

SUBJECT: Employer contributions for TRS retirees hired by certain school districts

COMMITTEE: Pensions and Investments — favorable, without amendment

VOTE: 5 ayes — Truitt, Villarreal, McClendon, Burnam, Macias
0 nays
2 absent — Keffer, Rodriguez

SENATE VOTE: On final passage, April 19 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Paul Colbert, El Paso ISD; (*Registered, but did not testify:* Josh Sanderson, Association of Texas Professional Educators)
Against — None
On — Alejandra (Alex) Martin, Texas Association of School Personnel Administrators-TASPA

BACKGROUND: Government Code, sec. 824.602 prohibits the Teacher Retirement System (TRS) from withholding a monthly retirement benefit check from a TRS retiree if the person is employed in a Texas public educational institution as a substitute teacher, in a half-time position, in a full-time position for up to six months, or as a full-time bus driver. A retiree who is certified as a principal or assistant principal, or who is certified to teach in an acute shortage area, may return to that work full-time after being separated from all public schools for at least 12 months.

Employers withhold 6.4 percent of active employees' salary for the TRS pension fund, while the state contributes the constitutional minimum of 6 percent of payroll (Texas Constitution, Art. 16, sec. 67(b)(3)).

Employers subject to TRS who hire a TRS retiree are required to pay both the state and employee contribution to TRS as if the retiree were an active, contributing member. Employers also must pay TRS any difference between the retiree's required premium for TRS-Care group health insurance and the full cost of this insurance, as determined by TRS. Each employer is required to report monthly to TRS the number of employees it

rehired. If more than one employer reports the same retiree to TRS during a month, the amount of the required payment must be prorated among the employers.

DIGEST:

SB 1913 would amend both the Government Code and the Insurance Code to exempt school districts from being required to pay both state and employee contributions for a TRS retiree if the district had to expand classroom facilities to accommodate an increased number of students resulting from a U.S. Department of Defense base realignment and closure process.

The total number of exemptions could not exceed 500 TRS retirees statewide and, if necessary, the board of trustees would establish a method to equitably allocate that number to each school district.

The bill would take effect September 1, 2007, and its provisions would expire December 31, 2011.