AN ACT
relating to the contributions to and benefits under 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 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 compensation 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, 2021, 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 compensation relates is less than the state contribution rate.
relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2);

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

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

(B) a percentage of the member's annual compensation equal to eight 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 compensation relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2); and

(12) for compensation paid on or after September 1, 2023, 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 compensation relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2).

SECTION 2. The heading to Section 825.4035, Government Code, is amended to read as follows:

Sec. 825.4035. EMPLOYER CONTRIBUTIONS FOR CERTAIN EMPLOYED MEMBERS [FOR WHOM THE EMPLOYER IS NOT MAKING CONTRIBUTIONS TO THE FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM].
SECTION 3. Section 825.4035, Government Code, is amended by amending Subsections (a), (b), and (c) and adding Subsection (e) to read as follows:

(a) This section:

(1) except as provided by Subdivision (2), applies only to an employer that is a public school or regional education service center that reports to the retirement system under Section 825.403 the employment of a member for whom the employer is not making contributions to the federal Old-Age, Survivors, and Disability Insurance program; and

(2) does not apply to an employer that is an institution of higher education.

(b) Except as provided in Subsection (c), for each member an employer reports to the retirement system and for whom the employer is not making contributions to the federal Old-Age, Survivors, and Disability Insurance program, the employer shall contribute monthly to the retirement system for each such member:

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

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

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

(B) a percentage of the member's compensation equal to 1.5 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 report month relates is less than the state
collection rate established for the 2015 fiscal year; and

(3) beginning with the report month of September 2019
and for each subsequent report month, an amount equal to the lesser
of:

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

(B) a percentage of the member’s compensation
equal to the percentage provided by Paragraph (A) 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 report
month relates is less than the state contribution rate established
for that fiscal year under Section 825.404(a-2).

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

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

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

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

(B) a percentage of the statutory minimum salary determined under Section 825.405(b) equal to 1.5 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 report month relates is less than the state contribution rate established for the 2015 fiscal year; and

(3) beginning with the report month of September 2019 and for each subsequent report month, an amount equal to the lesser of:

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

(B) a percentage of the statutory minimum salary determined under Section 825.405(b) equal to the percentage provided by Paragraph (A) 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 report month relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2).

(e) For purposes of Subsections (b)(3)(A) and (c)(3)(A), the rate of contribution is:

(1) 1.5 percent beginning with the report month of
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September 2019 and ending with the report month of August 2020;

(2) 1.6 percent beginning with the report month of September 2020 and ending with the report month of August 2021;

(3) 1.7 percent beginning with the report month of September 2021 and ending with the report month of August 2022;

(4) 1.8 percent beginning with the report month of September 2022 and ending with the report month of August 2023;

(5) 1.9 percent beginning with the report month of September 2023 and ending with the report month of August 2024; and

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

SECTION 4. Section 825.404, Government Code, is amended by amending Subsections (a) and (a-1) and adding Subsection (a-2) to read as follows:

(a) Except as provided by Subsection (a-1) and subject to Subsection (a-2), 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.

(a-1) In computing the amount owed by the state under this section [Subsection (a)], the compensation of members who are employed by public junior colleges or public junior college districts shall be included in the aggregate annual compensation as follows:

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

(A) otherwise are eligible for membership in the

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

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

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

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

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

(1) for the fiscal years beginning on September 1, 2019, and September 1, 2020, 7.5 percent of the aggregate annual compensation of all members of the retirement system during the applicable fiscal year;

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

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

(4) for the fiscal year beginning on September 1, 2023, and each subsequent fiscal year, 8.25 percent of the aggregate annual compensation of all members of the retirement system during that fiscal year.
SECTION 5. (a) The Teacher Retirement System of Texas shall make a one-time supplemental payment of a retirement or death benefit, as provided by this section.

(b) Subject to Subsection (i) of this section, the supplemental payment is payable not later than September 2020 and, to the extent practicable, on a date or dates that coincide with the regular annuity payment payable to each eligible annuitant.

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

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

(2) $2,000.

(d) The supplemental payment is payable without regard to any forfeiture of benefits under Section 824.601, Government Code. The Teacher Retirement System of Texas shall make applicable tax withholding and other legally required deductions before disbursing the supplemental payment. A supplemental payment under this section is in addition to and not in lieu of the regular monthly annuity payment to which the eligible annuitant is otherwise entitled.

(e) Subject to Subsection (f) of this section, to be eligible for the supplemental payment, a person must be, for the calendar month immediately prior to the calendar month in which the Teacher Retirement System of Texas issues the one-time supplemental
payment in accordance with Subsection (b) of this section, and
disregarding any forfeiture of benefits under Section 824.601,
Government Code, an annuitant eligible to receive:
(1) a standard retirement annuity payment;
(2) an optional retirement annuity payment as either a
retiree or beneficiary;
(3) a life annuity payment under Section
824.402(a)(4), Government Code;
(4) an annuity for a guaranteed period of 60 months
under Section 824.402(a)(3), Government Code; or
(5) an alternate payee annuity payment under Section
804.005, Government Code.

(f) If the annuitant is a retiree or a beneficiary under an
optional retirement payment plan, to be eligible for the
supplemental payment, the effective date of the retirement of the
member of the Teacher Retirement System of Texas must have been on
or before December 31, 2018. If the annuitant is a beneficiary
under Section 824.402(a)(3) or (4), Government Code, to be eligible
for the supplemental payment, the date of death of the member of the
retirement system must have been on or before December 31, 2018.
The supplemental payment shall be made to an alternate payee who is
an annuitant under Section 804.005, Government Code, only if the
annuity payment to the alternate payee commenced on or before
December 31, 2018. The supplemental payment is in addition to the
guaranteed number of payments under Section 824.204(c)(3) or (4),
Section 824.308(c)(3) or (4), or Section 824.402(a)(3), Government
Code, and may not be counted as one of the guaranteed monthly
The supplemental payment does not apply to payments under:

1. Section 824.304(a), Government Code, relating to disability retirees with less than 10 years of service credit;
2. Section 824.804(b), Government Code, relating to participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts;
3. Section 824.501(a), Government Code, relating to retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute; or
4. Section 824.404(a), Government Code, relating to active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute.

The board of trustees of the Teacher Retirement System of Texas shall determine the eligibility for and the amount and timing of a supplemental payment and the manner in which the payment is made.

The state shall appropriate to the Teacher Retirement System of Texas an amount equal to the cost of the one-time supplemental payment required by this section. This amount is in addition to the amount the state is required to contribute to the Teacher Retirement System of Texas under Section 825.404, Government Code. If the state does not transfer the appropriated amount described by this subsection, the Teacher Retirement System of Texas shall not issue the one-time supplemental payment required by this section.
SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.
President of the Senate

I hereby certify that S.B. No. 12 passed the Senate on March 25, 2019, by the following vote: Yeas 31, Nays 0; May 10, 2019, Senate refused to concur in House amendment and requested appointment of Conference Committee; May 14, 2019, House granted request of the Senate; May 26, 2019, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Speaker of the House

I hereby certify that S.B. No. 12 passed the House, with amendment, on April 25, 2019, by the following vote: Yeas 145, Nays 1, one present not voting; May 14, 2019, House granted request of the Senate for appointment of Conference Committee; May 26, 2019, House adopted Conference Committee Report by the following vote: Yeas 145, Nays 1.

Secretary of the Senate

Chief Clerk of the House

Approved:

Date

Governor