

# RE Payroll Manual

ISD, Charter and ESC

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# **Part One**

## **General Reporting Requirements**

## Introduction:

This Payroll Manual provides instruction to TRS Reporting Employers that are part of Texas Public Education, including independent school districts, open-enrollment charter schools, and Education Service Centers.

## General Reporting Requirements

### Payroll Report Due Date

The Regular Payroll (RP) report is due to TRS by the 6th day of the month following the close of the preceding calendar month. If the 6th day of the month falls on a weekend or a federal holiday, the report must be submitted by the previous business day.

The RP report must be submitted and completed in month order from September-August.

### Payroll Report TEXNET Deposit Due Date

Monthly deposits (contributions) are remitted to TRS through the Texas Comptroller of Public Accounts (State Comptroller) using the Texas Network for Electronic Transfers (TEXNET).

Deposits for contributions on the Regular Payroll report must be transmitted via TEXNET no later than 8:00 p.m., Central Time, on the 6th day of the month following the close of the calendar month for which the deposits are due. If the 6th day of the month falls on a weekend or a Federal holiday, the TEXNET Deposit for the Regular Payroll report must be transmitted no later than 8:00 p.m. on the previous business day.

The report month on the TEXNET submission should follow the TRS fiscal year. September should be entered as month 01 through August which will be 12.

Click [HERE](#) to access the [TEXNET instructions](#).

### Employment After Retirement Report Due Date

The Employment after Retirement (ER) report and required surcharges are due to TRS on the 10<sup>th</sup> of the month following the close of the preceding calendar, except for the August report each year. The August ER report and all required surcharges for that month are due on Sept. 6<sup>th</sup> each year. If the 10<sup>th</sup> of the month (or Sept. 6<sup>th</sup> in the case of the August report) falls on a weekend or federal holiday, the report and all surcharges are due on the last business day prior to the weekend or federal holiday.

The ER report must be submitted and completed in month order from September-August.



## **Employment After Retirement TEXNET Deposit Due Date**

Monthly deposits (contributions) are remitted to TRS through the Texas Comptroller of Public Accounts (State Comptroller) using the Texas Network for Electronic Transfers (TEXNET).

Deposits for contributions on the Employment after Retirement report must be transmitted via TEXNET no later than 8:00 p.m., Central Time, on the 10th day of the month following the close of the preceding calendar month for which the deposits are due, except for the August report each year. The August report and all required surcharges for that month are due on Sept. 6<sup>th</sup> each year. If the 10<sup>th</sup> of the month (or Sept. 6<sup>th</sup> in the case of the August report) falls on a weekend or federal holiday. If the 10th day of the month falls on a weekend or a Federal holiday, the TEXNET Deposit for the Employment after Retirement report must be transmitted no later than 8:00 p.m. on the previous business day.

The report month on the TEXNET submission should follow the TRS fiscal year. September should be entered as month 01 through August which will be 12.

Click [HERE](#) to access [TEXNET instructions](#).

## **Penalty Interest**

When the TEXNET is transmitted after the due date, penalty interest is due to TRS.

Penalty Interest accrues daily on the TEXNET dollar amount that is submitted through TEXNET after the due date. For example, if the entire deposit is late, penalty interest will accrue on the entire amount. When a portion of the deposit is transmitted by the due date, but it is not enough to clear the report, penalty interest is assessed only on the portion of funds that is overdue. Penalty Interest will show on the View RE Ledger screen AFTER each report reaches the report status of "Complete" and the TEXNET deposit is posted for that month. Once assessed, penalty interest does not accrue on interest balances due to TRS.

Penalty interest on late TEXNET deposits remains in effect. Please remember to transmit your TEXNET deposits on time so that penalty interest is not accrued on those deposits.

*The settlement date of the TEXNET deposit is generally the business day after the date the deposit is submitted through the comptroller. If the settlement date is changed to a later business day, the deposit will be considered late. The deposit posts to TRS the business day after the settlement date.*



## Penalty Interest on Prior Month Adjustments

For records reported for the current report month (RP20 and ER20), PI will be assessed if the TEXNET deposit is submitted after the monthly due date.

### ***Adjustments submitted on a regular monthly report (RP or ER report)***

- Prior month adjustment records (RP25) included on a regular month's RP report that are reporting additional salary and contributions will incur penalty interest on any member contributions based on the month the record is adjusting.
- Prior month adjustments records (RP25, ER25, ER27) included on a regular month's RP or ER report that are adjusting employer contributions will incur PI only if the TEXNET deposit for the report month is sent after the due date. If the TEXNET for the report month the adjustment record is on is sent on time, no PI will be charged.
  - Example 1: In February, the RE reports salary as being paid out of local funds on the RP20. The RE later determines that the salary should be allocated to Federal Funds. An RP25 is submitted on the May RP report to report the Federal Fund Compensation, Federal Fund Contribution, and the Federal TRS-Care Contribution. The May TEXNET deposit was submitted by the June 6 deadline; thus, no PI is charged.
  - Example 2: a TRS retiree is left off the January report. The RE creates an ER25 and submits it on the April ER report. The April TEXNET for the ER report is submitted by the May 6 deadline, no PI is charged.

### ***Adjustments submitted on a separate adjustment report (RP Adjustment or ER Adjustment report)***

- Prior month adjustments included on a separate RP Adjustment report rather than on the regular monthly report will incur penalty interest on any member contributions based on the month the record is adjusting.
- Employer contribution adjustments submitted on an RP Adjustment report or ER Adjustment report will not incur PI if the TEXNET is submitted within 1 business day following the completion of the RP Adjustment or ER Adjustment report. If the TEXNET is not submitted within one business day after the completion of the adjustment report, PI will be charged from one business day of completion of the adjustment report until TRS receives the deposit.
  - Example: RE completes a January RP Adjustment report on 2/15/19. The RE has until the following business day to submit their TEXNET deposit to TRS without incurring a penalty interest on those employer contributions.

- If the regular monthly report completes prior to due date, and the RE submits an adjustment report, but the current month due date not reached yet, the TEXNET for both reports is due by the normal due date.
  - Example 1: the May RP report is completed by June 2. The RE determines they need to submit adjustments to May on an RP Adjustment report and completes the adjustment report by June 4<sup>th</sup>. The TEXNET for *both* the May RP and the May RP Adjustment report is sent by the June 6<sup>th</sup> due date, no PI is assessed.
  - Example 2: the May ER report is completed by June 8<sup>th</sup>. The RE determines they need to submit adjustments to May on an ER Adjustment report and completes this adjustment report on June 9<sup>th</sup>. The TEXNET for both the May ER and May ER Adjustment report is sent after the June 10<sup>th</sup> due date, PI is assessed on the late TEXNET deposit.

### Penalty Interest TEXNET Deposit

Pension Penalty Interest (PI) accrues on pension contribution types. TRS-Care Penalty Interest (CI) accrues on Health Care contribution types. The payment for the interest transactions (Pension or TRS-Care) must be submitted on the appropriate line on the TEXNET form.

