

- SUBJECT:** Limiting benefit loss for certain TRS retirees who resume service
- COMMITTEE:** Pensions, Investments and Financial Services — committee substitute recommended
- VOTE:** 11 ayes — Murphy, Vo, Capriglione, Flynn, Gervin-Hawkins, Gutierrez, Lambert, Leach, Longoria, Stephenson, Wu
- 0 nays
- WITNESSES:** For — Beaman Floyd, Texas Association of School Administrators; Brock Gregg, Texas Retired Teachers Association; (*Registered, but did not testify*: Dwight Harris, Texas American Federation of Teachers; Barry Haenisch, Texas Association of Community Schools; Will Holleman, Texas Association of School Boards; Ann Fickel, Texas Classroom Teachers Association; Mark Terry, Texas Elementary Principals and Supervisors Association; Lisa Dawn-Fisher, Texas State Teachers Association; Monty Exter, The Association of Texas Professional Educators; and eight individuals)
- Against — None
- On — Brian Guthrie, Teacher Retirement System; (*Registered, but did not testify*: Kevin Wakley, Teacher Retirement System)
- BACKGROUND:** Government Code sec. 824.602 establishes exceptions to the loss of benefits for a retired school employee who resumes service at a Texas public educational institution. Under sec. 824.601, a retiree who worked in excess of one-half time in a month is not entitled to a pension payment for that month, with an exception for retirees whose effective date of retirement was on or before January 1, 2011.
- DIGEST:** CSHB 2227 would change the effective date of retirement that would trigger an exemption for certain retired school personnel from the provision establishing that a retiree was not entitled to retirement benefit payments for any month in which the retiree was employed by a Texas

public educational institution. The effective date of retirement for this purpose would change from on or before January 1, 2011, to on or before August 31, 2018.

The bill also would create an exception to the limitation that retired school personnel who had been separated from active service for less than one year could not work in a public school for more than one-half time without their monthly retirement benefit payments being withheld. Under this exception, a retiree who exceeded that limit because of an exigent event that was beyond the retiree's control, including a weather-related event, could not have monthly retirement benefits withheld.

The Teacher Retirement System (TRS) would have to immediately notify a retiree who exceeded the limitation and, if appropriate, provide a 30-day period in which the retiree could take corrective action to avoid exceeding the limitation again in the future.

A retiree who received notice would have to return to TRS the prorated amount of the monthly benefit payment that was attributable to the period in which the retiree exceeded the work limitation, or pay the difference between the actual hours for which the retiree was compensated and the hours the retiree was permitted to work under the one-half time limitation.

The TRS board of trustees would have to adopt rules to implement the bill.

The bill would take effect September 1, 2019, and would apply to a benefit payment that became payable on or after that date.

**SUPPORTERS
SAY:**

CSHB 2227 would correct a situation in which some retired school personnel have unwittingly lost an entire month's pension check for exceeding the half-time work limitation by even a few hours. Some of these retirees may not have known about the limitation or might have exceeded it because of a situation beyond their control, such as a bus getting a flat tire or a weather event. The bill would create a process for the Teacher Retirement System (TRS) to warn retirees of a possible

violation and would limit the amount of pension benefits retirees would have to forfeit to those for extra hours that they worked.

The current penalties for working more than half-time are too harsh and limit the ability of retirees who need to supplement their retirement checks to go back to work. As health care premiums for retired teachers have increased, many have found it necessary to return to the workforce. In addition, school districts in some areas of the state such as West Texas seek out retirees to return to the classroom or work as bus drivers because of serious workforce shortages.

CSHB 2227 would not create a financial incentive for teachers to retire with the intention of quickly returning to work because they would have to pay TRS back for any hours worked that exceeded the half-time limitation.

**OPPONENTS
SAY:**

By creating exceptions to existing limitations on retirees being rehired by school districts and lowering the financial penalty for retirees who exceeded those limitations, CSHB 2227 could provide incentives for retirees to retire and then be rehired for the same job. The current penalty was put in place to slow a trend of school personnel retiring earlier than their full retirement age with the knowledge that they could return to work and collect both a paycheck and a pension. The impact of early retirements can result in increased payouts by the TRS pension fund and the TRS health insurance program for retired teachers.