

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/26/2023

Date

Honorable Dan Patrick
President of the Senate

Honorable Dade Phelan
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SENATE BILL 10 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Jean Hippman

Senator John Huffman

Al Campbell

Senator Brian Campbell

J. J. Hays

Senator John Hays

D. W. Keller

Senator Lynn Kirkbrist

Tim LeNichols

On the part of the Senate

Senator Tim LeNichols

Greg Bonnen

Representative Greg Bonnen

B. G. Li

Representative Brian Capriccione

Callan Cain-Hankins

Representative Callan Cain-Hankins

Mike Jones

Representative Mike Jones

Doug Anderson

On the part of the House

Representative Doug Anderson

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 10

A BILL TO BE ENTITLED

1 AN ACT

2 relating to certain benefits paid by the Teacher Retirement System
3 of Texas.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter H, Chapter 824, Government Code, is
6 amended by adding Section 824.703 to read as follows:

7 Sec. 824.703. COST-OF-LIVING ADJUSTMENT: JANUARY 2024.

8 (a) The retirement system shall make a one-time cost-of-living
9 adjustment payable to annuitants receiving a monthly death or
10 retirement benefit annuity, as provided by this section.

11 (b) Subject to Subsection (c) and except as provided by
12 Subsection (d), to be eligible for the adjustment, a person must be,
13 on the effective date of the adjustment and disregarding any
14 forfeiture of benefits under Section 824.601, an annuitant eligible
15 to receive:

16 (1) a standard service or disability retirement
17 annuity payment;

18 (2) an optional service or disability retirement
19 annuity payment as either a retiree or beneficiary;

20 (3) an annuity payment under Section 824.402(a)(3) or
21 (4);

22 (4) an annuity payment under Section 824.502; or

23 (5) an alternate payee annuity payment under Section
24 804.005.

1 (c) If the annuitant:

2 (1) is a retiree, or is a beneficiary under an optional
3 service or disability retirement payment plan, to be eligible for
4 the adjustment under this section:

5 (A) the annuitant must be living on the effective
6 date of the adjustment; and

7 (B) the effective date of the retirement of the
8 member of the retirement system on whose service the annuity is
9 based must have been on or before August 31, 2020;

10 (2) is a beneficiary under Section 824.402(a)(3) or
11 (4) or 824.502, to be eligible for the adjustment:

12 (A) the annuitant must be living on the effective
13 date of the adjustment; and

14 (B) the date of death of the member of the
15 retirement system on whose service the annuity is based must have
16 been on or before August 31, 2020; or

17 (3) is an alternate payee under Section 804.005, to be
18 eligible for the adjustment:

19 (A) the annuitant must be living on the effective
20 date of the adjustment; and

21 (B) the effective date of the annuitant's
22 election to receive the annuity payment was on or before August 31,
23 2020.

24 (d) An adjustment made under this section does not apply to
25 payments under:

26 (1) Section 824.203(d), relating to retirees who
27 receive a standard service retirement annuity in an amount fixed by

1 statute;

2 (2) Section 824.304(a), relating to disability
3 retirees with less than 10 years of service credit;

4 (3) Section 824.304(b)(2), relating to disability
5 retirees who receive a disability annuity in an amount fixed by
6 statute;

7 (4) Section 824.404(a), relating to active member
8 survivor beneficiaries who receive a survivor annuity in an amount
9 fixed by statute;

10 (5) Section 824.501(a), relating to retiree survivor
11 beneficiaries who receive a survivor annuity in an amount fixed by
12 statute; or

13 (6) Section 824.804(b), relating to participants in
14 the deferred retirement option plan with regard to payments from
15 their deferred retirement option plan accounts.

16 (e) An adjustment under this section must be made beginning
17 with an annuity payable for the month of January 2024.