Name on TEXNET Form:	Name on TRS:
Pension Penalty Interest Amount Due	Penalty Interest (PI)
RE TRS-Care Penalty Interest Amount Due	TRS-Care Penalty Interest (CI)

### Penalty Fees

Penalty Fees accrue each business day the RP and/or ER report is not at a “Complete” status after the due date. The penalty fee is based on the number of TRS eligible members reported on the May report for the previous school year. The late fee is not to exceed \$1,000 per business day, for each business day that a required employer report is late. There is a cap of \$25,000 per report month on the late fees for each report.

## Penalty Fees Table

Penalty Fees Table		
Number of Employees	First Business Day past due	Each Subsequent Business Day
1-99	\$100	\$10
100-499	\$250	\$25
500-1000	\$500	\$50
1001 and above	\$1000	\$100

Senate Bill 1663 and TRS Rule 25.28, establishes penalty fees on late reports.

More information about penalty fees can be found on the [Penalty Fees](#) page of the TRS website.

## TEXNET Menu

This is the menu when submitting the TEXNET payment on the Texas Comptroller of Public Accounts (TXCPA) website.

*Total Amount	<input type="text" value="\$0.00"/>
*Bank Account	<input type="text"/>
*Settlement Date	<input type="text"/>
*Report Month	<input type="text"/>
Member Contribution Amount	<input type="text" value="\$0.00"/>
Member TRS-Care Contribution Amount	<input type="text" value="\$0.00"/>
RE Federal Fund/Private Grant Contribution Amount	<input type="text" value="\$0.00"/>
RE Statutory Minimum Contribution Amount	<input type="text" value="\$0.00"/>
RE Non-Education/General Funds Contribution Amount	<input type="text" value="\$0.00"/>
Pension Penalty Interest Amount Due	<input type="text" value="\$0.00"/>
RE Federal Fund/Private Grant TRS-Care Contribution Amount	<input type="text" value="\$0.00"/>
RE Educational/General Funds Contribution Amount	<input type="text" value="\$0.00"/>
Member Service Credit Purchase Payroll Deduction Amount	<input type="text" value="\$0.00"/>
RE TRS-ActiveCare Premiums Billed Amount	<input type="text" value="\$0.00"/>
RE TRS-Care Contribution Amount	<input type="text" value="\$0.00"/>
RE New Member Contribution Amount	<input type="text" value="\$0.00"/>
RE Pension Surcharge for Reported Retirees Contribution Amt	<input type="text" value="\$0.00"/>
RE TRS-Care Surcharge for Reported Retirees Contribution Amt	<input type="text" value="\$0.00"/>
RE Community/Junior College Contribution Amount	<input type="text" value="\$0.00"/>
RE Public Education Employer Contribution Amount	<input type="text" value="\$0.00"/>
RE TRS-Care Penalty Interest Amount Due	<input type="text" value="\$0.00"/>
Penalty Fee Amount Due	<input type="text" value="\$0.00"/>

## Contribution Rates

The current and recent fiscal year contribution rates can be found on the [Contribution Rates](#) page of the TRS Website.

## IRS Salary Cap Provision

Some highly paid members may have their annual creditable compensation limited in accordance with Section 401(a)(17) of the Internal Revenue Code. These limits affect individuals who joined TRS for the first time on or after September 1, 1996. The annual limit is subject to indexing each plan year, based on federal regulations. Amounts excluded from creditable compensation under this law are not subject to member contributions and will not be used in calculating benefits.

Do not report an amount of TRS Eligible salary in excess of the salary cap to TRS for those members who joined TRS on or after September 1, 1996.

The cap is based on the TRS plan year of September through August and not the member's contract/work agreement year. Once the member's reported salary beginning with the September posting reaches the salary cap for that year, no further salary is to be reported until the following September which is the beginning of the next plan year. ***However, Days Worked, Hours Worked/Scheduled and Total Gross Compensation must continue to be reported for these employees after they have reached the salary cap.***

The current and recent fiscal year [IRS Salary Cap Provision](#) amounts can be found on the TRS Website. An employer can determine if an employee is subject to the salary cap by looking up the employee on the View Employee Information screen.

## Reporting Employer Contacts

The Head of Institution at every TRS Reporting Employer is required to assign a Web Administrator completing the [TRS 597A](#) and emailing the completed form to [Reporting@trs.texas.gov](mailto:Reporting@trs.texas.gov).

The Web Administrator responsibilities include:

- Authorize users at your RE to access the Teacher Retirement System of Texas (TRS) RE Portal.
- Take appropriate measures to verify the identity and business need for access of anyone requesting access to the RE Portal before activating his or her account.
- Create, activate, update, and deactivate Web Accounts for the RE's users.
- Communicate to the RE's users the importance of protecting User IDs and passwords to avoid compromising security.
- Ensure that RE's users are proficient in usage of the RE Portal
- Report any unauthorized access or use of TRS member information to TRS as soon as it is identified.

Additional information for Web Administrators can be found in the [Instructions for Web Administrators](#) document on the TRS Website.

Each Reporting Employer is required to have someone designated as a Web Administrator, Head of Institution, Reporting Official, Payroll Contact and HR Contact types always.

### **Limits on Transfers and Refunds**

To comply with IRS requirements for qualified pension plans, effective immediately TRS will limit the transfers that may be made between contribution types and will no longer be able to refund any overages. The employer will need to use the overage in a contribution type as a credit against future contributions due for that contribution type.

Therefore, it is crucial that all Reporting Employers submit TEXNET deposits into the correct contribution type. It is highly recommended that all reporting employers submit their TEXNET deposits using the TEXNET website instead of submitting by phone.

Transfers will NOT be allowed into or out of:

- Retirement Contribution – MC
- Insurance Contribution – IN
- SSBB Payroll Deduction – SP
- TRS-ActiveCare – AC

Transfers ARE allowed between Pension Contribution Types:

- Federal Fund Contribution – FG
- Statutory Minimum Contribution – SM
- Reporting Employer Payments for New Member – NM
- Public Education Employer Contribution – EC
- Community/Junior College Contribution – CJ
- Reporting Employer Pension Surcharge for Retirees – PS
- Non-Education Contribution – NE
- Education/General-Local Funds – EG
- RE Penalty Interest – PI
- RE Penalty Fee – PF

Transfers ARE allowed between Health Insurance Contribution Types:

- Federal Insurance Contribution – FI
- Reporting Employer TRS-Care Contribution – RI
- Reporting Employer TRS-Care Surcharge for Retirees – CS
- TRS-Care Penalty Interest – CI

Transfers are **NOT** allowed between a Pension contribution type and a Health Insurance contribution type.

