

BILL ANALYSIS

Senate Research Center
88R31096 JCG-D

C.S.H.J.R. 2
By: Bonnen et al. (Huffman)
Finance
5/18/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It has been many years since the last cost-of-living adjustment for retired teachers, which has resulted in a substantial decline in purchasing power. C.S.H.J.R. 2 proposes a constitutional amendment to make an appropriation to the Teacher Retirement System of Texas for certain benefit enhancements.

C.S.H.J.R. 2 proposes a constitutional amendment limiting the authority of the legislature to provide cost-of-living adjustments or other benefit enhancements to certain annuitants of the Teacher Retirement System of Texas and providing a one-time transfer of funds to the retirement system to provide a cost-of-living adjustment.

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 Article XVI, Texas Constitution, by adding Section 67-a, as follows:

Sec. 67-a. (a) Authorizes the legislature by general law, only as authorized by this section, 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 are eligible for the enhancements, as determined by that law.

(b) Authorizes the legislature to provide a benefit enhancement as described by this section and, as necessary, direct the Comptroller of Public Accounts of the State of Texas (comptroller) to transfer funds to TRS for the payment of the benefit enhancement only if:

(1) TRS is actuarially sound, as determined by general law; and

(2) subject to Subsection (c) of this section, the legislature appropriates money in an amount sufficient to ensure that providing the benefit enhancement does not increase the unfunded actuarial liabilities of TRS, as determined by the board of trustees of TRS (board).

(c) Requires the board, in determining the amount that is sufficient to ensure that providing a benefit enhancement does not increase the unfunded actuarial liabilities of TRS under Subsection (b)(2) of this section, to reduce that amount by the amount by which the actuarial value of TRS' assets exceeds the actuarial accrued liability of TRS.

SECTION 2. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, limiting the authority of the legislature to provide cost-of-living adjustments or other

benefit enhancements to certain annuitants of TRS and providing a one-time transfer of funds to provide a cost-of-living adjustment.

(b) Requires the comptroller, as soon as practicable after the effective date of the amendment to which this temporary provision applies, to transfer \$3.323 billion from the general revenue fund to an account in the trust fund of TRS established for that purpose. Authorizes money transferred to an account under this temporary provision to be spent by TRS only for the purposes of providing a cost-of-living adjustment of not less than two percent and not more than four percent of each eligible annuitant's annuity, as provided by general law. Provides that the transfer made under this temporary provision is not:

(1) an appropriation of state tax revenues for the purposes of Section 22 (Restriction on Rate of Growth of Appropriations), Article VIII (Taxation and Revenue), of this constitution; or

(2) a contribution by the state to the retirement system under Section 67(b)(3) (relating to requiring that the amount of a contribution to TRS to be a certain amount), Article XVI (General Provisions), of this constitution, or any other law.

(c) Provides that this temporary provision expires on the earlier of:

(1) the date all money transferred to an account in the trust fund of TRS under this temporary provision has been expended; or

(2) the date on which:

(A) no annuitants who are eligible for the cost-of-living adjustment authorized under this temporary provision remain; and

(B) any unexpended balance has been transferred to the general revenue fund under Subsection (d) of this temporary provision.

(d) Requires the board, if no annuitants who are eligible for the cost-of-living adjustments authorized under this temporary provision remain, to notify the comptroller and requires the comptroller to transfer any unexpended money to the general revenue fund.

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 7, 2023. Sets forth the required language of the ballot.