

BILL ANALYSIS

C.S.S.B. 1509
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The 87th Texas Legislature enacted legislation reforming the Employees Retirement System of Texas. That legislation, S.B. 321, was amended late in the process to add language establishing a policy for certain long-serving state employees and members of the elected class to retire and collect their annuity without separating from employment. Although this policy would impact fewer than 50 individuals, as reported by the *Houston Chronicle*, a desire exists to remove it. Moreover, there has been a general recognition that linking legislators' retirement annuities to the salary of district court judges results in judges' salaries being depressed. C.S.S.B. 1509 seeks to address these issues.

CRIMINAL JUSTICE IMPACT

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

ANALYSIS

C.S.S.B. 1509 repeals the Government Code provision that provides the following:

- a member of the Employees Retirement System of Texas (ERS) may retire without separating from a position in the class of membership from which the member is eligible to retire if the member is at least 60 years old and has accrued enough service credit in the class to receive the maximum annuity permitted by ERS; and
- a member who so retires without separating from the applicable position is not entitled to earn any additional ERS retirement benefits.

This repeal applies only to an individual who retires on or after the bill's effective date.

C.S.S.B. 1509 amends the Government Code to decouple the calculation of the standard service retirement annuity for service credited in the elected class of ERS membership from the state base salary of a district judge, which is currently set at \$140,000. The bill retains \$140,000 as the base amount used in the calculation of that annuity by updating the existing formula, which is the number of years of service credit in the elected class times 2.3 percent of that state base salary, excluding longevity pay, to provide instead for the multiplication of the number of years of that service credit by 2.3 percent of a fixed \$140,000. The bill removes language referencing an adjustment of the state base salary for a district judge in the calculation of the annuity paid to a district or criminal district attorney.

C.S.S.B. 1509 repeals Section 814.109, Government Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1509 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute includes provisions that were not in the engrossed that decouple the calculation of the standard service retirement annuity for service credited in the elected class of ERS membership from the state base salary of a district judge.