

By: Huffman, et al.

S.B. No. 12

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the contributions to and benefits under the Teacher
3 Retirement System of Texas.

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

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

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

9 (1) five percent of the member's annual compensation
10 or \$180, whichever is less, for service rendered after August 31,
11 1937, and before September 1, 1957;

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

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

18 (4) 6.65 percent of the member's annual compensation
19 for service rendered after the last day of the period described by
20 Subdivision (3) and before September 1, 1985;

21 (5) 6.4 percent of the member's annual compensation
22 for service rendered after August 31, 1985, and before September 1,
23 2014;

24 (6) 6.7 percent of the member's annual compensation

1 for service rendered after August 31, 2014, and before September 1,
2 2015;

3 (7) 7.2 percent of the member's annual compensation
4 for service rendered after August 31, 2015, and before September 1,
5 2016;

6 (8) 7.7 percent of the member's annual compensation
7 for service rendered after August 31, 2016, and before September 1,
8 2017; ~~and~~

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

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

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

20 (10) for compensation paid on or after September 1,
21 2019, and before September 1, 2021, the lesser of:

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

24 (B) a percentage of the member's annual
25 compensation equal to 7.7 percent reduced by one-tenth of one
26 percent for each one-tenth of one percent that the state
27 contribution rate for the fiscal year to which the compensation

1 relates is less than the state contribution rate established for
2 that fiscal year under Section 825.404(a-2);

3 (11) for compensation paid on or after September 1,
4 2021, but before September 1, 2023, the lesser of:

5 (A) eight percent of the member's annual
6 compensation; or

7 (B) a percentage of the member's annual
8 compensation equal to eight percent reduced by one-tenth of one
9 percent for each one-tenth of one percent that the state
10 contribution rate for the fiscal year to which the compensation
11 relates is less than the state contribution rate established for
12 that fiscal year under Section 825.404(a-2); and

13 (12) for compensation paid on or after September 1,
14 2023, the lesser of:

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

17 (B) a percentage of the member's annual
18 compensation equal to 8.25 percent reduced by one-tenth of one
19 percent for each one-tenth of one percent that the state
20 contribution rate for the fiscal year to which the service relates
21 is less than the state contribution rate established for that
22 fiscal year under Section 825.404(a-2).

23 SECTION 2. Section 825.4035, Government Code, is amended by
24 amending Subsections (b) and (c) and adding Subsection (e) to read
25 as follows:

26 (b) Except as provided in Subsection (c), for each member
27 the employer reports to the retirement system and for whom the

1 employer is not making contributions to the federal Old-Age,
2 Survivors, and Disability Insurance program, the employer shall
3 contribute monthly to the retirement system for each such member:

4 (1) for the period beginning with the report month of
5 September 2014 and ending with the report month of August 2015, an
6 amount equal to 1.5 percent of the member's compensation; ~~and~~

7 (2) beginning with the report month for September 2015
8 and ending with the report month of August 2019, an amount equal to
9 the lesser of:

10 (A) 1.5 percent of the member's compensation; or

11 (B) a percentage of the member's compensation
12 equal to 1.5 percent reduced by one-tenth of one percent for each
13 one-tenth of one percent that the state contribution rate for the
14 fiscal year to which the report month relates is less than the state
15 contribution rate established for the 2015 fiscal year;

16 (3) beginning with the report month of September 2019
17 and ending with the report month of August 2020, an amount equal to
18 the lesser of:

19 (A) 1.5 percent of the member's compensation; or

20 (B) a percentage of the member's compensation
21 equal to 1.5 percent reduced by one-tenth of one percent for each
22 one-tenth of one percent that the state contribution rate for the
23 fiscal year to which the report month relates is less than the state
24 contribution rate established for that fiscal year under Section
25 825.404(a-2); and

26 (4) beginning with the report month of September 2020
27 and for each subsequent report month, an amount equal to the lesser

1 of:

2 (A) a percentage of the member's compensation
3 equal to the rate of contribution provided for the applicable
4 fiscal year under Subsection (e); or

5 (B) a percentage of the member's compensation
6 equal to the percentage provided by Paragraph (A) reduced by
7 one-tenth of one percent for each one-tenth of one percent that the
8 state contribution rate for the fiscal year to which the report
9 month relates is less than the state contribution rate established
10 for that fiscal year under Section 825.404(a-2).