### **RE Portal Worklist Items**

Currently Reporting Employers can submit the following certifications under the My Worklist -> Certifications menu of the RE Portal:

- Refund Certification
- Certify Performance Pay (ISD and Charter Schools only)
- Salary Certification
- Waiting Period Certification
- Certify Actual Days Worked for Employment After Retirement
- Surge Personnel Certification
- Retirement Certification (previously TRS 7)
- Death Certification (previously TRS 8)
- State Sick and/or Personal Leave Certification (previously TRS 587)

Step-by-step instructions on completing each certification can be found in the [RE Portal User Guide](#) and the [RE Portal Certification User Guide](#).

### **RE Portal – Employees Tab**

- View Employee Information
  - Use this screen to look up all new employees
  - When entering search criteria, the employee's SSN or TRS-Assigned Temp ID is required in combination with either the Last Name **or** Date of Birth.
  - Section 4.1.1 of the [RE Portal User Guide](#)
  - [Active Employee View Employee Information](#) Quick Reference
  - [TRS Retired Employee View Employee Information](#) Quick Reference



- SCP agreements
  - The View Purchase Payments menu option provides the ability to view participants with current purchase payments (installment agreement status of “active”) for the RE. The details of the payment plan can be viewed if the participant has chosen payroll deduction as the payment method.
- 401a Limits
  - The View 401 (a)(17) Limit menu option provides the ability to view a list of all members for:
    - whom your reporting employer has reported TRS-eligible compensation and/or performance pay in the current TRS plan year,
    - who have an original TRS membership date after 8/31/1996,
    - and who have reached or exceeded **85%** of the IRC 401 (a)(17) limit for the TRS Plan Year.
    - If the employee does not appear on this screen, and you have reported 85% of the limit for the year, then the employee is likely *not* subject to the salary limit
  - An employer can also determine if an employee is subject to the salary cap by looking up the employee on the View Employee Information screen.
- ORP Participant
  - The View ORP Participants menu option provides the ability to view employees who have elected to participate in Optional Retirement Program (ORP). This view will help you to know how these members should be reported to TRS.
  - Section 4.3 of the [RE Portal User Guide](#)

## **Part Two**

### **Active Employee Reporting**

## Active Employee Reporting

Active Employees are all employees who have not retired from TRS. This includes all substitute, temporary, part time and ORP participants. Active Employee reporting consists of the Employee Demographic and Regular Payroll reports. TRS Retirees should NOT be included on these reports.

### Employee Demographic Report

The purpose of the Employee Demographic Report is to create and maintain information for TRS participants. At times, TRS may require documentation of demographic information such as a copy of a driver's license, social security card, passport, or any other documentation necessary to verify a participant's identity. TRS requires that the name of a participant must be reported as it appears on the participant's social security card.

This data affects a participant's:

- Welcome to Membership packet, which includes the Designation of Beneficiary form
- Annual Statement of Account
- Application of salaries for benefit calculation
- Refunds of TRS contributions

### ED Report Due Date

The Employee Demographic report is not a required report type. However, many Regular Payroll report validations rely on the appropriate ED records and an ED report will likely be submitted each report period.

### ED Report Components

The Employee Demographic report only requires a detail component. A Signature page is not required.

Since the Employee Demographic Report can be submitted multiple times in a month, it should be submitted whenever an employee's data changes. An ED report can contain any combination of the following record types:

- ED20, Employee Demographic Record
- ED25, Employee Demographic Adjustment Record
- ED40, Employee Contract & Position Record
- ED45, Employee Contract & Position Adjustment Record
- ED90, Employee Termination Record

Please be sure to look up any new employees in ‘View Employee Information’ to determine if the employee has a TRS account. You may view instructions for this system in the [User Guide](#).

The Employee Demographic Report should always be completed first before submitting the Regular Payroll report.

*Note:* Submit ED records ONLY for employees who are currently reported or will be reported on the Regular Payroll Report. Do not send ED records for TRS retirees.

ED Record Type	Purpose
ED20 - Employee Demographic Record	<ul style="list-style-type: none"> <li>• The ED20 provides basic enrollment information for employees.</li> <li>• If an employee does not have a valid Social Security number, contact TRS for a temporary ID number.</li> <li>• The name of the employee must be the name as shown on the employee’s Social Security card.</li> <li>• If the new employee being reported is a new TRS member, the account will be created using the information submitted through the ED20 record.</li> <li>• If the new employee being reported has an existing TRS account and the data in View Employee Information does not match your data, submit an ED25 not an ED20.</li> </ul> <p>ED20 – <a href="#">Formatting Guidelines</a></p>
ED25 - Employee Demographic Adjustment Record	<ul style="list-style-type: none"> <li>• USE CAUTION WHEN COMPLETING THIS RECORD AS UNINTENDED CHANGES CAN HAVE NEGATIVE CONSEQUENCES TO A MEMBER’S ACCOUNT.</li> <li>• This record is used to submit a change in demographic information (Social Security number, name, date of birth or gender)</li> </ul>

	<ul style="list-style-type: none"> <li>• All the “Original” data fields of the ED25 must be completed, and the information in those fields must match the TRS data so that TRS can locate the proper account to be changed.</li> <li>• ONLY the “New” data fields of the ED25 – i.e., those that require a change on TRS records – are to be completed.</li> <li>• The Electronic File Format clearly indicates which fields are “Original” data and “New” data. For example, if the member has a new last name, the old name will appear in the “Original Last Name” field and the new name will be placed in the “New Last Name” field.</li> </ul> <p>ED 25- <a href="#">Formatting Guidelines</a></p>
ED40 - Contract & Position Record	<ul style="list-style-type: none"> <li>• This record provides information about the employee’s contract/work agreement and position type.</li> <li>• Please refer to the <a href="#">TRS Eligibility Guidelines</a> to determine employment that is eligible for TRS membership. These individuals will have the Membership Eligibility flag of ‘Y’ on the ED 40 record.</li> <li>• For <u>existing</u> employees, always submit an ED40 at the beginning of the new school year or at the start of the contract/work agreement. <ul style="list-style-type: none"> <li>○ In July for employees who have contracts or work agreements that begin in July.</li> <li>○ In August for employees who have contracts or work agreements that begin in August.</li> <li>○ In September for employees who have standard (September through August) contracts or work agreements</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• For <u>new</u> employees, always submit an ED40 at the time of hire but before reporting the person on the Regular Payroll Report for the first time. An ED20 record must also be sent in the same month.</li> <li>• The contract/work agreement dates on the ED40 must reflect the employee's employment dates for that school year. Contracts may not begin any earlier than July 1 of that fiscal year.</li> <li>• If an employee performs multiple jobs with different position codes, the employee should have multiple ED40 records submitted. However, if multiple jobs fall within the same position code, only one record may be submitted per position code.</li> <li>• If the employee's hiring date and termination date are within the same month or different months, the ending date on the ED40 should reflect when the contract end date would have been if the employee had not terminated. After submitting the ED40, submit a separate ED90 termination record with the actual termination date.</li> </ul> <p>ED 40 - <a href="#">Formatting guide</a></p>
ED45 - Contract & Position Adjustment Record	<ul style="list-style-type: none"> <li>• This record provides an adjustment to the employee's contract/work agreement and/or position type.</li> <li>• This record can be used to: <ul style="list-style-type: none"> <li>○ Edit a previously submitted and TRS-accepted ED40 record.</li> <li>○ End a previously submitted and TRS-accepted ED40 record.</li> <li>○ Delete a previously submitted and TRS-accepted ED40 record.</li> <li>○ End/Add a previously submitted and TRS-accepted ED40 record.</li> </ul> </li> </ul> <p>*<a href="#">Examples</a> in the Payroll Manual ED 45 - <a href="#">Formatting Guide</a></p>

