

## **BILL ANALYSIS**

Senate Research Center  
80R8888 DLF-D

S.B. 1779  
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State Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

At the end of the 2005 fiscal year, the Teacher Retirement System's (TRS) membership totaled 1.1 million, including 867,000 current members and 249,000 annuitants. These retired teachers do not currently receive an automatic cost-of-living adjustment, nor have they received an ad hoc cost-of-living increase from the legislature since 2001. However, their monthly salaries average \$1,788.

As proposed, S.B. 1779 provides for an automatic cost-of-living adjustment to be built into the system. The bill requires the TRS board of trustees to compute the adjustment, matching it to the automatic adjustment given to retirees under the Social Security Administration, and sets forth the mechanism by which the state's contribution to TRS will be made.

### **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 Subchapter A, Chapter 824, Government Code, by adding Section 824.007, as follows:

Sec. 824.007. ANNUAL COST-OF-LIVING ADJUSTMENT. (a) Increases the amount of a monthly service retirement benefit, disability retirement benefit, or death benefit paid under this chapter (Benefits) to include an annual cost-of-living adjustment (adjustment) in accordance with this section.

(b) Requires the board of trustees (board) administering the Teacher Retirement System (TRS) to recompute the amount of a monthly benefit under this chapter by applying the adjustment to the required monthly amount as determined in accordance with this chapter, including the amount of any previous adjustment made under this section or other increase required by law, effective September 1 of each year.

(c) Provides that the amount of an adjustment made under this section is equal to the automatic adjustment made by the United States Social Security Administration and applicable to social security benefits in December of the year preceding the year in which the adjustment under Subsection (b) is made.

SECTION 2. Amends Sections 825.404(a) and (b), Government Code, as follows:

(a) Requires the state, during each fiscal year, to contribute to TRS an amount sufficient to amortize, within a 30-year funding period, the actuarial liability of TRS for service retirement benefits, disability retirement benefits, and death benefits, including the amount of the adjustment applied under Section 824.007, provided under this subtitle for members, retirees, and beneficiaries. Requires the amount to be determined based on the annual August 31 actuarial valuation and to be equal to at least six and not more than 10 percent of the aggregate annual compensation of all members of TRS during that fiscal year.

(b) Requires the board, at the time it certifies an estimated amount to the comptroller of public accounts as necessary to pay the state's contribution to TRS each biennium, to report the certified amount to the lieutenant governor, the speaker of the house, and the presiding officers of the appropriate house and senate committees.

SECTION 3. Effective date: upon passage or September 1, 2007.