

SUBJECT: Requiring contributions by charter schools to TRS

COMMITTEE: Pensions, Investments and Financial Services — favorable, without amendment

VOTE: 9 ayes — Murphy, Vo, Capriglione, Flynn, Gutierrez, Lambert, Leach, Longoria, Stephenson

1 nay — Gervin-Hawkins

1 present not voting — Wu

WITNESSES: For — (*Registered, but did not testify*: Monty Exter, ATPE; Bob Popinski, Raise Your Hand Texas; Doug Williams, Sunnyvale ISD; Jennifer Kennedy, Texas AFT; Michael Lee, Texas Association of Rural Schools; Colby Nichols, Texas Association of School Administrators, Austin ISD; Grover Campbell, Texas Association of School Boards; Dominic Giarratani, Texas Association of School Boards; Tracy Ginsburg, Texas Association of School Business Officials; Ann Fickel, Texas Classroom Teachers Association; Mark Terry, Texas Elementary Principals and Supervisors Association; Joshua Houston, Texas Impact; John Grey, Texas School Alliance; Lisa Dawn-Fisher, Texas State Teachers Association; Marty De Leon, Texas Urban Council; Sandy Schwartz)

Against — Christine Nishimura, Texas Charter Schools Association

On — (*Registered, but did not testify*: Kenneth Herbold, Pension Review Board; Brian Guthrie, Teacher Retirement System)

BACKGROUND: Government Code sec. 825.405 requires that, for school district employees who are members of the state Teacher Retirement System (TRS) and who are entitled to the minimum salary for certain school personnel as established in statute, the employing school district must pay the state's contribution to TRS for any portion of a member's salary that exceeds the statutory minimum salary.

DIGEST: HB 953 would require open-enrollment charter schools that employed members of the state Teacher Retirement System (TRS) and who would be entitled to a minimum salary under existing statute if employed by a school district to pay the state's contribution to TRS for any portion of a member's salary that exceeded the applicable statutory minimum.

The bill would take effect September 1, 2019, and would apply beginning with the 2019-2020 school year.

SUPPORTERS SAY: HB 953 would make employers' Teacher Retirement System (TRS) contributions fairer by holding charter schools and school districts to the same standards.

Under current law, a public school district must pay the state's portion of an active employee's TRS contribution for any salary amount that is over the statutory minimum. School districts do not receive additional state funding to cover these costs and must pay for any increase in contributions out of their budgets.

Charter schools, however, are not required to pay this contribution; instead, the state pays for its share of charter school employees' TRS contributions regardless of their salary. This effectively gives charter schools greater flexibility to raise teachers' wages without incurring the cost of increased TRS contributions. HB 953 would close this loophole and hold open-enrollment charter schools to the same TRS contribution requirements as public school districts.

OPPONENTS SAY: HB 953 would take money out of charter school classrooms without improving TRS' long-term sustainability or solvency. The bill would not increase overall contributions to TRS but would only change the contributions' source. At a time when the Legislature is working to strengthen public school finance, it should not require charter schools to incur new costs when there is no financial solvency benefit to be gained.

NOTES: According to the Legislative Budget Board, the bill would have a positive impact of \$41.4 million in general revenue related funds in fiscal 2020-21,

and a continued positive impact of more than \$20 million per year through fiscal 2024.