ED90 - Termination Record	<ul style="list-style-type: none"> <li>• The ED90 record is used to report an employee who no longer has any contract/work agreement with the reporting employer for one of the following reasons: <ul style="list-style-type: none"> <li>○ ALL Employment is terminated by the employee or the reporting employer (including a member who is terminating to retire from TRS)</li> <li>○ Employee died while employed.</li> </ul> </li> <li>• The ED90 record is submitted the same month that the final transaction for the employee is reported on the Regular Payroll Report. Additional <a href="#">examples for Final Report Month</a>.</li> </ul> ED 90 - <a href="#">Formatting Guide</a>
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## ED25 – Demographic Documentation

TRS may require the following documentation for demographic updates. Please note that this is not a comprehensive list and sometimes additional documentation may need to be provided on a case-by-case basis.

- Social security number change
  - Copy of legible social security card
- Date of birth and/or gender change due to error
  - Copy of government-issued ID
- Partial name change
  - Copy of legible social security card
- Complete name change (must verify this is truly the same person)
  - Legal/court documents authorizing complete name change
  - Social security card (old & new if available)
  - Driver's license
- Gender identity change
  - Copy of court documents
  - Social security card
  - Driver's license



## ED40 - Employment Types

There are four employment types that can be used by ISDs, Charter Schools and Education Service Centers:

1. S = Substitute only applies to employees filling in for an employee of record who is out on leave.
2. P = Less than ½ time: used for employees who are working less than ½ time of a position's FTE.
3. F = Half Time or More: used for employees who are working ½ time or more of the position's FTE. Employee must be eligible for TRS if using this employment type.
4. M = Temporary: used for employees whose overall employment is expected to last less than 4 ½ months in a school year.

## ED40 – Full Time Equivalent

For TRS purposes, we define the Full-Time Equivalent (FTE) as the number of hours per week that an employee must work to be considered full time in a particular position.

Generally, a full-time position requires an employee to work 40 hours per week, which would be reported as an FTE of 40. A Reporting Employer (RE) may have positions that require fewer than 40 hours per week to be considered full time, but a full-time position can never be less than 30 hours per week.

If an RE has positions in which no employee is required to work between 30-40 hours a week, TRS considers these positions to have no full-time equivalent. If there is no FTE for a given position, an employee must be hired to work at least 15 hours per week to be eligible to participate in TRS. This requirement applies to all positions, including bus drivers, but excludes adjunct faculty in higher education.

## ED45 - Contract & Position Adjustment Record - Examples

1. Edit a previously submitted and TRS-accepted ED40 record. If the position code, dates, or any other information were wrong on the original ED40, submit an ED45 with an Adjustment Reason Code of "E" (Edit) and put the corrected information in the applicable "New" fields. The ED45 must have the exact same Beginning Date of Contract/Work Agreement for the same FY as the originally accepted contract. The original contract is voided and is replaced by the information on the new ED45.
2. End a previously submitted and TRS-accepted ED40 record. There are two instances when a reporting employer may need to end an existing ED40 record.

- i. If an employee changes from one position to another, the original contract/work agreement will have ended earlier than the original end date due to the change. To report this change, submit an ED45 to end the original contract by updating the New Ending Date of Contract/Work Agreement and reporting an Adjustment Reason Code of “N” (End). This ends the original ED40 Contract and Position record. Then submit a new ED40 to start the new contract and position with a begin date right after the end date on the old contract. Or the instructions in option 4 under this section can be used (End/Add).
  - ii. If an employee has multiple ED40 records because each job is in a different position code and the employee terminates from one of the positions, then an ED45 record with an updated Ending Date of Contract/Work Agreement will need to be submitted for the terminated position. An Adjustment Reason Code of “N” (End) will also be used.
3. Delete a previously submitted and TRS-accepted ED40 record. If a reporting employer submitted an ED40 record for an employee in error or for an employee who resigned before performing any duties, then an ED45 may be submitted with an Adjustment Reason Code of “D” (Delete).
4. End/Add a previously submitted and TRS-accepted ED40 record. This allows the ED45 to both end an existing contract/position record and start a new contract/position going forward. Unlike an Edit, the End/Add functionality does not replace the original contract/work agreement as it remains on the system. The original contract/work agreement is given a new ending date of the day prior to the beginning date of the new contract/work agreement and another contract/work agreement is added to the system using the new information on the ED45. Instead of submitting an ED45 to end the old position and then submitting an ED40 to start the new position, an ED45 with an Adjustment Reason Code of “A” (End/Date) can be reported to reflect a change in position. All “New” fields need be to be reported if the Adjustment Reason Code is “A” even if the previously reported data will be the same for the new position.

### ED 90- Final Report Month to TRS

The Final Report Month to TRS should be last report month that eligible compensation and contributions will be reported to TRS.

1. For employees who have ever been reported in TRS-eligible positions by the employer, the final transaction month may either be the final eligible salary and deposits OR an adjustment to eligible salary and deposits previously reported.

- a. If the employee held a TRS eligible position at your employer in prior fiscal years, and the data is no longer accessible, contact your coach for assistance in determining the final report month of the eligible position.
2. If the employee terminated and receives [ineligible compensation](#) (such as a payoff of unused leave) after the Final Report Month for TRS Contributions, this ineligible compensation should not be reported.
3. For employees who have always been employed in positions ineligible for TRS, the Final Report Month for TRS Contributions field is *not* required on the ED 90.
  - a. If the final pay for the employee is 2 or more months *after* the termination date, the ineligible compensation cannot be reported to TRS.
4. The ED90 record and the final transaction reported through the Regular Payroll Report must be submitted before TRS can process a refund, death claim, or retirement for a member.
5. If the final transaction month was incorrectly reported on the ED90, submit a new ED90 to replace the original reported month.

## Creating an ED Report

Creating an ED Report instructions can be found in Section 3.2.2 of the [RE Portal User Guide](#).

