall increase to 1.9 percent; and

(5)  beginning with the report month for September 2024, the contribution rate shall increase to two percent.

SECTION 4.  Section 825.404(a), Government Code, is amended to read as follows:

(a)  Except as provided by Subsection (a-1), during each fiscal year, the state shall contribute to the retirement system an amount equal to at least six and not more than 10 percent of the aggregate annual compensation of all members of the retirement system during that fiscal year according to Subsection (f).

SECTION 5.  Section 825.404, Government Code, is amended by adding Subsection (f) to read as follows:

(f)  The state will make contributions to the retirement system according to the following rates:

(1)  seven percent beginning on September 1, 2019;

(2)  7.2 percent beginning on September 1, 2020;

(3)  7.4 percent beginning on September 1, 2021;

(4)  7.6 percent beginning on September 1, 2022;

(5)  7.8 percent beginning on September 1, 2023; and

(6)  eight percent beginning on September 1, 2024.

SECTION 6.  This Act takes effect September 1, 2019.