18 (f) The amount of the adjustment provided under this section
19 is calculated by multiplying the amount of the monthly benefit
20 subject to the adjustment by the following percentage rate, as
21 applicable:

22 (1) for annuitants described by Subsection (c)(1):

23 (A) if the retiree's effective date of retirement
24 was on or before August 31, 2001, six percent;

25 (B) if the retiree's effective date of retirement
26 was after August 31, 2001, but on or before August 31, 2013, four
27 percent; and

1 (C) if the retiree's effective date of retirement
2 was after August 31, 2013, but on or before August 31, 2020, two
3 percent;

4 (2) for annuitants described by Subsection (c)(2):

5 (A) if the member's date of death was on or before
6 August 31, 2001, six percent;

7 (B) if the member's date of death was after
8 August 31, 2001, but on or before August 31, 2013, four percent; and

9 (C) if the member's date of death was after
10 August 31, 2013, but on or before August 31, 2020, two percent; and

11 (3) for annuitants described by Subsection (c)(3):

12 (A) if the effective date of the annuitant's
13 election was on or before August 31, 2001, six percent;

14 (B) if the effective date of the annuitant's
15 election was after August 31, 2001, but on or before August 31,
16 2013, four percent; and

17 (C) if the effective date of the annuitant's
18 election was after August 31, 2013, but on or before August 31,
19 2020, two percent.

20 (g) The board of trustees shall determine the eligibility
21 for and the amount of any adjustment in monthly annuities in
22 accordance with this section.

23 SECTION 2. (a) Subject to Subsections (e) and (i) of this
24 section and Section 821.006, Government Code, and except as
25 provided by Subsection (g) of this section, the Teacher Retirement
26 System of Texas shall make a one-time supplemental payment of a
27 retirement or death benefit, as provided by this section.

1 (b) The supplemental payment is payable not later than
2 September 2023 and, to the extent practicable, on a date or dates
3 that coincide with the regular annuity payment payable to each
4 eligible annuitant.

5 (c) The amount of the supplemental payment is equal to:

6 (1) \$7,500, if the annuitant is at least 75 years of
7 age on any day of the calendar month before the calendar month in
8 which the Teacher Retirement System of Texas issues the
9 supplemental payment; or

10 (2) \$2,400, if the annuitant is:

11 (A) at least 70 years of age but younger than 75
12 years of age on any day of the calendar month before the calendar
13 month in which the Teacher Retirement System of Texas issues the
14 supplemental payment; and

15 (B) not subject to Subdivision (1) of this
16 subsection.

17 (d) The supplemental payment is payable without regard to
18 any forfeiture of benefits under Section 824.601, Government Code.
19 The Teacher Retirement System of Texas shall make applicable tax
20 withholding and other legally required deductions before
21 disbursing the supplemental payment. A supplemental payment under
22 this section is in addition to and not in lieu of the regular
23 monthly annuity payment to which the eligible annuitant is
24 otherwise entitled.

25 (e) To be eligible for the supplemental payment, a person
26 must be, for the calendar month immediately prior to the calendar
27 month in which the Teacher Retirement System of Texas issues the

1 one-time supplemental payment in accordance with Subsection (b) of
2 this section, an annuitant who is:

3 (1) at least 70 years of age; and

4 (2) eligible to receive:

5 (A) a standard retirement annuity payment;

6 (B) an optional retirement annuity payment as
7 either a retiree or beneficiary;

8 (C) a life annuity payment under Section
9 824.402(a)(4), Government Code;

10 (D) an annuity for a guaranteed period of 60
11 months under Section 824.402(a)(3), Government Code; or

12 (E) an alternate payee annuity payment under
13 Section 804.005, Government Code.

14 (f) The supplemental payment is in addition to the
15 guaranteed number of payments under Section 824.204(c)(3) or (4),
16 Section 824.308(c)(3) or (4), or Section 824.402(a)(3), Government
17 Code, and may not be counted as one of the guaranteed monthly
18 payments.