## ED Report Statuses

- Incomplete- one or more ED records within the report have errors and are at a Suspended status. Some ED records within the report have posted to TRS."
  - If the Employee Demographic Report has reached the status of "Incomplete," corrections should be made through the RE Portal Edit function. **Do not resubmit the entire original ED file.**
  - An ED report at Incomplete status cannot be deleted because some of the records on that report have posted.
- Rejected- all ED records within the report have errors and are at a Suspended status.
- Completed- all ED records within the report have posted to TRS.

## Position Codes

Each employee must be assigned one of the following position codes. Position code assignments are at the discretion of the employer.

- Professional/Administrative (01) - Examples: Chancellor, Dean, President, Superintendent, Principal, Attorney, Accountant, Director, Administrator, etc.
- Teacher, Full-Time Librarian (02)

- Support Staff-Other (03) - Examples: Aide, Clerk, Security, Maintenance, Groundskeeper, Secretary, Computer Operator, etc.
- Bus Driver (04)
- Full-Time Nurse/Counselor (05)
- Peace Officer (06)
  - “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. Section 37.081, Education Code.
- Support Staff-Food Service Worker (07)
- Summer School (09)
  - ISD and Charter Schools only
  - Only be used for employees whose regular school year positions are subject to Statutory Minimum who are also working during the summer months in a wholly separate position.
  - Year-round employers may need to work with their coaches to report intersession employment

Report substitutes under the position code in which they substitute. Example, a Teacher Substitute should be reported under position code 02. If a substitute works in more than one position during the report month, report the Substitute under the position code in which they substitute the most.

### Non-Standard Work Week

This flag is used to notify TRS when an employee is regularly scheduled to work in a Full-Time position less than 5 days a week. An example is an employee working (4) ten-hour days. Another example is an Adjunct professor who meets TRS eligibility, but their classes only meet on Tuesday and Thursday each week. Employee’s working in a Non-Standard workweek also has a different method to earn a year of TRS creditable service. Additional information can be found in the member’s [TRS Benefits Handbook](#).

### Participant Addresses

Address changes submitted on an ED20 or ED25 are not being updated if TRS already has an address on file for the participant. Member who need to change their address must complete a [TRS 358 Change of Address Notification](#) form and mail it to TRS.

There are no plans currently to resume accepting address changes from the employer through the ED25.

### **Employment Eligible for TRS Membership**

As a condition of employment, an employee must be a member of the Teacher Retirement System if employed in a position in a Texas public educational institution that is eligible for membership in TRS. [Sec. 822.001 \(b\).](#)

TRS Membership eligibility must be determined at the time of hire and re-evaluated any time a work agreement change occurs.

Only persons employed in institutions of higher education as full-time faculty and identified by the employer as eligible for the Optional Retirement Program (ORP) may opt out of TRS to participate in ORP. See: [TRS Rules, Chapter 25, Subchapter M, Optional Retirement Program.](#)

Employment eligible for membership in TRS must meet the three (3) requirements listed below. Membership eligibility in retirement system is established through a **single** employer:

1. Employment must be on a regular basis for either an indefinite period of time e.g., at-will employment, or a definite period of 4½ months or more.
2. Employment must be for one-half or more of the time required of the standard workload for the same or similar full-time position.
3. Salary must be comparable to the rate of pay earned by other employees in the same or similar position types. The rate of pay is comparable if it is in the range of pay set by the board of trustees or is the customary rate of pay for that position.\* \*\*

Membership eligibility for positions requiring a varied work schedule is based on the average of the number of hours worked in a calendar month and the average number of hours worked must equal or exceed one-half of the hours required for a similar full-time position.

\*If an employee is working 20 hours or more per week for a definite period of 4½ months or more, the requirement for the comparable rate of pay does not have to be considered.

\*\*Rate of pay should not usually exclude an employee from membership; if requirements number 1 and 2 as listed above are met, contact TRS for review before excluding an employee from membership based solely on rate of pay.

### [TRS Rules Chapter 25, Subchapter A Rules 25.1, Full-time Service](#)

To determine if employment meets requirement #2 above, the amount of time required of the full-time position must be determined. Generally, a full-time position is one that requires

employment of 40 hours per week. For TRS purposes, 40 hours per week is the standard workload unless the reporting employer has established a lesser requirement that does not require substantially less service per week. For example, some positions such as those held by support staff may require less than 40 hours per week. However, a full-time position can never be less than 30 hours per week.

Hours Hired to Work per Week	Position's FTE	Half-Time or More (Y/N)
20	40	Y
19	38	Y
18	37	N- must be 18.5 or more hours per week
16	30	Y
14	00	N- must be 15 or more hours per week

### No Full Time Equivalent

If there is no full-time equivalent for a given position, the minimum number of hours required per week that will qualify the position for TRS membership is 15. This requirement applies to all positions, except an adjunct faculty position.

### Minimum Age for Membership

TRS follows the minimum age requirements set by the United States Department of Labor. The minimum age can be found on their website on the [Workers Under 18](#) page.

### Other Employment Eligible for TRS Membership

In addition to the three (3) general requirements for employment eligible for TRS membership, the following are also considered eligible.

### Concurrent Employment

- Concurrent employment in more than one position at the same employer and each position does not meet the requirements of eligible employment is membership eligible if the *combined* employment at the same employer meets the three (3) requirements for employment eligible,
  - Example 1- an employee in a TRS eligible position, that also Substitutes at the same employer, the substitute position is eligible for TRS.
  - Example 2- an employee in a non-eligible position and also substitutes, the two positions cannot be combined to make the person eligible.
  - Example 3- an employee is working in *two* less than half time positions at the *same* employer. The two positions can be combined to make the person eligible.

- Substitute employment cannot be used to make an employee TRS eligible.

-OR-

- Concurrent employment in one position that does not meet the requirements for employment eligible becomes eligible when it is combined with employment in another position that is TRS eligible. Eligibility is established at **one** Reporting Employer, then all other employment is TRS eligible except Substitute at a different employer.
  - Example 1- Employee meets TRS membership eligibility requirements at Employer A. The part time position at Employer B is also eligible for TRS.
  - Example 2- Employee meets TRS membership eligibility requirements at Employer A. The substitute *only* position at Employer B is **not** eligible for TRS.
  - Example 3- Employee meets TRS membership eligibility requirements at Employer A. The temporary position at Employer B is also eligible for TRS.

### TRS Creditable Year of Service

Employment that does not meet the requirements for eligible employment is eligible if the member has already earned a TRS creditable year of service for the current school year.

- The employee must be reported as TRS eligible through the remainder of the current fiscal year. Membership eligibility can be reevaluated at the beginning of the next TRS fiscal year.
- If a TRS member earns a creditable year of service, and then accepts substitute *only* employment, membership will end.

### Vacant Position

Interim or temporary employment in a vacant position is eligible:

- If it is expected to continue for four and one-half months or more, or indefinitely,
- If it is expected to continue until a permanent replacement is found
- and/or if the search is expected to last four and one-half months or more.

