

SUBJECT: Electronic funds transfer for school employees' retirement programs

COMMITTEE: Pensions and Investments — favorable, without amendment

VOTE: 5 ayes — Tillery, Woolley, Crownover, Salinas, Goodman
0 nays
4 absent — George, Rangel, Telford, Williams

SENATE VOTE: On final passage, March 27 — voice vote

WITNESSES: For — *Registered but did not testify*: Richard Kouri, Texas State Teachers Association; Joel Romo, Association of Texas Professional Educators
Against — None

BACKGROUND: Current law does not require school districts to transfer funds for the purpose of an employee's annuities, investments, or deferred compensation within a specific time frame.

DIGEST: SB 230 would require a school district to send an employee's withheld funds for the purchase of annuities, investments, or deferred compensation to the employee's designee within seven days after the date the funds became legally available. A local board of education or a district's plan administrator would have to send funds to an employee's designee by electronic transfer or else certify to the comptroller that the designee could not receive funds electronically and send the funds by paper check. At least once each fiscal year, the school board or plan administrator would have to notify each participating employee as to whether the employee's designee could receive funds electronically.

The bill would take effect September 1, 2001.