19 (g) The supplemental payment does not apply to payments
20 under:

21 (1) Section 824.304(a), Government Code, relating to
22 disability retirees with less than 10 years of service credit;

23 (2) Section 824.804(b), Government Code, relating to
24 participants in the deferred retirement option plan with regard to
25 payments from their deferred retirement option plan accounts;

26 (3) Section 824.501(a), Government Code, relating to
27 retiree survivor beneficiaries who receive a survivor annuity in an

1 amount fixed by statute; or

2 (4) Section 824.404(a), Government Code, relating to
3 active member survivor beneficiaries who receive a survivor annuity
4 in an amount fixed by statute.

5 (h) The board of trustees of the Teacher Retirement System
6 of Texas shall determine the eligibility for and the amount and
7 timing of a supplemental payment and the manner in which the payment
8 is made.

9 (i) The Teacher Retirement System of Texas is required to
10 make a one-time supplemental payment of benefits under this section
11 only if the board of trustees of the Teacher Retirement System of
12 Texas finds that the legislature appropriated money to the
13 retirement system in an amount sufficient to provide the
14 supplemental payment. The amount appropriated by the legislature
15 to provide the supplemental payment must be in addition to the
16 amount the state is required to contribute to the retirement system
17 under Section 825.404, Government Code.

18 (j) If the board of trustees of the Teacher Retirement
19 System of Texas determines that the appropriation provided by the
20 legislature for the one-time supplemental payment of benefits under
21 this section is different from the amount required to issue the
22 supplemental payment, the comptroller, after the end of the fiscal
23 year, shall make adjustments in the teacher retirement fund and the
24 general revenue fund so that the total transfers during the year
25 equal the total amount of the funds required for the supplemental
26 payment. This transfer of funds is in addition to and separate from
27 the amount the state is required to contribute to the retirement

1 system under Section 825.404, Government Code.

2 SECTION 3. (a) Except as provided by Subsection (b) of this
3 section, this Act takes effect immediately if it receives a vote of
4 two-thirds of all the members elected to each house, as provided by
5 Section 39, Article III, Texas Constitution. If this Act does not
6 receive the vote necessary for immediate effect, this Act takes
7 effect September 1, 2023.

8 (b) Section 1 of this Act takes effect January 1, 2024, but
9 only if the constitutional amendment proposed by the 88th
10 Legislature, Regular Session, 2023, authorizing the 88th
11 Legislature to provide a cost-of-living adjustment to certain
12 annuitants of the Teacher Retirement System of Texas is approved by
13 the voters. If that constitutional amendment is not approved by the
14 voters, Section 1 of this Act has no effect.

Senate Bill 10
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

No equivalent provision.

SECTION 1. Subchapter A, Chapter 821, Government Code, is amended by adding Section 821.0065 to read as follows:

Sec. 821.0065. ACTUARIAL SOUNDNESS FOR BENEFIT ENHANCEMENTS. For purposes of Section 67-a, Article XVI, Texas Constitution, the retirement system is actuarially sound if, based on the most recent actuarial valuation of the system, the amount of contributions and actuarially determined payments to the system are sufficient to cover the normal cost of the system and to amortize the unfunded actuarial accrued liability of the system within a period not to exceed 31 years. [FA1(1)]

SECTION 1. Subchapter H, Chapter 824, Government Code, is amended by adding Section 824.703 to read as follows:

No equivalent provision.

SECTION 2. Subchapter H, Chapter 824, Government Code, is amended by adding Sections 824.703 and 824.704 to read as follows:

Sec. 824.703. GAIN SHARING COST-OF-LIVING ADJUSTMENT. (a) For each fiscal year that begins on or after September 1, 2028, the retirement system shall make a cost-of-living adjustment payable to eligible annuitants receiving a retirement or death benefit annuity payment only if the retirement system's annualized rate of return on the investment of the system's assets during the preceding five fiscal years, expressed as a percentage rate, is equal to or exceeds seven percent. [FA1(2)]
(b) Subject to Subsection (c), the amount of the cost-of-living adjustment provided by Subsection (a) is an amount

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Same as Senate version.