**Because the position is vacant, the person serving in the position is not considered a substitute for TRS purposes and membership eligibility must be determined based on the amount of work and the length of time the employment is expected to last.** Eligibility should be determined the first day in the vacant position. If an employee is hired as a substitute and the position later becomes vacant, membership eligibility must be evaluated at the point the position became vacant.

### Employment by a Public School after retirement from ORP

Employment by a public school after retirement from the Optional Retirement Program (ORP) and the employment is otherwise eligible for TRS membership.



See: TRS Laws Chapter 822, Subchapter A, Section 822.001, Membership Requirement and TRS Rules Chapter 25, Subchapter A Rules 25.1, Full-time Service and 25.2, Bus Drivers. When in doubt about eligibility, contact TRS.

## **Employment Not Eligible for TRS Membership**

### **Substitute**

Work as a substitute is not eligible for TRS membership. For TRS purposes, the definition of a substitute is a person who serves on a temporary basis in the place of a current employee and paid at the daily rate of pay as set by the employer.

For TRS purposes, there is only one term used to denote substitute service and only one definition of substitute service. Various other terms are used within the public school community which have no meaning within TRS Laws and Rules. Examples are:

- Long-term substitute
- Short-term substitute
- Permanent substitute

Reporting employers generally identify such positions as "substitute" because the rate of pay is based on the rate of substitute pay as approved by the employer. For TRS purposes, the rate of pay does not determine whether an individual is a substitute. These other "substitute" terms have no meaning within TRS Laws and Rules and do not determine membership eligibility for individuals serving in those positions. Employment in such positions must be evaluated as to whether the employment meets the requirements for TRS membership eligibility.

Working in a vacant position is also not considered substitute service for the purpose of TRS. This type of service should be evaluated to determine if it is membership eligible. [RULE §25.4](#)

### **Part-Time Employment**

For TRS purposes, part-time is defined as employment that is less than one-half the position's Full Time Equivalent. Employment that is part-time is not eligible for TRS membership.

[TRS Rules Chapter 25, Membership Credit, Rule 25.6 Part-time or Temporary Employment.](#)

### **Irregular, Seasonal or Temporary Employment**

Employment that is irregular, seasonal, or temporary is not eligible for TRS membership.

- Irregular employment is a type of employment that occurs sporadically or on an as needed basis. Report as *Less Than Half Time* employment type on the ED 40.

- Seasonal employment is a type of employment that occurs at predictable or expected times but is not ongoing. Report as *Less Than Half Time* employment type on the ED 40.
- Temporary employment is employment that is expected to last less than four and one-half months in a school year. Report as *Temporary* employment type on the ED 40. Employment for an indefinite period of time such as at-will employment is not temporary employment for TRS purposes.

### Independent Contractor

Work as an independent contractor. TRS Rules, Chapter 25, Membership Credit, Rule 25.3, Independent or Third-Party Contractor. [RULE §25.3](#)

### Employment after Retirement from TRS or ORP

Employment by a Texas public college or university after retirement from TRS or ORP. The exception to this rule is ORP retirees who establish TRS membership at a Public School. The ORP retiree must terminate *all* higher education employment and meet TRS eligibility at the Public School to return to TRS membership.

### Members Entitled to Group Benefit Coverage under ERS, UT or A&M

If a member is entitled to ERS/UT/A&M group health benefits coverage, the Entitled to Group Health Care Benefits from ERS, UT or A&M flag on the ED 40 as Yes. This should only refer to employees who have retired from those respective systems. This does not include dependents who are covered under someone else's insurance.

Member TRS-Care Contributions (IN) and Reporting Employer TRS-Care contributions (RI) are not due for employees entitled to benefits from ERS, UT or A&M.

If the member does not know if he/she is entitled to ERS/UT/A&M health coverage, please refer the member to ERS, UT or A&M. TRS does not make this determination. Otherwise, the RE will need to report IN and RI contributions for the member.

### Dual Credit Courses

Dual Credit courses allow students to earn credit for high school and college simultaneously. The employee teaching the course often performs all the dual credit duties at one reporting employer. However, the employee may be paid by the ISD and/or the college. The following guidelines must be utilized when reporting dual credit.

**If the employee performs any additional duties at the ISD or college unrelated to the dual credit course, the respective employer must report the additional time.**

Dual Credit Course Example 1:

If the dual credit class is taught at the ISD, the college pays the employee directly, but no work is being performed at the college, then:

- The ISD will need to report hours/days associated with the dual credit course
- The college will report the pay. If no other work is performed at the college, then a zero-day reason of “A – Accrued Pay” would be required for the system to accept the pay.

#### Dual Credit Course Example 2:

If the dual credit class is taught at the ISD, the college and ISD pay the employee directly and work outside of the dual credit class is being performed at the college, then:

- The ISD will need to report pay and hours/days associated with the dual credit course
- The college will report the pay and hours/days associated with the work performed outside of the dual credit course only.

### Compensation Eligible for TRS

Compensation reported to TRS should reflect the types of monetary compensation that are recurring base pay for periods of employment that meet the definition of “salary and wages”, as that term is defined by the TRS plan terms. “Salary and wages” is monetary compensation that is (1) payment for services rendered (2) earned or accrue proportionally as the work is performed, (3) paid at fixed intervals, and (4) not specifically excluded under applicable laws and rules.

In addition, compensation eligible for TRS purposes may include:

- **Corrective Payments.** When a member is underpaid in a prior school year or school years and the employer issues a lump sum payment to correct the error in an amount equal to the additional amount the member should have received in previous months, the corrective payment is creditable for TRS purposes, provided the underlying compensation is creditable. However, the payment must be reported and credited as compensation for the report month in which the lump sum was paid to the employee, rather than the month(s) it should have been paid. See [Rule 25.46\(b\)](#).
- **Performance Pay-** [Section 25.24 of the TRS Rules](#) provides that “Performance Pay” is compensation for service as an employee in a Texas public educational institution that is paid under a valid employment agreement based upon a performance standard published in written documents adopted by the employer. The performance pay standard may be based on evaluations or goal achievement of the individual employee or of the group in which the individual belongs. Specific amounts of performance pay will be credited to the year in which the performance pay is paid.

