

## **BILL ANALYSIS**

Senate Research Center  
87R1446 JCG-D

S.B. 202  
By: Schwertner  
Finance  
3/31/2021  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Teacher Retirement System of Texas (TRS) has one of the strictest return to work/employment after retirement laws in the nation. Early employment after retirement ("EAR") created a strain on the TRS pension system and the retiree health care program. Prior to 2011, EAR for teachers was unrestricted after a one-month break in service.

Currently, the law provides that EAR is unrestricted after a twelve-month break in service. Further, substituting is unrestricted and a retired teacher may substitute an unlimited number of days in a position held by a current employee (but no more than 20 days in a vacant position). Half-time (~20 hours/week) or less is allowed, but hours are limited based on working hours in the month. Combining substitute and half-time or less is restricted based on work days in a month.

For TRS members retired after August 31, 2005, who work more than half-time in a month for a TRS-covered employer, "employer contributions" will apply. These "employer contributions," as stated in the Government Code, are often passed on to the retired teacher. The cost includes the amount of the teacher's paycheck which would usually go to TRS, and the amount the state would contribute to TRS on behalf of the employed teacher (15.2% total surcharge), plus a healthcare surcharge (\$535 in 2020-2021).

S.B. 202 clarifies that employer contributions are just that, a burden on the employer, and not the retired teacher. This bill states that the TRS-covered employer (usually a school district), cannot pass employer contributions mandated in the Government Code on to retirees.

As proposed, S.B. 202 amends current law relating to the payment of certain employer contributions for employed retirees of the Teacher Retirement System of Texas.

### **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. Amends Section 825.4092, Government Code, by adding Subsection (f), as follows:

(f) Provides that a reporting employer is ultimately responsible for payment of the amounts required to be contributed under Subsections (b) (relating to the required amount an employer must contribute to the Teacher Retirement System of Texas (TRS)) and (c) (relating to an employer's required contribution to the retired school employees group insurance fund for retirees). Prohibits the employer from directly or indirectly passing that cost on to the retiree through payroll deduction, by imposition of a fee, or by any other means designed to recover the cost.

SECTION 2. Provides that the changes in law made by this Act apply to a retiree of TRS regardless of whether the person retired from employment before, on, or after the effective date of this Act.

SECTION 3. Provides that this Act applies beginning with the 2021-2022 school year.

SECTION 4. Effective date: upon passage or September 1, 2021.