11 (c) If a member is entitled to the minimum salary for
12 certain school personnel under Section 21.402, Education Code, or
13 if a member would have been entitled to the minimum salary for
14 certain school personnel under former Section 16.056, Education
15 Code, as that section existed on January 1, 1995, the employer
16 shall, in addition to any contributions required under Section
17 825.405, contribute monthly to the retirement system for each such
18 member:

19 (1) for the period beginning with the report month of
20 September 2014 and ending with the report month of August 2015, an
21 amount equal to 1.5 percent of the statutory minimum salary
22 determined under Section 825.405(b); ~~and~~

23 (2) beginning with the report month for September 2015
24 and ending with the report month of August 2019, an amount equal to
25 the lesser of:

26 (A) 1.5 percent of the statutory minimum salary
27 determined under Section 825.405(b); or

1 (B) a percentage of the statutory minimum salary
2 determined under Section 825.405(b) equal to 1.5 percent reduced by
3 one-tenth of one percent for each one-tenth of one percent that the
4 state contribution rate for the fiscal year to which the report
5 month relates is less than the state contribution rate established
6 for the 2015 fiscal year;

7 (3) beginning with the report month of September 2019
8 and ending with the report month of August 2020, an amount equal to
9 the lesser of:

10 (A) 1.5 percent of the statutory minimum salary
11 determined under Section 825.405(b); or

12 (B) a percentage of the statutory minimum salary
13 determined under Section 825.405(b) equal to 1.5 percent reduced by
14 one-tenth of one percent for each one-tenth of one percent that the
15 state contribution rate for the fiscal year to which the report
16 month relates is less than the state contribution rate established
17 for that fiscal year under Section 825.404(a-2); and

18 (4) beginning with the report month of September 2020
19 and for each subsequent report month, an amount equal to the lesser
20 of:

21 (A) a percentage of the statutory minimum salary
22 determined under Section 825.405(b) equal to the rate of
23 contribution provided for the applicable fiscal year under
24 Subsection (e); or

25 (B) a percentage of the statutory minimum salary
26 determined under Section 825.405(b) equal to the percentage
27 provided by Paragraph (A) reduced by one-tenth of one percent for

1 each one-tenth of one percent that the state contribution rate for
2 the fiscal year to which the report month relates is less than the
3 state contribution rate established for that fiscal year under
4 Section 825.404(a-2).

5 (e) For purposes of Subsections (b)(4)(A) and (c)(4)(A),
6 the rate of contribution is:

7 (1) 1.6 percent beginning with the report month of
8 September 2020 and ending with the report month of August 2021;

9 (2) 1.7 percent beginning with the report month of
10 September 2021 and ending with the report month of August 2022;

11 (3) 1.8 percent beginning with the report month of
12 September 2022 and ending with the report month of August 2023;

13 (4) 1.9 percent beginning with the report month of
14 September 2023 and ending with the report month of August 2024; and

15 (5) two percent beginning with the report month of
16 September 2024 and for each subsequent report month.

17 SECTION 3. Section 825.404, Government Code, is amended by
18 amending Subsections (a) and (a-1) and adding Subsection (a-2) to
19 read as follows:

20 (a) Except as provided by Subsection (a-1) and subject to
21 Subsection (a-2), during each fiscal year, the state shall
22 contribute to the retirement system an amount equal to at least six
23 and not more than 10 percent of the aggregate annual compensation of
24 all members of the retirement system during that fiscal year.

25 (a-1) In computing the amount owed by the state under this
26 section [~~Subsection (a)~~], the compensation of members who are
27 employed by public junior colleges or public junior college

1 districts shall be included in the aggregate annual compensation as
2 follows:

3 (1) 50 percent of the eligible creditable compensation
4 of employees who:

5 (A) otherwise are eligible for membership in the
6 retirement system; and

7 (B) are instructional or administrative
8 employees whose salaries may be fully paid from funds appropriated
9 under the General Appropriations Act, regardless of whether such
10 salaries are actually paid from appropriated funds; and

11 (2) none of the eligible creditable compensation of
12 all other employees who:

13 (A) do not meet the requirements of Subdivision
14 (1)(B) but are otherwise eligible for membership in the retirement
15 system; or

16 (B) cannot be included as a qualifying employee
17 under Subdivision (1) by application of Subsection (b-1).

18 (a-2) The state contribution required by Subsection (a) is:

19 (1) for the fiscal year beginning on September 1,
20 2019, 7.25 percent of the aggregate annual compensation of all
21 members of the retirement system during that fiscal year;

22 (2) for the fiscal year beginning on September 1,
23 2020, 7.5 percent of the aggregate annual compensation of all
24 members of the retirement system during that fiscal year;

25 (3) for the fiscal year beginning on September 1,
26 2021, 7.75 percent of the aggregate annual compensation of all
27 members of the retirement system during that fiscal year;

1 (4) for the fiscal year beginning on September 1,
2 2022, eight percent of the aggregate annual compensation of all
3 members of the retirement system during that fiscal year; and

4 (5) for the fiscal year beginning on September 1,
5 2023, and each subsequent fiscal year, 8.25 percent of the
6 aggregate annual compensation of all members of the retirement
7 system during that fiscal year.