- The Performance Pay Plan must be part of the total compensation plan approved by the Board of Trustees of the district and include the following information:
  - Complete description of all elements of compensation received by or available to all employees
  - Provides for the availability of at least one type of performance pay to classroom teachers
  - Identifies each type of performance pay, the performance criteria for each type of performance pay and classes of employees eligible for each type of performance pay
  - Contains sufficient information to ascertain the amount of each qualifying employee's pay
  - Contains performance criteria for earning performance pay that precludes the exercise of discretion for awarding the pay on any basis other than an evaluation of employee or group performance or availability of funding
- Performance Pay must be reported through an RP20 record with the Regular Payroll Report. Certification of Performance Pay must be completed in the RE Portal prior to reporting the Performance Pay on the Regular Payroll report. Performance Pay as eligible compensation is for public schools only. Institutions of higher education and region service centers may not report performance pay for employees.
- Performance pay that is paid after the member has begun receiving retirement benefits from TRS is *not* creditable compensation. [Rule 25.24 \(e\)](#)
- Payments of normal compensation when vacation, sick leave, or compensatory time is taken by the employee.
- Additional duties and pay authorized by the employer and paid to an employee serving in a TRS eligible position. The following are examples of pay for additional duties performed by someone who is already serving in a TRS eligible position:
  - Teaching Driver Education as part of regularly assigned duties during the regular classroom hours of the school day.
  - Teaching Driver Education outside the regular classroom hours of the school day and during the summer is an additional duty; however, the amount of compensation credited for this type of additional work is limited to \$5,000.00 annually.
  - Tutoring students outside the regular classroom hours of the school day.
  - Driving the school bus.

- Covering a class during an off period for an absent teacher.
  - UIL sponsor, class sponsors, student teacher sponsor, annual sponsor, etc.
  - Teaching summer school when performed by an employee who had served in a TRS eligible position during that school year and earned a year of TRS service credit.
  - Overload scheduling (employment beyond the standard workload).
- Compensation for Overtime if paid as salary and wages rather than compensatory leave as the service is rendered. If compensatory leave is given for overtime worked in lieu of wages, payment at a later point for any unused leave is never eligible compensation.
  - Workers' compensation paid as temporary wage replacement pay is creditable compensation if verified to TRS on the form TRS 22W and the member contribution paid in a lump sum by the end of the school year after the school year in which the compensation was received. If the employee is also receiving compensation from the employer, the compensation should be reported on the regular monthly payroll report as well.
  - Longevity pay when it is paid in periodic payments as the service is rendered. Lump sum payments paid as retention bonuses or other incentives to retain employees are not considered longevity pay and should not be reported as TRS eligible compensation.
  - Service in a particular location that the employer has determined requires additional compensation compared to other employees of that employer. For example, a reporting employer may pay employees working at a specific school more than other employees performing similar duties at other locations. However, payment for relocating to a new employer or to compensate an employee for differences in the cost of living at a new location is not eligible compensation.
  - Service in a specialty that the employer has determined requires additional compensation compared to other employees of that employer. For example, paying an additional stipend for bilingual teachers or teaching advanced placement classes is creditable compensation.
  - Pay for Assault leave. Salary that is continued while the employee is on assault leave as authorized by Section 22.003 of the Education Code is eligible compensation for TRS purposes. If the employee receives both workers compensation paid as temporary wage replacement pay and compensation from the employer, the workers compensation may be verified to TRS on the form TRS 22W, and member contributions paid in a lump sum by the end of the school year after the year in which the workers compensation was paid. Member contributions on continuing compensation from the employer should be withheld and reported to TRS by the employer on the regular monthly report. See Section 22.003 of the Education code and Sections 25.21, 25.43, and 25.47 of the TRS Rules.
  - Settlement Pay. Eligible only if the employer paying amounts to a member pursuant to a settlement agreement obtains a written determination from TRS that the amounts are

creditable compensation before reporting such amounts to TRS as compensation. In the absence of the written determination from TRS, amounts paid pursuant to a settlement agreement are not creditable compensation for TRS purposes.

- Delayed payments of lump sum amounts that by law or contract should have been paid at fixed intervals provided that the amounts are credited to the payroll period in which they were earned.

Note: Retroactive payments are NOT delayed payments. Delayed payments are, for TRS purposes, “delayed payments of lump-sum amounts which by law or contract should have been paid at fixed intervals and which otherwise meet the requirements of subsection (b) of this section provided the amounts are credited to the payroll period in which they are earned.” See § 25.21(c)(4), Title 34, Texas Administrative Code, Part 3. Payments authorized after work has commenced are not delayed payments under that section of the TRS rule because they were not required by law or contract to be paid at the time the work commenced; the increase in compensation was not approved until after the work has been performed in part.

- Amounts deducted from regular pay for:
  - A tax-sheltered annuity (403(b))
  - A cafeteria plan qualifying under Section 125 of the United States Internal Revenue Code
  - Other deferred compensation under 401(k), 403(b), or 457See TRS Rules, Chapter 25, Subchapter B, Rule 25.22.
- Amounts deducted from regular pay for a qualified transportation benefit under Government Code 659.202 (Higher Education only).
- Merit salary increases, including one-time lump-sum merit payments made under Section 51.962, Education Code and defined in TRS Laws, Subchapter B, Section 822.201 (b) (8) (Higher Education only).
- One-time salary increases provided pay is for service rendered and the right to receive the salary increase accrues proportionately as service is rendered. These salary increases must be approved by the local Board of Trustees in advance of the school year and before employee begins work. Usually, this type of pay increase is paid outside of the normal salary schedule but is not intended to bind the employer to continue to pay the increase in years to come. This type of pay increase is usually provided to all employees and may be paid in one lump sum provided the lump sum payment is made after all service under the contract has been rendered.
- Teacher Incentive Allotment – Effective with compensation paid after 9/1/2021, Government Code, Section 822.201 (b) “Salary and Wages” was amended to include TIA Payments:
  - *Increased compensation paid to a teacher by a school district using funds received by the district under the teacher incentive allotment under Section 48.112, Education Code.*

## Compensation Not Eligible for TRS

The following types of compensation should not be reported as TRS Eligible Salary. It should only be reported under Total Gross Compensation of the RP 20. If a terminated employee receives ineligible compensation (such as a payoff of unused leave) after the Final Report Month for TRS Contributions, this ineligible compensation should not be reported.

- Payments for terminating employment or paid as an incentive to terminate employment. Examples of such payments are contract buy-outs, amounts paid pursuant to an agreement for the employee to waive or release rights to future employment, and amounts paid pursuant to early retirement incentive programs, or other programs intended to increase the compensation paid to the employee upon receipt of the resignation of the employee, waiver, or release of rights to future employment.
- Settlement Pay (payment of a "settlement amount" in lieu of the amount of salary and wages owed in resolution of an employee's claim). The employer paying amounts to a member pursuant to a settlement agreement must obtain a written determination from TRS that the amounts are creditable compensation before reporting such amounts to TRS as compensation. In the absence of the written determination from TRS, amounts paid pursuant to a settlement agreement are not creditable compensation for TRS purposes. Ongoing payments of compensation while an employee is on paid administrative leave are not usually considered settlement pay.
- Any type of reimbursement for an expense is not eligible compensation. Examples of an expense are (but not limited to):
  - Travel and travel related expenses
  - Tuition, fees, and other related school expenses
  - Professional development classes/fees
  - Supplies for the classroom purchased by the teacher for which the teacher is reimbursed
  - TRS member contributions
  - Health care
- Any type of an allowance is not eligible compensation. Examples of an allowance are (but not limited to):
  - Housing
  - Car
  - Cell Phones
  - Relocation costs
  - Health care
- Payments for accrued vacation, sick, or compensatory leave.
- Payments for accrued compensatory time for overtime worked. Compensatory leave (or time) is time-off granted in lieu of overtime wages under the Fair Labor Standards Act (FLSA). When leave is granted in lieu of wages at the time the overtime is worked, the characterization of the overtime pay is leave. If unused leave (earned because of working overtime) is later "cashed out" the pay for the unused leave is NOT creditable compensation. Compensatory time converted to a monetary payment is never TRS eligible compensation.



