

SUBJECT: Technical changes to TRS administration and programs

COMMITTEE: Pensions — committee substitute recommended

VOTE: 7 ayes — Flynn, Alonzo, Hernandez, Klick, Paul, J. Rodriguez,  
Stephenson

0 nays

WITNESSES: For — Beaman Floyd, Texas Association of School Administrators; Ann Fickel, Texas Classroom Teachers Association; (*Registered, but did not testify*: Ted Melina Raab, Texas American Federation of Teachers; Timothy Lee, Texas Retired Teachers Association; John Grey, Texas State Teachers Association)

Against — None

On — Brian Guthrie, Teacher Retirement System

BACKGROUND: The Teacher Retirement System of Texas (TRS) delivers retirement and health benefits for retired school employees and operates a health insurance plan for employees of certain school districts. Some have called for clarification of the laws regulating TRS to provide for more efficient delivery of benefits.

DIGEST: CSHB 3897 makes changes to TRS administration and board of trustees regarding management of retirement and health care programs for active and retired school personnel.

**Board of trustees.** The bill would allow the board of trustees to accept on behalf of the retirement system gifts of money, services, or property from any public or private source.

The bill would exempt from state open meetings requirements a gathering of trustees attending a conference, convention, workshop, or other event held for educational purposes if the trustees did not deliberate, vote, or

take action on a specific matter of public business or public policy.

The bill also would allow board members to confer in a closed meeting regarding investment transactions or potential investment transactions if, before conducting the closed meeting, a majority of the board in an open meeting voted that open deliberations would have a detrimental effect on the position of the retirement system in negotiations with third parties or would put the retirement system at a competitive disadvantage in the market.

**Ethics.** The bill would make confidential and excepted from public information requirements all personal financial disclosures made by TRS employees under statutory provisions related to the TRS ethics policy, including a rule or policy adopted under those provisions.

**Retirement system.** The bill would change the definition of “annual compensation” to mean the compensation to a member of the retirement system for service during a 12-month period determined by the retirement system rather than a school year. It would add a provision to allow membership in the retirement system to be established through employment with a single employer on at least a half-time basis.

The bill would prohibit a TRS member from purchasing more than five years of service credit for service considered nonqualified under IRS laws.

The bill would establish procedures for correcting errors made by an employer reporting an employee’s service time or compensation. Employer reports regarding members’ earnings, employment status, and hours and days worked would be subject to audit and examination.

The assets of the retirement system would be maintained and reported according to generally accepted accounting principles prescribed by the Governmental Accounting Standards Board.

**Retiree health benefits.** Coverage under the group health program for a retiree and dependents would be suspended during any period the retiree

elected health coverage under the Employee Retirement System of Texas or a group plan for employees of the University of Texas System or Texas A&M University System or was employed by a public school and eligible for health coverage offered by the school. During the coverage suspension, a retiree and dependents would remain enrolled in the TRS group health program and could be reactivated if the retiree ceased to be covered by the other plans.

The bill would require school districts and charter schools participating in TRS and regional education service centers to report annually to TRS the monthly amount each contributes toward the payment of health coverage.

This bill would take effect September 1, 2015, and certain provisions would apply only to TRS members who retire on or after the effective date.