

**SUBJECT:** Including performance pay for teacher retirement benefits

**COMMITTEE:** Pensions and Investments — committee substitute recommended

**VOTE:** 8 ayes — Telford, Woolley, Goolsby, Rangel, Sadler, Serna, Tillery, Williams  
0 nays  
1 absent — Berlanga

**WITNESSES:** For — Paula Arnold; Robby Collins, Dallas Independent School District; Rod Paige, House Independent School District  
Against — None

**BACKGROUND :** The Dallas and Houston independent school districts pay extra compensation to teachers for meeting certain goals such as higher student achievement scores, outstanding attendance records, and higher professional development levels. This performance pay is in addition to the minimum state-mandated compensation.  
  
The state employer contribution to the Teacher Retirement System (TRS) is calculated on the state pay scale. School districts are required to pay the employer contribution to the TRS on any additional compensation given teachers beyond the basic pay schedule.

**DIGEST:** CSHB 2812 would allow school districts to include performance pay awarded school district employees as part of the total compensation plan on which school districts make employer contributions to TRS, if approved by the school district trustees.  
  
The bill would take immediate effect if finally approved by a two-thirds record vote of the membership of each house and would apply to the 1997/98 school year.

**SUPPORTERS SAY:** CSHB 2812 would ensure that teachers who earn performance pay can apply those earnings towards the total compensation package used to calculate their future retirement benefits.

The local district would be required to pay the six percent employer contribution for the performance pay because the pay would be above the state-mandated minimum salary schedule, therefore having no fiscal implications for the state budget. Districts would have the option to make these payments if approved by the local board of trustees; HB 2812 would authorize, not mandate, these payments.

**OPPONENTS SAY:** No apparent opposition.

**NOTES:** The committee substitute would have the total compensation package approved by the “board of trustees” rather than the “school board.”

The companion bill, SB 1287 by Gallegos, was reported favorably by the Senate Education Committee on April 11 and recommended for the Local and Uncontested Calendar.