

BILL ANALYSIS

Senate Research Center

H.B. 724
By: Serna (Barrientos)
State Affairs
5-17-97
Committee Report (Amended)

DIGEST

Currently, institutions of higher education are not required to transfer retirement funds electronically or to pay a penalty for transmitting the money in an untimely manner for Optional Retirement Program (ORP) participants. The Texas Faculty Association has received complaints from faculty members at different public colleges and universities that ORP contributions were being transmitted to the participants' annuity companies in an untimely manner. This bill decreases the amount of time colleges and universities have to remit ORP contributions from 10 to three days.

PURPOSE

As proposed, H.B. 724 decreases the amount of time colleges and universities have to remit Optional Retirement Program contributions from 10 to three days.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 830.202, Government Code, by amending Subsection (c) and adding Subsections (e) and (f), to require the disbursing officer of an institution of higher education and, if applicable, of the Texas Education Agency (TEA), rather than the Central Education Agency, to pay contributions collected. Requires contributions collected under this subchapter to be paid to a company providing an optional retirement program for that institution by the third business day after the date the funds become legally available. Requires the disbursing officer to send the state's and the participants' contributions together. Requires the participants' contributions to be otherwise sent at the time of withholding and the state's contributions on receipt from the comptroller. Prohibits this subsection from applying to a supplemental payroll. Provides that this subsection applies only to a currently authorized company or a company with at least 50 participants at the institution. Sets forth requirements of the disbursing officer of an institution of higher education, and if applicable, of TEA. Requires the company to allocate and credit the contemporaneous deposit to each participant's account on the receipt of the electronic funds transfer and the electronic information on the amount to be allocated and credited to each participant's account. Provides that a company violating this section is ineligible for certification to provide an optional retirement program. Requires an institution of higher education and TEA to give notice to each participant in the optional retirement program at the institution or agency indicating which companies are unable to receive funds by electronic transfer, at least once each fiscal year.

SECTION 2. Provides that this Act conforms to Section 830.202(c), Government Code. Requires this Act to prevail to the extent of any conflict.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amendment 1.

Page 1, line 17, before "from the comptroller" insert "This subsection does not apply to a supplemental payroll. This subsection applies only to a currently authorized company or a company with at least 50 participants at the institution."

Page 1, line 22, after "transfer" insert "if the institution is currently able to send funds by electronic transfer."

Amendment 2.

Page 2, line 2, insert new Subsection (f) "(f) The company shall allocate and credit the contemporaneous deposit to each participant's account on the receipt of the electronic funds transfer and the electronic information on the amount to be allocated and credited to each participant's account. A company who violates this section shall become ineligible for certification as a company eligible to provide an optional retirement program." Redesignates proposed Subsection as Subsection (g).