

## **RESOLUTION ANALYSIS**

C.S.H.J.R. 2  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been many years since the last cost-of-living adjustment for retired teachers, which has resulted in a substantial decline in purchasing power. C.S.H.J.R. 2 proposes a constitutional amendment to make an appropriation of \$3.45 billion to the Teacher Retirement System of Texas (TRS) for the cost of the benefit enhancements provided in this resolution's enabling legislation, H.B. 600. This amount also provides a one-time state contribution to the pension fund to reduce the amount needed in the legacy payments required to fully fund TRS and legacy payments for each year of the upcoming biennium. This constitutional amendment ensures that future TRS benefit enhancements are paid for by state revenues and not out of the pension fund, so that the fund can remain solvent and actuarially sound.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.J.R. 2 proposes an amendment to the Texas Constitution to authorize the legislature by general law to provide one or more cost-of-living adjustments or supplemental payments as benefit enhancements to annuitants of the Teacher Retirement System of Texas (TRS) who are eligible for the enhancements, as determined by that law. The legislature may provide such a benefit enhancement and direct the comptroller of public accounts to transfer funds to TRS for the payment of a benefit enhancement contingent on the following:

- TRS being actuarially sound, as determined by general law; and
- the legislature appropriating money in an amount sufficient to fully pay for the benefit enhancement, as determined by the TRS board of trustees.

C.S.H.J.R. 2 requires the comptroller, as soon as practicable after the effective date of the amendment proposed by the resolution, to transfer \$3.45 billion from the general revenue fund to the trust fund of TRS. TRS may spend this transferred money only for the purposes of providing contributions, actuarially determined payments, and benefit enhancements to TRS annuitants, as provided by general law. This transfer is not an appropriation of state tax revenues for purposes of constitutional provisions restricting the rate of growth of appropriations. These provisions expire January 1, 2056.

## **ELECTION DATE**

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 7, 2023.

## **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.J.R. 2 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the resolution.

Whereas both the introduced and the substitute provide for certain benefit enhancements for TRS annuitants funded by a \$3.45 billion transfer of state funds to TRS, the substitute clarifies the resolution's provisions in the following manner:

- authorizes the provision of one or more cost-of-living adjustments or supplemental payments as benefit enhancements, instead of a one-time or ongoing benefit enhancement as in the introduced;
- specifies that the TRS board of trustees is the entity responsible for determining whether the amount of money appropriated to TRS is sufficient to fully pay for the benefit enhancement and that the money is to be transferred to the TRS trust fund; and
- clarifies the purposes for which the money may be spent.

The substitute extends from January 1, 2025, as in the introduced, to January 1, 2056, the date on which a temporary provision providing for the transfer of funds from the general revenue fund to the TRS trust fund expires. The substitute omits provisions that were in the introduced specifying that the transfer is for the two-year period beginning September 1, 2023, and that the transferred funds are deemed available to TRS as of September 1, 2023, regardless of the date the comptroller actually transfers the funds.