8 SECTION 4. (a) The Teacher Retirement System of Texas
9 shall make a one-time supplemental payment of a retirement or death
10 benefit, as provided by this section.

11 (b) The supplemental payment is payable not earlier than the
12 first calendar month after the calendar month in which the state
13 transfers to the Teacher Retirement System of Texas the amount
14 described by Subsection (i) of this section. To the extent
15 practicable, the Teacher Retirement System of Texas shall issue the
16 supplemental payment on a date or dates that coincide with the
17 regular annuity payment payable to each eligible annuitant.

18 (c) The amount of the supplemental payment is equal to the
19 lesser of:

20 (1) the gross amount of the regular annuity payment to
21 which the eligible annuitant is otherwise entitled for the calendar
22 month immediately prior to the calendar month in which the Teacher
23 Retirement System of Texas issues the one-time supplemental payment
24 in accordance with Subsection (b) of this section; or

25 (2) \$500.

26 (d) The supplemental payment is payable without regard to
27 any forfeiture of benefits under Section 824.601, Government Code.

1 The Teacher Retirement System of Texas shall make applicable tax
2 withholding and other legally required deductions before
3 disbursing the supplemental payment. A supplemental payment under
4 this section is in addition to and not in lieu of the regular
5 monthly annuity payment to which the eligible annuitant is
6 otherwise entitled.

7 (e) Subject to Subsection (f) of this section, to be
8 eligible for the supplemental payment, a person must be, for the
9 calendar month immediately prior to the calendar month in which the
10 Teacher Retirement System of Texas issues the one-time supplemental
11 payment in accordance with Subsection (b) of this section, and
12 disregarding any forfeiture of benefits under Section [824.601](#),
13 Government Code, an annuitant eligible to receive:

- 14 (1) a standard retirement annuity payment;
- 15 (2) an optional retirement annuity payment as either a
16 retiree or beneficiary;
- 17 (3) a life annuity payment under Section
18 [824.402](#)(a)(4), Government Code;
- 19 (4) an annuity for a guaranteed period of 60 months
20 under Section [824.402](#)(a)(3), Government Code; or
- 21 (5) an alternate payee annuity payment under Section
22 [804.005](#), Government Code.

23 (f) If the annuitant is a retiree or a beneficiary under an
24 optional retirement payment plan, to be eligible for the
25 supplemental payment, the effective date of the retirement of the
26 member of the Teacher Retirement System of Texas must have been on
27 or before December 31, 2018. If the annuitant is a beneficiary

1 under Section 824.402(a)(3) or (4), Government Code, to be eligible
2 for the supplemental payment, the date of death of the member of the
3 retirement system must have been on or before December 31, 2018.
4 The supplemental payment shall be made to an alternate payee who is
5 an annuitant under Section 804.005, Government Code, only if the
6 annuity payment to the alternate payee commenced on or before
7 December 31, 2018. The supplemental payment is in addition to the
8 guaranteed number of payments under Section 824.204(c)(3) or (4),
9 Section 824.308(c)(3) or (4), or Section 824.402(a)(3), Government
10 Code, and may not be counted as one of the guaranteed monthly
11 payments.

12 (g) The supplemental payment does not apply to payments
13 under:

14 (1) Section 824.304(a), Government Code, relating to
15 disability retirees with less than 10 years of service credit;

16 (2) Section 824.804(b), Government Code, relating to
17 participants in the deferred retirement option plan with regard to
18 payments from their deferred retirement option plan accounts;

19 (3) Section 824.501(a), Government Code, relating to
20 retiree survivor beneficiaries who receive a survivor annuity in an
21 amount fixed by statute; or

22 (4) Section 824.404(a), Government Code, relating to
23 active member survivor beneficiaries who receive a survivor annuity
24 in an amount fixed by statute.

25 (h) Subject to the requirements of this section, the board
26 of trustees of the Teacher Retirement System of Texas shall
27 determine the eligibility for and the amount and timing of a

1 supplemental payment and the manner in which the payment is made.

2 (i) The state shall appropriate to the Teacher Retirement
3 System of Texas an amount equal to the cost of the one-time
4 supplemental payment required by this section. This amount is in
5 addition to the amount the state is required to contribute to the
6 Teacher Retirement System of Texas under Section [825.404](#),
7 Government Code. If the state does not transfer the appropriated
8 amount described by this subsection, the Teacher Retirement System
9 of Texas shall not issue the one-time supplemental payment required
10 by this section.

11 SECTION 5. This Act takes effect September 1, 2019.