SECTION 1. Subchapter H, Chapter 824, Government Code, is amended by adding Section 824.703 to read as follows:

Same as Senate version.

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HOUSE VERSION (IE)

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equal to the annuitant's monthly annuity payment for the month the adjustment is effective multiplied by a percentage rate that is computed by:

(1) determining the annualized rate of return on the investment of the system's assets during the preceding five fiscal years, expressed as a percentage rate; [FA1(3)]

(2) subtracting five percentage points from the percentage rate determined under Subdivision (1);

(3) multiplying the resulting difference under Subdivision (2) by 50 percent; and

(4) rounding down to the nearest one-tenth of a percent.

(c) The amount of the cost-of-living adjustment provided by Subsection (a) may not exceed two percent of an annuitant's monthly annuity payment.

(d) Except as provided by Subsection (f), a person is eligible to receive a cost-of-living adjustment under this section if the person is, on the effective date of the adjustment and disregarding any forfeiture of benefits under Section 824.601, an annuitant that:

(1) is eligible to receive:

(A) a standard service or disability retirement annuity payment;

(B) an optional service or disability retirement annuity payment as either a retiree or beneficiary;

(C) an annuity payment under Section 824.402(a)(3) or (4);

(D) an annuity payment under Section 824.502; or

(E) an alternate payee annuity payment under Section 804.005;

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(2) became eligible to receive the annuity payment described by Subdivision (1) at least three years before the first day of the fiscal year in which the adjustment is made; and

(3) is living on the effective date of the adjustment.

(e) Notwithstanding Subsection (d)(2), a beneficiary eligible to receive an optional service or disability retirement annuity payment on the effective date of a cost-of-living adjustment under this section is eligible to receive the adjustment if:

(1) the beneficiary meets the requirements of Subsections (d)(1) and (d)(3); and

(2) either the beneficiary or the retiree who selected the optional service or disability retirement annuity payment became eligible to receive the annuity payment at least three years before the first day of the fiscal year in which the adjustment is made.

(f) An adjustment made under this section does not apply to payments under:

(1) Section 824.203(d), relating to retirees who receive a standard service retirement annuity in an amount fixed by statute;

(2) Section 824.304(a), relating to disability retirees with less than 10 years of service credit;

(3) Section 824.304(b)(2), relating to disability retirees who receive a disability annuity in an amount fixed by statute;

(4) Section 824.404(a), relating to active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute;

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(5) Section 824.501(a), relating to retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute; or

(6) Section 824.804(b), relating to participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts.

(g) If the retirement system is required by this section to make a cost-of-living adjustment, the board of trustees shall establish the effective date of the adjustment. [FA1(4)]

Sec. 824.704. COST-OF-LIVING ADJUSTMENT: **JANUARY 2024.** (a) The retirement system shall make **an additional** one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

(b) Same as Senate version.

(c) If the annuitant:
(1) is a retiree, or is a beneficiary under an optional service or disability retirement payment plan, to be eligible for the adjustment under this section;
(A) the annuitant must be living on the effective date of the adjustment; and
(B) the effective date of the retirement of the member of the retirement system on whose service the annuity is based must have been on or before **December 31, 2020**;

Sec. 824.703. COST-OF-LIVING ADJUSTMENT: **SEPTEMBER 2023.** (a) The retirement system shall make **an additional** one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

(b)

(c) If the annuitant:
(1) is a retiree, or is a beneficiary under an optional service or disability retirement payment plan, to be eligible for the adjustment under this section;
(A) the annuitant must be living on the effective date of the adjustment; and
(B) the effective date of the retirement of the member of the retirement system on whose service the annuity is based must have been on or before **December 31, 2021**;

Sec. 824.703. COST-OF-LIVING ADJUSTMENT: **JANUARY 2024.** (a) The retirement system shall make **a** one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

(b) Same as Senate version.

