By: Bucy H.B. No. 247

A BILL TO BE ENTITLED

AN ACT

relating to cost-of-living adjustments applicable to certain benefits paid by the Teacher Retirement System of Texas and a biennial study on providing additional cost-of-living adjustments based on the effects of increased inflation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter H, Chapter 824, Government Code, is amended by adding Section 824.704 to read as follows:

Sec. 824.704. COST-OF-LIVING ADJUSTMENTS FOR INFLATION; BIENNIAL DETERMINATION. (a) Notwithstanding any other law, the amount of a service retirement benefit, disability retirement benefit, or death benefit paid under this chapter is adjusted in accordance with this section as necessary to reflect inflation.

(b) During the last seven days of October of each odd-numbered year, the board of trustees shall set the rate of the adjustment that will apply to the following two calendar years based on the sum of each annual percentage increase, if any, in the current year and the previous year in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) published by the Bureau of Labor Statistics of the United States Department of Labor as determined by the commissioner of social security under 42 U.S.C. Section 415(i) for purposes of providing an annual cost-of-living increase to social security benefit payments payable in the next calendar year.

(c) Subject to Subsection (d), the board of trustees shall increase the amount of a benefit payable under this chapter by applying the adjustment rate set by the board under Subsection (b) to the amount otherwise required to be paid as determined in accordance with the other applicable provisions of this chapter.

(d) The board of trustees may not pay a benefit increase under this section in any calendar year unless the board finds that the retirement system is actuarially sound and has money available to pay increased benefits in that year. If the board of trustees finds that the retirement system is actuarially sound, but that the amount of money available is not sufficient to pay the full amount of the adjustment under Subsection (b), the board shall compute the largest rate of adjustment possible for the amount of money available while maintaining the actuarial soundness of the system and shall use that rate in increasing benefits under Subsection (c) for that calendar year.

(e) The board of trustees by rule shall define "actuarially sound" for purposes of this section.

SECTION 2. Subchapter B, Chapter 825, Government Code, is amended by adding Section 825.1087 to read as follows:

Sec. 825.1087. BIENNIAL STUDY AND REPORT ON PROVIDING ADDITIONAL COST-OF-LIVING ADJUSTMENTS BASED ON EFFECTS OF INFLATION. Not later than January 1 of each even-numbered year, the retirement system shall:

(1) conduct a study to evaluate and identify the effects, if any, that increased inflation has had on annuitants of the system:

(A) during the preceding state fiscal biennium; and

(B) unless the annuitants received a cost-of-living adjustment in the preceding fiscal year, since annuitants last received a cost-of-living adjustment; and

(2) submit a written report to the legislature containing:

(A) findings of the study; and

(B) if appropriate, recommendations for potential legislation to address any adverse effects of inflation identified under Subdivision (1), including specific recommendations regarding whether and in what amount the legislature would need to provide a cost-of-living adjustment to the benefits of annuitants to remedy those effects.

SECTION 3. Section 824.704, Government Code, as added by this Act, applies only to a benefit paid by the Teacher Retirement System of Texas on or after January 1, 2028.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2027.