

BILL ANALYSIS

Senate Research Center

S.B. 1737
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Finance
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Certified law enforcement and custodial officers who work at certain Texas state agencies contribute to both a regular ERS retirement account (the ERS Trust Fund) and the Law Enforcement and Custodial Officer (LECO) Supplemental Retirement Fund.

S.B. 1737 seeks to reduce turnover in, and increase the recruitment capabilities of, the Texas Juvenile Justice Department, the Comptroller of Public Accounts of the State of Texas, and the Office of the Attorney General by providing for the inclusion of certain custodial and law enforcement officers at these agencies in the LECO Supplemental Retirement Fund.

S.B. 1737 amends current law relating to service retirement benefits payable by the Employees Retirement System of Texas to certain law enforcement officers and custodial officers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System of Texas in SECTION 5 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 811.001(8) and (9), Government Code, to redefine "custodial officer" and "law enforcement officer."

SECTION 2. Amends Section 813.506, Government Code, by Subsection (b-1) and amending Subsection (c), as follows:

(b-1) Requires the Texas Juvenile Justice Department (TJJD) to adopt standards for determining eligibility for service credit as a custodial officer employed by TJJD based on the need to encourage early retirement of persons whose duties are hazardous. Requires that custodial officer service, to be creditable as service under TJJD, be performed:

(1) as a juvenile correctional officer, as that term is defined by Section 242.009 (Juvenile Correctional Officers; Staffing), Human Resources Code, or a caseworker; or

(2) in a position, other than a position described by Subdivision (1), the primary duties of which include the custodial supervision of or other close, regularly planned contact with youth in the custody of TJJD.

(c) Requires certain state agencies, including TJJD, as applicable, to determine a person's eligibility to receive credit as a custodial officer. Provides that a determination under this subsection, rather than a determination of certain state agencies, is prohibited from being appealed by an employee but is subject to change by the Employees Retirement System of Texas (ERS).

SECTION 3. Amends Section 814.104(b), Government Code, as follows:

(b) Provides that a member is eligible to retire and receive a service retirement annuity if the member is at least 55 years old and has at least 10 years of service credit as a law enforcement officer or custodial officer.

Deletes existing text providing that a member who has at least 10 years of service credit as a commissioned peace officer engaged in criminal law enforcement activities of the Department of Public Safety, the Texas Alcoholic Beverage Commission (TABC), the Parks and Wildlife Department, or the Office of Inspector General at TJJJ, or as a custodial officer, is eligible to retire and receive a service retirement annuity. Makes nonsubstantive changes.

SECTION 4. Amends Section 815.505, Government Code, as follows:

Sec. 815.505. CERTIFICATION OF NAMES OF LAW ENFORCEMENT AND CUSTODIAL OFFICERS. Requires the governmental entity that employs or ceased employing the law enforcement officer or custodial officer, rather than the Public Safety Commission, TABC, the Parks and Wildlife Commission, the Office of Inspector General at TJJJ, the Board of Pardons and Paroles, or the Texas Board of Criminal Justice, as applicable, not later than the 12th day of the month following the month in which a person begins or ceases employment as a law enforcement officer or custodial officer, to certify to ERS, in the manner prescribed by ERS, the name of the employee and such other information as ERS determines is necessary for the crediting of service and financing of benefits under Subtitle B (Employees Retirement System of Texas).

SECTION 5. (a) Provides that, subject to Subsection (b) or (c) of this section, as applicable, the changes in law made by this Act apply to a member of ERS who is employed by TJJJ, the Comptroller of Public Accounts of the State of Texas (comptroller), or the attorney general as a law enforcement officer or custodial officer, as applicable, on or after the effective date of this Act, regardless of whether the member was hired before, on, or after the effective date of this Act.

(b) Provides that this subsection applies only to a member described by Subsection (a) of this section not subject to Subsection (c) of this section who, on December 1, 2024, was employed in a law enforcement officer or custodial officer position with TJJJ, the comptroller, or the attorney general, as applicable. Provides that service credit earned by the member before the effective date of this Act in a position for which service is creditable as a law enforcement officer or custodial officer under Subtitle B, Title 8 (Public Retirement Systems), Government Code, as amended by this Act, is considered service credit established as a law enforcement officer or custodial officer, as applicable, for purposes of determining the benefits payable from the law enforcement and custodial officer supplemental retirement fund.

(c) Provides that this subsection applies only to a member described by Subsection (a) of this section who is subject to Chapter 820 (Cash Balance Benefit), Government Code. Provides that the member is authorized to establish service credit as a law enforcement officer or custodial officer with TJJJ, the comptroller, or the attorney general, as applicable, only for service performed on or after the effective date of this Act.

(d) Requires the board of trustees of ERS, in consultation with TJJJ, the comptroller, and the attorney general, as soon as practicable after the effective date of this Act, to adopt rules necessary to implement the changes in law made by this Act.

(e) Requires TJJJ, the comptroller, and the attorney general to:

(1) as soon as practicable after the effective date of this Act, certify to ERS, in the form and manner prescribed by the board of trustees of ERS the name of each member who is employed by TJJJ, the comptroller, or attorney general as a law enforcement officer or custodial officer on the effective date of this Act; if the member is subject to Subsection (b) of this section, the amount of service credit established by the member as a law enforcement officer or custodial officer before

the effective date of this Act; and any other information ERS determines is necessary to credit law enforcement officer or custodial officer service in accordance with the changes in law made by this Act; and

(2) beginning with the first pay period that occurs after the effective date of this Act and with respect to each member employed by TJJJ, the comptroller, or attorney general as a law enforcement officer or custodial officer, begin making deductions and collecting member contributions for the law enforcement and custodial officer supplemental retirement fund as prescribed by Section 815.402(h) (relating to requiring each department or agency of the state that employs a law enforcement or custodial officer to deduct an additional 0.5 percent contribution from that member's compensation to be deposited in the law enforcement and custodial officer supplemental retirement fund) or 820.101(b) (relating to requiring each department or agency of the state that employs a law enforcement or custodial officer to deduct an additional two percent contribution to be deposited in the law enforcement and custodial officer supplemental retirement fund), Government Code, as applicable.

SECTION 6. (a) Provides that ERS is required to implement this Act only if the board of trustees of ERS finds that the 89th Legislature appropriated money to ERS in an amount sufficient to implement Section 5(b) of this Act, without increasing the unfunded actuarial liabilities of ERS. Requires that the amount appropriated by the 89th Legislature to implement Section 5(b) of this Act be in addition to any amounts the state is required to contribute to ERS under Subchapter E (Collection of Membership Fees and Contributions), Chapter 815 (Administration), Government Code. Prohibits ERS, if the board of trustees of ERS finds that the 89th Legislature did not appropriate money in an amount sufficient to implement Section 5(b) of this Act without increasing the unfunded actuarial liabilities of ERS, from implementing this Act.

(b) Requires the board of trustees of ERS, not later than October 1, 2025, to make and publish in the Texas Register its finding under Subsection (a) of this section and a statement regarding whether, as a result of its finding, ERS is or is not implementing this Act.

SECTION 7. Effective date: September 1, 2025.