

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 288
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Finance
4/7/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, a Teacher Retirement System of Texas (TRS) retiree who retired after 2011 has three options to return to work. First, the retiree must not have worked or volunteered for twelve consecutive months in order to be allowed to return to work in an unlimited manner. Alternatively, retirees who retired after 2011 must not have been employed for at least one month, and then after that month, are allowed to serve as a substitute teacher for an unlimited amount of time as long as it is not for a vacant teaching position. Lastly, a TRS retiree who wishes to return to work may do so as long as they do not work more than half time. The current penalty administered by TRS for working more than half time under the last scenario results in a retiree losing an entire month's annuity payment.

A retiree participating in the last return-to-work option may accidentally work more than the allowed number of hours by being put in a specific situation, such as being caught in traffic while driving a school bus, even though this was completely out of the retiree's control. Currently, no matter the reason the violation occurred, or the length of time over the allowed hours worked, Texas retired teachers lose an entire month's pension check.

S.B. 288 first provides a warning to a TRS retiree who violates the employment after retirement provision. Secondly, if the retiree violates again, the retiree's pension annuity is reduced to an amount equal to the amount the retiree earned over the allowed number of hours. Lastly, S.B. 288 retains current law for a retiree who violates this policy a third time.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 288 amends current law relating to preventing the loss of benefits by certain retirees of the Teacher Retirement System of Texas who resume service.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Teacher Retirement System of Texas in SECTION 3 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 824.601, Government Code, by amending Subsection (b) and adding Subsection (b-3), as follows:

(b) Provides that, except as provided by Subsection (b-1) (relating to providing that Subsection (b) does not apply to a retiree whose effective date of retirement is on or before January 1, 2011) or (b-3) or Section 824.602 (Exceptions) and subject to Subsection (b-2) (relating to providing that a retiree is considered to be employed by a Texas public educational institution if the retiree performs certain duties or provides certain services), a retiree is not entitled to service or retirement benefit payments, as applicable, for any month in which the retiree is employed in any position by a Texas public education institution.

(b-3) Prohibits the Teacher Retirement System of Texas (TRS) from under Section 824.601 (Loss of Monthly Benefits) withholding a monthly benefit payment for a retiree

who retired under Section 824.202 and qualified for an exception under Section 824.602 unless:

(1) with respect to the first occurrence of the retiree's employment that does not qualify for the exception under Section 824.602, TRS issued a written warning notifying the retiree of that fact; and

(2) in a month following the month in which TRS issued the warning described by Subdivision (1) and with respect to a subsequent occurrence of the retiree's continued employment that does not qualify for the exception under Section 824.602, TRS issued a written notice:

(A) warning the retiree of the fact described by Subdivision (2); and

(B) requiring the retiree to pay to TRS, in a form and manner prescribed by TRS, an amount elected by the retiree that equals the total sum the retiree earned for all employment by Texas public educational institutions for each month occurring after the issuance of the warning under Subdivision (1) and before the month TRS began withholding benefit payments under Section 824.601, or received in retirement benefit payments for each month occurring after the issuance of the warning under Subdivision (1) and before the month TRS began withholding benefit payments under Section 824.601.

SECTION 2. Makes application of Section 824.601, Government Code, as amended by this Act, prospective.

SECTION 3. Requires TRS, as soon as practicable after the effective date of this Act, to adopt rules as necessary to implement Section 824.601, Government Code, as amended by this Act.

SECTION 4. Effective date: September 1, 2021.