

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 25, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB288 by Seliger (Relating to preventing the loss of benefits by certain retirees of the Teacher Retirement System of Texas who resume service.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill provides that if the Teacher Retirement System (TRS) determines that a retiree who has returned to work is in violation of employment after retirement (EAR) laws and rules, TRS shall first provide a written warning regarding the consequences of further employment that exceeds EAR limitations. If, after the retiree has been notified, the member is still in violation, TRS would be required to provide notice to the retiree and either require the retiree to pay a prorated amount of their annuity that is attributable to when the violation occurred, or pay TRS the difference between the amount of hours the retiree was permitted to work and the amount of hours the retiree actually worked. If the retiree were still in violation after the second notice, TRS would be authorized to withhold the entire monthly annuity.

House adopted amendments which provide that TRS may not withhold the pension of any retiree, or collect contributions on behalf of the retiree, who is performing duties related to the mitigation of student learning loss attributable to COVID-19, funded wholly through Federal funds enacted for purposes of providing relief related to COVID-19, for positions through December 31, 2024.

Amendments also provide that TRS may not withhold monthly benefit payments for a retiree in a position that is deemed necessary, as determined by the Board of Trustees, for implementing a special education program.

Amendments also state that TRS may not collect contributions on behalf of retirees who retire on or after September 1, 2005 if located in an area subject to disaster declaration made by the President, Governor or a local governing body.

This analysis assumes that the provisions of the bill could be absorbed by TRS using existing resources.

According to the actuarial impact statement provided by the Pension Review Board, while the effects of each individual component of the amendments described above may not have a meaningful effect on the actuarial soundness of the plan, the accumulation of them has the potential to have a measurable impact on the actuarial soundness of the pension fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 338 Pension Review Board

LBB Staff: JMc, LBO, AH, RSTE, KK, AAL