

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

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, and 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 compensation
21 relates is less than the state contribution rate established for
22 that fiscal year under Section 825.404(a-2).

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

25 Sec. 825.4035. EMPLOYER CONTRIBUTIONS FOR CERTAIN EMPLOYED
26 MEMBERS [~~FOR WHOM THE EMPLOYER IS NOT MAKING CONTRIBUTIONS TO THE~~
27 ~~FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM~~].

1 SECTION 3. Section 825.4035, Government Code, is amended by
2 amending Subsections (a), (b), and (c) and adding Subsection (e) to
3 read as follows:

4 (a) This section:

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

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

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

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

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

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

25 (B) a percentage of the member's compensation
26 equal to 1.5 percent reduced by one-tenth of one percent for each
27 one-tenth of one percent that the state contribution rate for the

1 fiscal year to which the report month relates is less than the state
2 contribution rate established for the 2015 fiscal year; and

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

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

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

15 (c) If a member is entitled to the minimum salary for
16 certain school personnel under Section 21.402, Education Code, or
17 if a member would have been entitled to the minimum salary for
18 certain school personnel under former Section 16.056, Education
19 Code, as that section existed on January 1, 1995, the employer
20 shall, in addition to any contributions required under Section
21 825.405, contribute monthly to the retirement system for each such
22 member:

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

27 (2) beginning with the report month for September 2015

1 and ending with the report month of August 2019, an amount equal to
2 the lesser of:

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

5 (B) a percentage of the statutory minimum salary
6 determined under Section 825.405(b) equal to 1.5 percent 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 the 2015 fiscal year; and

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

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

18 (B) a percentage of the statutory minimum salary
19 determined under Section 825.405(b) equal to the percentage
20 provided by Paragraph (A) reduced by one-tenth of one percent for
21 each one-tenth of one percent that the state contribution rate for
22 the fiscal year to which the report month relates is less than the
23 state contribution rate established for that fiscal year under
24 Section 825.404(a-2).

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

27 (1) 1.5 percent beginning with the report month of

1 September 2019 and ending with the report month of August 2020;

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

4 (3) 1.7 percent beginning with the report month of
5 September 2021 and ending with the report month of August 2022;

6 (4) 1.8 percent beginning with the report month of
7 September 2022 and ending with the report month of August 2023;

8 (5) 1.9 percent beginning with the report month of
9 September 2023 and ending with the report month of August 2024; and

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

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

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

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

25 (1) 50 percent of the eligible creditable compensation
26 of employees who:

27 (A) otherwise are eligible for membership in the

1 retirement system; and

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

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

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

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

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

14 (1) for the fiscal years beginning on September 1,
15 2019, and September 1, 2020, 7.5 percent of the aggregate annual
16 compensation of all members of the retirement system during the
17 applicable fiscal year;

18 (2) for the fiscal year beginning on September 1,
19 2021, 7.75 percent of the aggregate annual compensation of all
20 members of the retirement system during that fiscal year;

21 (3) for the fiscal year beginning on September 1,
22 2022, eight percent of the aggregate annual compensation of all
23 members of the retirement system during that fiscal year; and

24 (4) for the fiscal year beginning on September 1,
25 2023, and each subsequent fiscal year, 8.25 percent of the
26 aggregate annual compensation of all members of the retirement
27 system during that fiscal year.

1 SECTION 5. (a) The Teacher Retirement System of Texas
2 shall make a one-time supplemental payment of a retirement or death
3 benefit, as provided by this section.

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

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

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

15 (2) \$2,000.

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

24 (e) Subject to Subsection (f) of this section, to be
25 eligible for the supplemental payment, a person must be, for the
26 calendar month immediately prior to the calendar month in which the
27 Teacher Retirement System of Texas issues the one-time supplemental

1 payment in accordance with Subsection (b) of this section, and
2 disregarding any forfeiture of benefits under Section 824.601,
3 Government Code, an annuitant eligible to receive:

4 (1) a standard retirement annuity payment;

5 (2) an optional retirement annuity payment as either a
6 retiree or beneficiary;

7 (3) a life annuity payment under Section
8 824.402(a)(4), Government Code;

9 (4) an annuity for a guaranteed period of 60 months
10 under Section 824.402(a)(3), Government Code; or

11 (5) an alternate payee annuity payment under Section
12 804.005, Government Code.

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

1 payments.

2 (g) The supplemental payment does not apply to payments
3 under:

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

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

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

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

15 (h) The board of trustees of the Teacher Retirement System
16 of Texas shall determine the eligibility for and the amount and
17 timing of a supplemental payment and the manner in which the payment
18 is made.

19 (i) The state shall appropriate to the Teacher Retirement
20 System of Texas an amount equal to the cost of the one-time
21 supplemental payment required by this section. This amount is in
22 addition to the amount the state is required to contribute to the
23 Teacher Retirement System of Texas under Section 825.404,
24 Government Code. If the state does not transfer the appropriated
25 amount described by this subsection, the Teacher Retirement System
26 of Texas shall not issue the one-time supplemental payment required
27 by this section.

1 SECTION 6. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

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.

Secretary of the Senate

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.

Chief Clerk of the House

Approved:

Date

Governor