

BILL ANALYSIS

Senate Research Center
78R7181 SMJ-F

S.B. 1242
By: Armbrister
State Affairs
4/15/2003
As Filed

DIGEST AND PURPOSE

The Employees Retirement System of Texas (ERS) administers a retirement system providing service, disability, and death benefits for state employees and public officers; two retirement systems providing service, disability, and death benefits for district and appellate judges; an insurance program for state officers and employees, including employees of most institutions of higher education; a program providing death benefits for the survivors of public service personnel; and programs providing deferred compensation benefits under federal programs authorizing deferred tax treatment of amounts invested in the programs. As proposed, S.B. 1242 clarifies existing law as amended by the 77th Texas Legislature and makes minor changes in the laws administered by ERS to attempt to make the benefits provided by ERS more uniform and consistent among programs and systems.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Reenacts Section 615.023, Government Code, as follows:

Sec. 615.023. PAYMENT TO SURVIVING MINOR CHILD. (a) Requires the state to pay to the duly appointed or qualified guardian or other legal representative of an eligible surviving minor child a certain amount.

(b) Provides that a child's entitlement to assistance payable under this section ends on the child's 18th birthday. Requires, at that time, payments to any other surviving minor children be adjusted, as necessary, to conform to the amounts payable under Subsection (a).

(c) Provides that a payment under this section is in addition to any payment made under Section 615.022.

SECTION 2. Amends Section 812.003(a), Government Code, to delete "persons disqualified from membership under Section 812.004" from the exceptions to membership in the employee class of the retirement system.

SECTION 3. Amends Section 812.203, Government Code, as follows:

Sec. 812.203. BENEFITS AFFECTED. (a) Redesignated from former Subsection (d) requiring the retirement system to suspend annuity payments to the person for service that was credited in that class, until the person no longer holds that position, if a retiree takes the oath for a position included in the elected class of membership. Deletes former Subsection (c) relating to the time during which retirement benefits are suspended.

(b) Provides that time during which annuity payments are suspended as provided by this section does not reduce the number of months payments are to be made under an optional benefit selection providing for a specific amount of benefits for

a guaranteed number of months after retirement.

(c) Redesignated from former Subsection (e).

SECTION 4. Amends the heading to Section 813.104, Government Code, to read as follows:

Sec. 813.104. ALTERNATIVE PAYMENTS AND METHODS TO ESTABLISH OR REESTABLISH SERVICE CREDIT.

SECTION 5. Amends Section 813.104, Government Code, by adding Subsection (e), to authorize the retirement system to provide for the electronic filing of agreements to establish or reestablish service credit. Provides that in this subsection, "electronic filing" has the meaning assigned by Section 814.010(a).

SECTION 6. Amends Subchapter A, Chapter 814, Government Code, by adding Section 814.010, as follows:

Sec. 814.010. ELECTRONIC FILING OF BENEFICIARY DESIGNATION. (a) Defines "electronic filing."

(b) Authorizes a person entitled to designate a beneficiary under any system or program administered by the retirement system to make the designation by electronic filing under procedures adopted by the retirement system.

SECTION 7. Amends Section 814.104(b), Government Code, to remove from those eligible to retire and receive a service retirement annuity an employee of the Railroad Commission of Texas who is licensed by the Commission on Law Enforcement Officer Standards and Education and has served at least five years as an investigator for the oil field theft detection division.

SECTION 8. Amends Section 814.108(f), Government Code, to replace the term "sex" with "gender."

SECTION 9. Amends Section 814.203, Government Code, as follows:

Sec. 814.203. CERTIFICATION OF DISABILITY. Removes the condition that "a member should be retired" from the medical board's determination of factors in issuing a certification of disability.

SECTION 10. Amends Section 814.603, Government Code, as follows:

Sec. 814.603. New heading: SUPPLEMENTAL PAYMENTS . (a) Authorizes, rather than requires, the retirement system to make a supplemental payment as provided by this section, rather than Subsection (d), to persons whose annuities are described by Section 814.107, 814.207, 814.305, or 814.601(a) and that are based on service retirements, disability retirements, or deaths. Provides that a supplemental payment made under this section is in addition to the regular monthly annuity payment. Deletes text regarding a person who receives an annuity. Makes a conforming change.

(b) Requires the systems board of trustees (board) to determine the amount and timing of a supplemental payment made under this section and the manner in which the payment is made.

(c) Creates this Subsection from existing text of Subsection (b). Deletes former Subsection (c) authorizing the board to adopt rules to implement the payment, including rules that govern the timing of the supplemental payment described by Subsection (a). Deletes Subsection (d) requiring the retirement system to make a supplemental payment under this section in the fiscal year ending August 31, 1997 and authorizing the board by rule to authorize similar supplemental payments in succeeding fiscal years, if the payments are in compliance with Section 811.006.

SECTION 11. Amends Section 815.008(c), Government Code, to replace the term “ chairman” with “officer.”

SECTION 12. Amends Section 815.201, Government Code, as follows:

Sec. 815.201. New heading: PRESIDING OFFICER. Requires the board to elect a presiding officer from the membership of the board. Deletes text requiring the chairman to be a member of the board.

SECTION 13. Amends Section 815.202(c), Government Code, to require that in order to be eligible to serve as the executive director, a person must be a citizen of the United States and have been a resident, rather than citizen, of the state for the three years immediately preceding the person's appointment and have executive ability and experience to carry out the duties of the office.

SECTION 14. Amends Section 815.207(b), Government Code, to replace the term “chairman” with “presiding officer.”

SECTION 15. Amends Section 838.103(b), Government Code, to remove “currently contributes to the retirement system” from the eligibility requirements for an individual to establish military service credit.

SECTION 16. Amends Section 838.106(a), Government Code, to make a conforming change.

SECTION 17. Amends Section 1551.102(d), Insurance Code, as effective June 1, 2003, to include “disability” retirement annuity in relation eligibility to retire in Subdivision (2). Deletes Subdivision (2)(B) text “is disabled as determined by the Employees Retirement System of Texas.”

SECTION 18. Provides that the change in law made by this Act to Section 1551.102(d), Insurance Code, applies only to a person who was not participating in the program provided by Chapter 1551, Insurance Code, as an annuitant on the effective date of this Act.

SECTION 19. Repealer:

- (1) Section 805.002(e) (Eligibility to Transfer Service Credit), Government Code.
- (2) Section 812.004 (Temporary Employees Over 65), Government Code.
- (3) Section 813.504(b) (Eligibility for Service Credit Previously Canceled), Government Code.
- (4) Section 814.1041 (Temporary Service Retirement Option for Members Affected by Privatization or Other Reduction in Workforce), Government Code.
- (5) Section 815.502 (Transfer of Accumulated Contributions in Certain Circumstances), Government Code.
- (6) Section 3(b), Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5 (Annuities or investments for certain public employees; salary reductions, Vernon's Texas Civil Statutes).

SECTION 20. Effective date: September 1, 2003.