(c) If the annuitant:
(1) is a retiree, or is a beneficiary under an optional service or disability retirement payment plan, to be eligible for the adjustment under this section;
(A) the annuitant must be living on the effective date of the adjustment; and
(B) the effective date of the retirement of the member of the retirement system on whose service the annuity is based must have been on or before **August 31, 2020**;

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(2) is a beneficiary under Section 824.402(a)(3) or (4) or 824.502, to be eligible for the adjustment:

(A) the annuitant must be living on the effective date of the adjustment; and

(B) the date of death of the member of the retirement system on whose service the annuity is based must have been on or before **December 31, 2021**; or

(3) is an alternate payee under Section 804.005, **the annuitant is** eligible for the adjustment **only if** the effective date of the election to receive the annuity payment was on or before **December 31, 2021**.

(d)

(e) An adjustment under this section must be made beginning with an annuity payable for the month of **September 2023**.

(f) The amount of the adjustment provided under this section is calculated by multiplying the amount of the monthly benefit subject to the adjustment by the following percentage rate, as applicable:

(1) for annuitants described by Subsection (c)(1):

(A) if the retiree's effective date of retirement was before **September 1, 2013, four percent**; and

(2) is a beneficiary under Section 824.402(a)(3) or (4) or 824.502, to be eligible for the adjustment:

(A) the annuitant must be living on the effective date of the adjustment; and

(B) the date of death of the member of the retirement system on whose service the annuity is based must have been on or before **December 31, 2020**; or

(3) is an alternate payee under Section 804.005, **the annuitant is** eligible for the adjustment **only if** the effective date of the election to receive the annuity payment was on or before **December 31, 2020**.

(d) Same as Senate version.

(e) An adjustment under this section must be made beginning with an annuity payable for the month of **January 2024**.

(f) The amount of the adjustment provided under this section is calculated by multiplying the amount of the monthly benefit subject to the adjustment by the following percentage rate, as applicable:

(1) for annuitants described by Subsection (c)(1):

(A) if the retiree's effective date of retirement was before **January 1, 2004, six percent**;

(2) is a beneficiary under Section 824.402(a)(3) or (4) or 824.502, to be eligible for the adjustment:

(A) the annuitant must be living on the effective date of the adjustment; and

(B) the date of death of the member of the retirement system on whose service the annuity is based must have been on or before **August 31, 2020**; or

(3) is an alternate payee under Section 804.005, **to be** eligible for the adjustment:

(A) the annuitant must be living on the effective date of the adjustment; and

(B) the effective date of the annuitant's election to receive the annuity payment was on or before **August 31, 2020.**

(d) Same as Senate version.

(e) Same as House version.

(f) The amount of the adjustment provided under this section is calculated by multiplying the amount of the monthly benefit subject to the adjustment by the following percentage rate, as applicable:

(1) for annuitants described by Subsection (c)(1):

(A) if the retiree's effective date of retirement was **on or before August 31, 2001, six percent**;

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(B) if the retiree's effective date of retirement was on or after September 1, 2013, but before January 1, 2022, two percent;

(2) for annuitants described by Subsection (c)(2):
(A) if the member's date of death was before September 1, 2013, four percent; and

(B) if the member's date of death was on or after September 1, 2013, but before January 1, 2022, two percent; and
(3) for annuitants described by Subsection (c)(3):
(A) if the annuitant's date of election was before September 1, 2013, four percent; and

(B) if the annuitant's date of election was on or after September 1, 2013, but before January 1, 2022, two percent.

(g)

No equivalent provision.

