

By: Huffman, et al.

S.B. No. 12

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

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 by
2 Section 825.404(f) for that fiscal year;

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 by
12 Section 825.404(f) for that fiscal year; 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 by Section
22 825.404(f) for that fiscal year.

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 August 2019, an amount equal to the
9 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 for September 2019
17 and ending with the report month August 2020, an amount equal to the
18 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(f); and

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

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

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

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

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

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

27 (B) a percentage of the statutory minimum salary

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

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

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

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

17 (4) beginning with the report month for September
18 2020, an amount equal to the lesser of:

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

23 (B) a percentage of the statutory minimum salary
24 determined under Section 825.405(b) equal to the percentage
25 provided by Paragraph (A) reduced by one-tenth of one percent for
26 each one-tenth of one percent that the state contribution rate for
27 the fiscal year to which the report month relates is less than the

1 state contribution rate established for that fiscal year under
2 Section 825.404(f).

3 (e) Unless otherwise required by Subsection (b)(4)(B) or
4 (c)(4)(B), employers shall contribute monthly to the retirement
5 system in accordance with the requirements of this section at the
6 following contribution rates:

7 (1) 1.6 percent beginning with the report month for
8 September 2020;

9 (2) 1.7 percent beginning with the report month for
10 September 2021;

11 (3) 1.8 percent beginning with the report month for
12 September 2022;

13 (4) 1.9 percent beginning with the report month for
14 September 2023; and

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

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

20 (a) Except as provided by Subsections [~~Subsection~~] (a-1)
21 and (f), during each fiscal year, the state shall contribute to the
22 retirement system an amount equal to at least six and not more than
23 10 percent of the aggregate annual compensation of all members of
24 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 (f) The state shall make its required contribution under
19 Subsection (a) based on the following percentages of the aggregate
20 annual compensation of all members of the retirement system during
21 each applicable fiscal year:

22 (1) 7.25 percent beginning on September 1, 2019;

23 (2) 7.50 percent beginning on September 1, 2020;

24 (3) 7.75 percent beginning on September 1, 2021;

25 (4) 8.00 percent beginning on September 1, 2022; and

26 (5) 8.25 percent beginning on September 1, 2023, and

27 each subsequent fiscal year.

1 SECTION 4. (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) The one-time supplemental payment is payable not
5 earlier than the first calendar month after the calendar month in
6 which the state transfers to the Teacher Retirement System of Texas
7 the amount described by Subsection (i) of this section. To the
8 extent practicable, the Teacher Retirement System of Texas shall
9 issue the supplemental payment on a date or dates that coincide with
10 the regular annuity payment payable to each eligible annuitant.

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

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

18 (2) \$500.

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

27 (e) Subject to Subsection (f) of this section, to be

1 eligible for the supplemental payment, a person must be, for the
2 calendar month immediately prior to the calendar month in which the
3 Teacher Retirement System of Texas issues the one-time supplemental
4 payment in accordance with Subsection (b) of this section, and
5 disregarding any forfeiture of benefits under Section 824.601,
6 Government Code, an annuitant eligible to receive:

7 (1) a standard retirement annuity payment;

8 (2) an optional retirement annuity payment as either a
9 retiree or beneficiary;

10 (3) a life annuity payment under Section
11 824.402(a)(4), Government Code;

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

14 (5) an alternate payee annuity payment under Section
15 804.005, Government Code.

16 (f) If the annuitant is a retiree or a beneficiary under an
17 optional retirement payment plan, to be eligible for the
18 supplemental payment, the effective date of the retirement of the
19 member of the Teacher Retirement System of Texas must have been on
20 or before December 31, 2018. If the annuitant is a beneficiary
21 under Section 824.402(a)(3) or (4), Government Code, to be eligible
22 for the supplemental payment, the date of death of the member of the
23 retirement system must have been on or before December 31, 2018.
24 The supplemental payment shall be made to an alternate payee who is
25 an annuitant under Section 804.005, Government Code, only if the
26 annuity payment to the alternate payee commenced on or before
27 December 31, 2018. The supplemental payment is in addition to the

1 guaranteed number of payments under Section 824.402(a)(3), Section
2 824.204(c)(3) or (4), or Section 824.308(c)(3) or (4), Government
3 Code, and may not be counted as one of the guaranteed monthly
4 payments.

5 (g) The supplemental payment does not apply to payments
6 under:

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

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

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

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

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

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

1 transfer the appropriated amount described by this subsection, the
2 Teacher Retirement System of Texas shall not issue the one-time
3 supplemental payment required by this section.

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