

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 21, 2023

TO: Honorable Giovanni Capriglione, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1758 by Allen (Relating to the payment of certain employer contributions for employed retirees of the Teacher Retirement System of Texas.), **As Introduced**

No significant fiscal implication to the State is anticipated. However, there would be an impact to the Teacher Retirement System which could impact the actuarial soundness of the fund.

The bill would allow the Teacher Retirement System of Texas (TRS) to waive the required employer contributions that employers must pay when hiring a TRS retiree for one or more fiscal years.

According to the Actuarial Impact Statement completed by the Pension Review Board, the Teacher Retirement System (TRS) is currently actuarially sound, with an amortization period of 27 years as of August 31, 2023. If TRS chose to waive the required employer contributions for hiring a TRS retiree, it is likely that the funding period would increase. However, the amount of the increase cannot be determined.

An increase in the funding period would not increase the statutorily-required state contributions to the TRS Pension Trust Fund for the 2024-25 biennium; therefore, no significant fiscal impact to the General Revenue Fund is anticipated. However, the additional costs may result in the need for higher contribution rates from the State, employers, or members to the program.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JMc, MOc, ASA, MMo