(B) if the retiree's effective date of retirement was on or after January 1, 2004, but before January 1, 2014, four percent; and

(C) if the retiree's effective date of retirement was on or after January 1, 2014, but before January 1, 2021, two percent;

(2) for annuitants described by Subsection (c)(2):
(A) if the member's date of death was before January 1, 2004, six percent;

(B) if the member's date of death was on or after January 1, 2004, but before January 1, 2014, four percent; and

(C) if the member's date of death was on or after January 1, 2014, but before January 1, 2021, two percent; and

(3) for annuitants described by Subsection (c)(3):
(A) if the annuitant's date of election was before January 1, 2004, six percent;

(B) if the annuitant's date of election was on or after January 1, 2004, but before January 1, 2014, four percent; and

(C) if the annuitant's date of election was on or after January 1, 2014, but before January 1, 2021, two percent.

(g) Same as Senate version.

SECTION __. Subchapter B, Chapter 825, Government Code, is amended by adding Section 825.1085 to read as follows:

(B) if the retiree's effective date of retirement was after August 31, 2001, but on or before August 31, 2013, four percent; and

(C) if the retiree's effective date of retirement was after August 31, 2013, but on or before August 31, 2020, two percent;

(2) for annuitants described by Subsection (c)(2):
(A) if the member's date of death was on or before August 31, 2001, six percent;

(B) if the member's date of death was after August 31, 2001, but on or before August 31, 2013, four percent; and

(C) if the member's date of death was after August 31, 2013, but on or before August 31, 2020, two percent; and

(3) for annuitants described by Subsection (c)(3):
(A) if the effective date of the annuitant's election was on or before August 31, 2001, six percent;

(B) if the effective date of the annuitant's election was after August 31, 2001, but on or before August 31, 2013, four percent; and

(C) if the effective date of the annuitant's election was after August 31, 2013, but on or before August 31, 2020, two percent.

(g) Same as Senate version.

Same as Senate version.

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Sec. 825.1085. BIENNIAL REPORT ON EFFECTS OF INFLATION. Not later than January 1 of each odd-numbered year, the retirement system shall submit a written report to the legislature that contains an analysis of the effects that increased inflation has had on annuitants of the system during the preceding state fiscal biennium. [FA5]

No equivalent provision.

SECTION 3. Section 825.402, Government Code, is amended to read as follows:

Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. The rate of contributions for each member of the retirement system is:

- (1) five percent of the member's annual compensation or \$180, whichever is less, for service rendered after August 31, 1937, and before September 1, 1957;
- (2) six percent of the first \$8,400 of the member's annual compensation for service rendered after August 31, 1957, and before September 1, 1969;
- (3) six percent of the member's annual compensation for service rendered after August 31, 1969, and before the first day of the 1977-78 school year;
- (4) 6.65 percent of the member's annual compensation for service rendered after the last day of the period described by Subdivision (3) and before September 1, 1985;
- (5) 6.4 percent of the member's annual compensation for service rendered after August 31, 1985, and before September 1, 2014;

Same as Senate version.

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- (6) 6.7 percent of the member's annual compensation for service rendered after August 31, 2014, and before September 1, 2015;
- (7) 7.2 percent of the member's annual compensation for service rendered after August 31, 2015, and before September 1, 2016;
- (8) 7.7 percent of the member's annual compensation for service rendered after August 31, 2016, and before September 1, 2017;
- (9) for compensation paid on or after September 1, 2017, and before September 1, 2019, the lesser of:
 - (A) 7.7 percent of the member's annual compensation; or
 - (B) a percentage of the member's annual compensation equal to 7.7 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the compensation relates is less than the state contribution rate established for the 2015 fiscal year;
- (10) for compensation paid on or after September 1, 2019, and before September 1, 2021, the lesser of:
 - (A) 7.7 percent of the member's annual compensation; or
 - (B) a percentage of the member's annual compensation equal to 7.7 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the compensation relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2);

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(11) for compensation paid on or after September 1, 2021, and before January [~~September~~] 1, 2024 [~~2023~~], the lesser of:

(A) eight percent of the member's annual compensation; or
(B) a percentage of the member's annual compensation equal to eight percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the compensation relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2); and

(12) for compensation paid on or after January [~~September~~] 1, 2024 [~~2023~~], the lesser of:

(A) nine [~~8.25~~] percent of the member's annual compensation; or

(B) a percentage of the member's annual compensation equal to nine [~~8.25~~] percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the compensation relates is less than the state contribution rate established for that fiscal year under Section 825.404(a-2).

