

## **TDCJ Summary of 81<sup>st</sup> Legislature's Actions Impacting State Employees**

The 81st Texas Legislature funded a targeted pay increase for correctional and parole officers as well as unit-based employees (prison unit employees whose primary objective is providing and supporting direct offender operations). Beginning with their September 2009 pay (received October 1, 2009), these employees will see, on average, a 3.5% increase in their gross monthly pay. In addition, those same employees will see another 3.5% increase effective September 1, 2010. Employees in Salary Schedule C will receive raises based on their tenure. Legislative changes to the Classification Plan may also result in additional compensation for some employees.

The remaining eligible Agency employees who do not receive the targeted pay increases or Schedule C raises, will receive an \$800 gross payment by the end of September 2009. The eligibility requirements for the \$800 payment, to include a statutory requirement that employees must have been employed from 3/31/09 through 8/1/09, will soon be provided to all state agencies.

TDCJ is working with the State Auditor's Office and the Comptroller to obtain further information relating to eligibility requirements and payroll payment processing.

### ***Current ERS Members Essentially "Grandfathered"***

The legislature also took action to ensure that the Employees Retirement System (ERS) will continue to be a dependable and healthy public retirement system by improving the Fund's financial position, while protecting benefits for current employees, retirees and former employees who maintained their ERS retirement accounts as of 8/31/09.

#### **Employees as of 8/31/09 will see no changes to:**

- When you are eligible to retire.
- How your retirement benefit is calculated.

#### **Changes for current employees and new employees as of 9/1/09 include:**

- Slight increase in employee contribution to the retirement fund in order to match the State's contribution, and an additional 0.5% contribution by members of the Law Enforcement and Custodial Officers System (LECOS). This is the first employee contribution increase since 1971.
- An employee who retires on or after 5/31/09 is not allowed to return to work for the State for 90 days. Therefore, effective 5/31/09, TDCJ requires an employee who retires on or after 5/31/09 to wait 90 days before returning to work.
- Members of LECOS who plan to retire with 20 years of service after 9/1/09 before reaching 50 years of age will have all of their benefits calculated at the time of retirement, and benefits will not be calculated again upon reaching the age of 50 based on standard service which usually increased the annuity payment (pop-up recalculation).

### ***Benefits for New Employees as of 9/1/09***

New employees as of 9/1/09 and former employees who withdrew their money from the ERS and return to work on or after 9/1/09.

- May not use accrued unused sick/annual leave to meet retirement eligibility. Once eligible, such leave will enhance the employee's retirement annuity.
- Will have their retirement benefits based on the highest 48 months of salary instead of the highest 36 months.

#### **Regular Service Members:**

- May use the Rule of 80 for retirement eligibility (multiplier of 2.3%), but will have their standard annuity reduced by 5% for each year an employee retires before the age of 60, with the reduction capped at 25%. Must have at least 5 years of service to retire and at least 10 years of service to receive group insurance.
- May retire at age 65 with 10 years of service (multiplier of 2.3% and group insurance).

#### **Law Enforcement and Custodial Officers (LECOS) Members:**

- May retire with full benefits at age 55 with 20 years of service (multiplier of 2.8% and group insurance).
- May retire with reduced benefits before reaching 55 years of age with 20 years of service (will have all of their benefits calculated at the time of retirement, and benefits will not be recalculated upon reaching the age of 55, multiplier of 2.8% and group insurance). Their standard annuity will be reduced by 5% for each year an employee retires before the age of 55, with the reduction capped at 25%.
- May retire at age 60 with 10 years of service (multiplier of 2.3% and group insurance).
- May retire at age 55 with 10 years of service (multiplier of 2.3% and group insurance). Their standard annuity will be reduced by 5% for each year an employee retires before the age of 60, with the reduction capped at 25%.

### ***Leave Benefits for Employees on Military Leave without Pay***

- Effective June 2009, an employee in Military Leave without Pay status will now accrue monthly vacation and sick time toward state service credit and will have those leave accruals available for use when the employee physically returns to work.