

**SUBJECT:** Teacher Retirement System revisions

**COMMITTEE:** Pensions, Investments and Financial Services — committee substitute recommended

**VOTE:** 6 ayes — Truitt, Anchia, Legler, Nash, Orr, Veasey  
0 nays  
3 absent — C. Anderson, Creighton, Hernandez Luna

**SENATE VOTE:** On final passage, May 10 — 30-0

**WITNESSES:** For — Tim Lee, Texas Retired Teachers Association; (*Registered, but did not testify*: Chris Jones, Combined Law Enforcement Associations of Texas; Bill Barnes, Cindee Sharp, Texas Retired Teachers Association; Glenda Black; Zora Mae Hise; Emma Lea Mayton; La Vonne Rogers; Lowell T. Rogers; Sheila Sargent; Annie Scholtz)  
Against — None  
On — Brian Guthrie, Teacher Retirement System of Texas

**DIGEST:** CSSB 1671 would add, amend, and repeal sections of the Government Code and Insurance Code related to the Teacher Retirement System (TRS). The bill would add and amend provisions on TRS administration, TRS benefits, and certain domestic relations orders. It would amend and repeal provisions on the purchase of service credits in TRS and on TRS retirees that return to work. The bill also would amend provisions on the definition of a school year for TRS purposes.

The bill would suspend for fiscal 2012 the requirement that the state contribution percentage to TRS be equal to the member contribution, allowing the state to make a lower contribution. It also would suspend for fiscal 2012 the requirement that the state contribute 1 percent of an active employee's salary to the retired school employees group insurance fund, allowing the state to contribute a lower amount.

The bill would make several amendments to Insurance Code, ch. 1601, which regulates the uniform insurance benefits program for employees of the University of Texas System and the Texas A&M University System. It would amend the definition of dependent, particularly with regards to disabled children over the age of 26. It would permit premium discounts, surcharges, rebates, or other financial incentives for a person to participate in approved wellness, health, and disease prevention programs. It would allow a university system to contribute to the health insurance costs of tenured faculty under a phased retirement agreement. The bill also would establish monthly payroll deductions for the premiums of an employee who was automatically enrolled in the uniform insurance benefits program.

The bill would reduce the frequency with which TRS had to provide certain identifying member and beneficiary data to the comptroller to every five years, rather than annually.

The bill would repeal Government Code, sec. 825.3021, which directs a retirement system that acquires real property through foreclosure to have the property appraised and hire someone to manage it.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.

**NOTES:**

CSSB 1671 contains the entirety of the provisions of SB 1667, SB 1668, and SB 1669, all by Duncan. These three bills passed the House on the Local, Consent, and Resolutions Calendar on May 20. CSSB 1671 also contains the entirety of the provisions of HB 2561 by Eissler, which passed the House on April 20, passed the Senate on May 5, and was signed by the governor on May 19.

The House committee substitute differs from the Senate-passed bill by amending Insurance Code, ch. 1601 and by reducing the frequency with which TRS would have to report identifying member and beneficiary data to the comptroller.

The Legislative Budget Board estimates that CSSB 1671 would have a positive impact to general revenue of \$133.7 million for fiscal 2012-13 because it would allow the state contribution rate to the TRS-Care insurance program to be less than 1 percent of total active payroll for

fiscal 2012, assuming a state contribution rate of 0.5 percent, with the TRS-Care Insurance Trust Fund reduced by the same amount. The LBB also estimates that the proposal could have a positive actuarial impact to the TRS retirement fund by requiring additional deposits with the purchase of TRS service credit, but LBB also estimates that the proposal could have a negative actuarial impact to the TRS retirement fund by relaxing the requirements of the return-to-work provisions for retirees.