

SUBJECT: Amending the constitution to allow certain funding transfers to TRS

COMMITTEE: Pensions, Investments & Financial Services — committee substitute recommended

VOTE: 9 ayes — Capriglione, Lambert, Bhojani, Bryant, Frazier, Leo-Wilson, Plesa, VanDeaver, Vo
0 nays

WITNESSES: For — (*Registered, but did not testify*: Will Holleman, Raise Your Hand Texas; Emily Amps, Texas AFL-CIO; Beaman Floyd, Texas Association of School Administrators; Dax Gonzalez, Texas Association of School Boards; Mark Terry, Texas Elementary Principals and Supervisors Association)

Against — (*Registered, but did not testify*: Portia Bosse, Texas State Teachers Assn)

On — Monty Exter, The Association of Texas Professional Educators; Timothy Lee, Texas Retired Teachers Association (*Registered, but did not testify*: Amy Cardona, Pension Review Board; Eli Melendrez, Texas American Federation of Teachers; Brian Guthrie, TRS)

BACKGROUND: Concerns have been raised that it has been too long since the last cost-of-living adjustment for retired teachers. Some have suggested that such an adjustment could be funded by a substantial appropriation to the Teacher Retirement System.

DIGEST: CSHJR 2 would amend the constitution to allow the Legislature to provide one or more cost-of-living adjustments or supplemental payments as benefit enhancements to annuitants of the Teacher Retirement System of Texas (TRS) who were eligible for the enhancements. The Legislature could provide such a benefit enhancement and direct the comptroller of public accounts to transfer funds to TRS for the payment of the enhancement only if TRS was actuarially sound and the Legislature

appropriated money in a sufficient amount to fully pay for the enhancement, as determined by the TRS board of trustees.

The resolution would include a temporary provision for the constitution. The temporary provision would require the comptroller of public accounts to transfer \$3.45 billion from the general revenue fund to the TRS trust fund as soon as practicable after the amendment's effective date. The transferred money could be spent by TRS only for the purposes of providing contributions, actuarially determined payments, and benefit enhancements to TRS annuitants. The transfer would not be an appropriation of state tax revenues. The temporary provision would expire January 1, 2056.

The ballot proposal would be presented to voters at an election on November 7, 2023, and would read: "The constitutional amendment authorizing the legislature to provide cost-of-living adjustments or other benefit enhancements to eligible annuitants of the Teacher Retirement System of Texas and providing a one-time transfer of \$3.45 billion to the retirement system for contributions, actuarially determined payments, and benefit enhancements."

NOTES:

According to the Legislative Budget Board, the cost of publication of the resolution would be \$204,406.

CSHB 600, the companion bill for CSSB 10, is the enabling legislation for CSHJR 2. CSSB 10 is also on the daily House calendar for second reading consideration today.