No equivalent provision.

SECTION 4. Section 825.404(a-2), Government Code, is amended to read as follows:

(a-2) The state contribution required by Subsection (a) is:

(1) for the fiscal years beginning on September 1, 2019, and September 1, 2020, 7.5 percent of the aggregate annual compensation of all members of the retirement system during the applicable fiscal year;

Same as Senate version.

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[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

(2) for the fiscal year beginning on September 1, 2021, 7.75 percent of the aggregate annual compensation of all members of the retirement system during that fiscal year;
(3) for the fiscal year beginning on September 1, 2022, eight percent of the aggregate annual compensation of all members of the retirement system during that fiscal year; and
(4) for the fiscal year beginning on September 1, 2023, and each subsequent fiscal year, nine [~~8.25~~] percent of the aggregate annual compensation of all members of the retirement system during that fiscal year.

No equivalent provision.

SECTION 5. Subchapter E, Chapter 825, Government Code, is amended by adding Section 825.4042 to read as follows:

Sec. 825.4042. ACTUARIALLY DETERMINED PAYMENTS. (a) In addition to the state contributions required by this subtitle, each fiscal year the state shall make an actuarially determined payment in the amount necessary to amortize the system's unfunded actuarial liabilities by not later than the fiscal year ending August 31, 2054. (b) Before each regular legislative session, the retirement system shall provide the Legislative Budget Board with the amount necessary to make the actuarially determined payment required under Subsection (a). The director of the Legislative Budget Board, under the direction of the Legislative Budget Board, shall include that payment in the general appropriations bill prepared for introduction at each

Same as Senate version.

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regular legislative session under Section 322.008. This section expires September 1, 2055.

SECTION 2. Among other provisions, adds Subsections (b), (e), (i), and (j) to read as follows:

(b) The supplemental payment is payable not later than **February 2024** and, to the extent practicable, on a date or dates that coincide with the regular annuity payment payable to each eligible annuitant.

(c) The amount of the supplemental payment is equal to **\$7,500**.

(e) To be eligible for the supplemental payment, a person must be, for the calendar month immediately prior to the calendar month in which the Teacher Retirement System of Texas issues the one-time supplemental payment in

SECTION 6. Same as Senate version except as follows:

(b) Same as Senate version

(c) The amount of the supplemental payment is equal to **\$5,000**.

(e) Same as Senate version except the minimum age for an annuitant is set at **70 years of age**.

SECTION 2. Same as Senate version except as follows:

(b) Same as Senate version except the supplemental payment is payable not later than **September 2023**.

(c) The amount of the supplemental payment is equal to:
(1) \$7,500, if the annuitant is at least 75 years of age on any day of the calendar month before the calendar month in which the Teacher Retirement System of Texas issues the supplemental payment; or
(2) \$2,400, if the annuitant is:
(A) at least 70 years of age but younger than 75 years of age on any day of the calendar month before the calendar month in which the Teacher Retirement System of Texas issues the supplemental payment; and
(B) not subject to Subdivision (1) of this subsection.

(e) Same as House version.

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accordance with Subsection (b) of this section, an annuitant who is:

- (1) at least **75 years of age**; and
- (2) eligible to receive:
 - (A) a standard retirement annuity payment;
 - (B) an optional retirement annuity payment as either a retiree or beneficiary;
 - (C) a life annuity payment under Section 824.402(a)(4), Government Code;
 - (D) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3), Government Code; or
 - (E) an alternate payee annuity payment under Section 804.005, Government Code.

(i) (i) Same as Senate version except makes conforming changes.

(j) (j) Same as Senate version except makes conforming changes.

SECTION 3. This Act takes effect *immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect* September 1, 2023.

