

SUBJECT: Retired state employee contribution to employee charitable campaign

COMMITTEE: Pensions, Investments and Financial Services — committee substitute recommended

VOTE: 9 ayes — Truitt, Anchia, Anderson, Creighton, Hernandez Luna, Legler, Nash, Orr, Veasey
0 nays

WITNESSES: For — Reuben Leslie, Texas State Employees Union; Jackie Rogers, Capital Area State Employee Charitable Campaign; Max Woodfin, Earth Share of Texas; (*Registered, but did not testify*: Jason Sabo, United Ways of Texas; Robin Schneider, Texas Campaign for the Environment; David Weinberg, Texas League of Conservation Voters; Carolyn Beck)

Against — None

On — Ann Fuelberg, ERS; Debora Warren, Employees Retirement System of Texas; (*Registered, but did not testify*: Mike Markl, Edie Muehlberger, State Advisory Committee - SECC)

BACKGROUND: In 1993, the 73rd Legislature created the annual State Employee Charitable Campaign (SECC), which allows state employees to contribute to eligible charitable organizations through automatic payroll deductions. The State Policy Committee (SPC) manages the campaign and is responsible for a budget and ensuring the eligibility of statewide organizations. The SPC is made up of 10 state employees, four appointed by the governor and three each appointed by the lieutenant governor and the comptroller. The LEC's presiding officer recruits from five to 10 members for the committee, who represent different levels of employee classifications. Retired state employees do not participate in the State Employee Charitable Campaign, nor do they have representation on either the SPC or the Local Employee Committees (LEC).

DIGEST: CSHB 1608 would amend the Government Code to allow a person who received an annuity to authorize the retirement system to deduct from their monthly annuity payment the contribution amount to the state employee charitable campaign. The authorization would remain in effect for a

maximum of one year unless the person revoked it by giving notice to the board of trustees.

The ERS Board of Trustees would be required to deposit the deducted funds with the comptroller for distribution in the same manner a state employee's deduction is distributed. The board could adopt rules to implement deductions, consistent with the comptroller's rules for the state employee charitable campaign.

The board and the policy committee would coordinate responsibility for the administration of charitable deductions from annuity payments to the campaign. The board would charge an administrative fee to cover any unpaid cost of implementation to the charitable organizations participating in the campaign in the same proportion the contributions to the organization bear to the total contributions in the campaign. The board would adopt rules to implement the fee collection.

The ERS Board of Trustees and the state policy committee could make the annuity deduction available in stages to subgroups of the retirement system's annuity recipients as money became available to cover the expenses.

CSHB 1608 would require the policy committee to be composed of employees and retired state employees receiving benefits from the retirement system representing different levels of employment classification. One or more members of a LEC could be retired state employees receiving benefits from the retirement system.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.