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To: TRS Reporting Contacts
From: Margie Horton, Manager, Benefit Accounting
Subject: Reporting Changes Effective with the 2011-2012 School Year
Date: July 2011

Several emails have been sent over the past two months concerning reporting changes effective with the 2011-2012 school year. Each item previously emailed can be found in the Employers section of the TRS website. This email is a high level summary of the many changes. **You will need to refer to each topic-specific document for detailed information.**

Service Eligible for TRS Membership

Rule 25.1 (e) -- Full-time Service, has been changed effective with the 2011-2012 school year. The change deletes the distinction between certified and non-certified positions and sets a 15-hour per week minimum for all positions to establish membership eligibility in TRS. This minimum will apply if there is no full-time equivalent position. If there is a full-time equivalent, the position must be for one-half or more of the full-time equivalent.

VERY IMPORTANT NOTE: The 15-hour per week minimum also applies to the position of BUS DRIVER. To be eligible for TRS membership, a bus driver must work a minimum of 15 hours per week. The 15 hours can be a combination of driving the bus and performing other work for the employer. Starting with the 2011-2012 school year, eligibility for bus drivers is no longer based on driving a minimum of one route per day that complies with TEA guidelines; Rule 25.2 that sets forth the "one route" requirement will be discontinued after the current school year.

There is no "grandfathering" provision. The new minimum applies to all employees and all positions. Also, the employee must actually work the 15 hours and not just be paid for 15 hours.

Rule 25.1 (b) – When determining employment eligible for TRS, the term of the employment must be either for an indefinite period or for a definite period of four and one-half months or more. Additionally, for employment of less than 20 hours per week, the compensation must be a rate comparable to the rate of compensation for other persons employed in similar positions.

The adopted change to 25.1(b) eliminates the requirement that the employment criteria be met "in one school year." Therefore, full-time employees hired late in the school year who otherwise meet TRS membership eligibility requirements (i.e., half-time or more; expected to work indefinitely or for a definite period of 4½ months or longer) must be reported even though they may not establish a year of service credit for the school year in which they are hired.

Reporting Number of Work Days each Month – Rules, Section 25.131

The purpose of this new requirement is to provide TRS with the information necessary to determine a year of service credit for TRS members serving in a TRS eligible position. This information will be submitted monthly through the RP10 record of the *Regular Payroll Report*. The reporting procedures are the same for public schools and higher education entities. The guidelines are not the same for determining how to calculate the number of days to be reported each month. Thus you will find a section devoted to public schools and one for higher education and regional service centers.

Matching State Contribution to the Pension Fund Changes

The matching state contribution rate to the pension fund for the 2011-2012 school year decreases from 6.644% to 6.00 percent. This is effective with the September 2011 reports due October 6, 2011.

Increase in TRS-Care Surcharge Amounts

At their July 17th Board meeting, the TRS Board of Trustees adopted new rates for the TRS-Care surcharges with an effective date of September 2011. Pursuant to Insurance Code 1575.204, the board is required to set the surcharge at an amount sufficient to pay the full cost of the retirees' and any enrolled dependents' participation in the group program. The new surcharge rates reflect the increase in cost of the program since the surcharge rates were first adopted in 2005.

The section of the Payroll Manual titled *Reporting Entity TRS-Care Surcharge for Reported Retirees Report* has been updated to include the new surcharge table. The Payroll Manual can be found in the Employers section of the TRS website.

New Position Code Added for Peace Officers

For the purpose of TRS reporting, the definition of a peace officer is provided by the state and is as follows:

“Peace Officer” means an officer commissioned under Section 37.081, Education Code, or Subchapter E, Chapter 51, Education Code. Section 37.081 authorizes the board of trustees of a school district to commission peace officers. Section 51.203 of Subchapter E authorizes the governing boards of each state institution of higher education and public technical institute to employ and commission peace officers.

Employment After Retirement

Service retirees with a retirement date prior to January 1, 2011 no longer have employment limitations. Service retirees after January 1, 2011 may work without loss of monthly annuity as a substitute or one-half time or less. Full-time work (greater than one-half time) without a 12 consecutive month break in service will result in the loss of the monthly annuity for any month employment exceeds one-half time.

The employment limitations for disability retirees have not changed.

Proposed Rule change to Rule 31.14 of Chapter 31, Employment After Retirement

The proposed rule was published for public comment in the Texas Register on July 8, 2011. You will find all proposed rules on the TRS Home Page under Quick links, "Recently Adopted & Proposed Rules".

The existing one-half time standard for employment after retirement is based on the full-time work requirement for the same or similar position. The proposed rule defines one-half time as the equivalent of 4 clock hours for each work day in that calendar month. This standard would apply to all positions.

For instructors whose employment is measured in semester or course hours, a conversion of semester hours to clock hours is proposed. For the purpose of this section, actual course instruction in state-supported colleges (including junior colleges), and universities that is measured in course or semester hours will be counted as a minimum of two clock hours per one course or semester hour in order to reflect instructional time as well as preparation and other time typically associated with one course hour of instruction. If the employer has established a greater standard for preparation time for each course or semester hour, the employer's established standard will be used to determine the number of course or semester hours a retiree may teach.

An exception to this rule would occur when a retiree works as a substitute and on a one-half time basis in the same calendar month. A retiree working as a substitute (per the TRS definition of a substitute) and one-half time in the same calendar month would be limited to working one-half the number of available work days in the calendar month.

More information will be provided as soon as we know the effective date of the proposed rule.