SECTION 7. *(a) Except as provided by Subsection (b) of this section, this Act takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, 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 funds for benefit enhancements and for*

(i) Same as Senate version.

(j) Same as Senate version.

SECTION 3. *(a)* Substantially the same as Senate version except also adds Subsection (b) to read as follows:

(b) Section 1 of this Act takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, authorizing the 88th Legislature to provide a cost-of-living adjustment to certain annuitants of the Teacher Retirement System of Texas is

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contributions and actuarially determined payments to eliminate the unfunded accrued actuarial liabilities of the retirement system is approved by the voters. If that proposed constitutional amendment is not approved by the voters, this Act has no effect. [FA1(5)-(7)]

approved by the voters. If that constitutional amendment is not approved by the voters, Section 1 of this Act has no effect.

No equivalent provision. (But see SECTION 3 above.)

(b) Regardless of whether the constitutional amendment described by Subsection (a) of this section is approved by the voters, this subsection and Section 6 of this Act, providing a one-time supplemental payment of retirement or death benefits to certain annuitants of the Teacher Retirement System of Texas, take effect September 1, 2023. [FA1(8)]

Same as Senate version. *(But see SECTION 3 (a) above.)*

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 26, 2023

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB10 by Huffman (Relating to certain benefits paid by the Teacher Retirement System of Texas.),
Conference Committee Report

Estimated Two-year Net Impact to General Revenue Related Funds for SB10, Conference Committee Report : a negative impact of (\$4,990,000,000) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	(\$4,990,000,000)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1
2024	(\$4,990,000,000)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

Fiscal Analysis

The bill would provide an increase in the monthly annuity for most categories of Teacher Retirement System (TRS) members in payment status who retired on or before August 31, 2020. The amount of the increase would be 2.0 percent of the annuitant's monthly benefit if the member retired after August 31, 2013, but on or before August 31, 2020. The amount of the increase would be 4.0 percent of the annuitant's monthly benefit if the member retired after August 31, 2001, but on or before August 31, 2013. The amount of the increase would be 6.0 percent of the annuitant's monthly benefit if the member retired on or before August 31, 2001. The monthly annuity increase provision of the bill would take effect in January of 2024, contingent on approval by the voters

of an associated constitutional amendment (HJR 2).

The bill would also provide a onetime payment, not later than September of 2023, to most categories of members in payment status that are age 70 or older by the month before the payment is made. The amount of the onetime payment would be \$7,500 if the member is age 75 or older by the month before the month in which the onetime payment is made. The amount of the onetime payment would be \$2,400 if the member is age 70 but younger than 75 by the month before the month in which the onetime payment is made. TRS would be required to make the onetime payment only if the TRS Board of Trustees were to find that the legislature appropriated money to the retirement system in an amount sufficient to provide the payment.

Methodology

It is assumed that the cost-of-living adjustment (COLA) outlined in Section 1 of the bill would be funded through a lump sum payment to the TRS Pension Trust Fund of \$3,354.0 million in General Revenue in fiscal year 2024, and would thus not impact the actuarial soundness of the fund.

According to the Pension Review Board, the Teacher Retirement System (TRS) is considered actuarially sound, with an amortization period of 27 years as of August 31, 2023. Government Code, Section 821.006 defines actuarial soundness, for the purposes of making modifications to benefit and contribution levels, as less than 31 years. If the COLA outlined in Section 1 of the bill were not funded with a lump sum payment, the funding period would be required to remain below 31 years for the cost-of-living adjustment to occur.

It is assumed that the onetime payment outlined in Section 2 of the bill would cost \$1,636.0 million in General Revenue in fiscal year 2024.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 323 Teacher Retirement System

LBB Staff: JMc, CMA, ASA, MMo, MOc, KK

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order.

I certify that a copy of the conference committee report on SENATE BILL 10 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before paper copies of the report were submitted to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

Greg Bonner
(Signature)

5/26/2023
(Date)