

By: Huffman, et al.
(Bonnen of Galveston)

S.B. No. 12

Substitute the following for S.B. No. 12:

By: Capriglione

C.S.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; and

20 (10) for compensation paid on or after September 1,
21 2019, 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 SECTION 2. Section 825.404, Government Code, is amended by
4 amending Subsections (a) and (a-1) and adding Subsection (a-2) to
5 read as follows:

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

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

16 (1) 50 percent of the eligible creditable compensation
17 of employees who:

18 (A) otherwise are eligible for membership in the
19 retirement system; and

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

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

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

1 system; or

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

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

5 (1) for the fiscal year beginning on September 1,
6 2019, 7.8 percent of the aggregate annual compensation of all
7 members of the retirement system during that fiscal year;

8 (2) for the fiscal year beginning on September 1,
9 2020, 8.05 percent of the aggregate annual compensation of all
10 members of the retirement system during that fiscal year;

11 (3) for the fiscal year beginning on September 1,
12 2021, 8.3 percent of the aggregate annual compensation of all
13 members of the retirement system during that fiscal year;

14 (4) for the fiscal year beginning on September 1,
15 2022, 8.55 percent of the aggregate annual compensation of all
16 members of the retirement system during that fiscal year; and

17 (5) for the fiscal year beginning on September 1,
18 2023, and each subsequent fiscal year, 8.8 percent of the aggregate
19 annual compensation of all members of the retirement system during
20 that fiscal year.

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

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

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

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

8 (2) \$2,400.

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

17 (e) Subject to Subsection (f) of this section, to be
18 eligible for the supplemental payment, a person must be, for the
19 calendar month immediately prior to the calendar month in which the
20 Teacher Retirement System of Texas issues the one-time supplemental
21 payment in accordance with Subsection (b) of this section, and
22 disregarding any forfeiture of benefits under Section 824.601,
23 Government Code, an annuitant eligible to receive:

24 (1) a standard retirement annuity payment;

25 (2) an optional retirement annuity payment as either a
26 retiree or beneficiary;

27 (3) a life annuity payment under Section

1 824.402(a)(4), Government Code;

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

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

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

22 (g) The supplemental payment does not apply to payments
23 under:

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

26 (2) Section 824.804(b), Government Code, relating to
27 participants in the deferred retirement option plan with regard to

1 payments from their deferred retirement option plan accounts;

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

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

8 (h) The board of trustees of the Teacher Retirement System
9 of Texas shall determine the eligibility for and the amount and
10 timing of a supplemental payment and the manner in which the payment
11 is made.

12 (i) The state shall appropriate to the Teacher Retirement
13 System of Texas an amount equal to the cost of the one-time
14 supplemental payment required by this section. This amount is in
15 addition to the amount the state is required to contribute to the
16 Teacher Retirement System of Texas under Section 825.404,
17 Government Code. If the state does not transfer the appropriated
18 amount described by this subsection, the Teacher Retirement System
19 of Texas shall not issue the one-time supplemental payment required
20 by this section.

21 SECTION 4. This Act takes effect September 1, 2019.