- Bonus and incentive payments, unless state law expressly provides that the type of bonus or incentive payment is to be considered TRS-creditable compensation, or the payments qualify as performance pay under the law and TRS rules.
- Payments that exceed \$5,000.00 annually for teaching a driver's education and traffic safety course outside the regular classroom hours of the school day.
- Employer payments for fringe-type benefits such as but not limited to:
  - Insurance
  - Employee's FICA tax
  - Payment for the purchase of special service credit or withdrawn service
  - Employer payments of TRS member contributions
- Cash payments in lieu of a fringe benefit provided by the reporting employer.
- Pay for work as an independent contractor or consultant.
- Signing bonus.
- Retention bonus or payment.
- Payments that exceed the salary cap. Due to IRS requirements there is a salary cap for an employee who first became a member of TRS on or after September 1, 1996. The threshold generally changes on September 1st each year. Refer to the Employers section of the TRS website for the current salary cap.
- "At risk" pay. Pay identified by the employer that can be lost or is "at risk" when certain performance or other criteria are not met. "At risk" pay is not the same type of pay as pay that is earned proportionately as service is rendered.
- Retroactive pay increases excluded by the plan's terms. Article III, Section 53 of the Texas Constitution prohibits the grant of "extra compensation, fee or allowance to a public officer, agent, servant or contractor, after service has been rendered, or a contract has been entered into, or performed in whole or in part". For this reason, a pay increase given retroactively after work has commenced under the contract or work agreement is excluded as creditable compensation for TRS purposes because it is not paid pursuant to a valid contract.
- Performance pay that is paid after the member has begun receiving retirement benefits from TRS. [Rule 25.24 \(e\)](#)

See: TRS Laws Subchapter B, 822.201, Member Compensation; and TRS Rules 25.21, Compensation Subject to Deposit and Credit and 25.24, Performance Pay. **When in doubt about compensation eligibility, please contact your TRS Reporting Employer Coach.**

### **Conversion of Non-Creditable Compensation to TRS Creditable Compensation**

The information concerning conversion of non-creditable compensation to TRS creditable compensation is provided as a resource for the reporting employer when considering conversion of a payment to salary. The rules for conversion do not affect reporting of salary and deposits for monthly reporting purposes. The reporting employer must always withhold contributions and report creditable compensation, including converted amounts, when it is earned.

At the time of a member's retirement, TRS will review all compensation reported, and adjust, if necessary, a member's annual compensation to comply with the requirements of [TRS Rule 25.30\(a\) or \(b\)](#). TRS will refund to the member contributions paid above the allowed amount.

TRS Laws and Rules allow non-creditable compensation to be converted to TRS creditable compensation. Conversion occurs whenever an employer has paid an employee non-creditable compensation in the past but changes the nature of the compensation to pay a member with creditable compensation for services performed in the future. For example, if in one year an employer provided a member with an allowance for cell phone expenses but then in a later year replaces that allowance with additional salary, a conversion of compensation has occurred.

Under TRS Rule 25.30, non-creditable compensation converted after the 2005–06 school year or contract year and paid in any of the three (3) or five (5) school years before retirement will be excluded from benefit calculations. (Note, however, that payment for unused accrued leave or unused accrued compensatory time for overtime worked is not TRS-creditable compensation at any time, regardless of whether payment for the leave occurred before the 2005–06 school year or after that school year.)

This rule applies only to compensation converted after the 2005–06 school year. Amounts converted during the 2005–06 school year will be included as compensation provided the member began to receive the converted compensation during the 2005–06 contract year.

Reporting Employers are required to certify at the time of a member's retirement on form TRS 7, Notice of Final Deposit before Retirement, whether non-creditable compensation was converted to TRS creditable compensation in the last three (3) or five (5) contract years prior to retirement. Amounts converted during the 2005–06 school year will be included in the benefit calculation as compensation; only amounts converted after 2005–06 that are within the last three (3) or five (5) years before retirement will be excluded from the benefit calculation.

If compensation is excluded under TRS Rule 25.30(a) or (b), the member may provide additional information in the form of written documentation to demonstrate that the compensation should not be excluded. TRS may also request the reporting employer to provide documents or records concerning the characterization of the compensation.

*TRS makes the final determination regarding the characterization of compensation as creditable or not creditable.*

## **Percentage Limits on Compensation Increases**

[TRS Rule 25.31](#)

Compensation earned after the 2005–06 school year is subject to a limit on the amount creditable compensation can increase from one school year to the next in each of the last three years prior to retirement. Increases in creditable compensation are capped at the greatest of 10% of the previous year's compensation or \$10,000.

If the member's change in salary occurs prior to 2011–12 and is the result of one of the following exceptions, compensation increases will not be subject to the percentage limits:

- Change of employer
- Change of duties
- Performance of additional duties or work
- Increase in percentage of time worked
- Federal or state law changes

Beginning the first day of the 2011–12 school year and thereafter, there are no exceptions to the percentage increases in compensation over the allowable limits. Additionally, limits on compensation increases will apply to the last three (3) school years prior to retirement for grandfathered members and the last five (5) school years prior to retirement for non-grandfathered members as follows:

TRS makes the final determination regarding whether compensation is creditable and can be used in the member's benefit calculation and may also request the employer to provide documents or records concerning the basis for the increased compensation.

### **One-Time Increases in Lieu of Increases in Contract Rates**

TRS is receiving questions from reporting employers regarding whether compensation should be reported, and member contributions withheld for compensation paid in the form of a one-time pay increase. The payments appear to be approved by the local Board of Trustees and are intended to provide employees with a pay increase for the coming school year, but not intended to bind the reporting employers to continue to pay the increase in years to come. Some districts are calling these one-time payment increases "stipends."

For the one-time pay increases to be TRS-eligible compensation, the pay must be for service rendered and the right to receive it must accrue proportionately as the employee renders service. For example, if the Board of Trustees approves a one-time payment in the amount of \$1,500 for all teachers and agrees to make the payment in June 2013, the right to receive the payment must accrue proportionately each month as the employee works, so that an employee terminating employment in December will have accrued the right to receive approximately 84/187 of the \$1,500 payment (assuming the teacher began working on August 20, 2012 and

terminated employment effective December 31, 2012). In this example, the proportionate share of the \$1,500 payment is creditable for TRS purposes.

However, if the Board of Trustees requires that to receive the one-time pay increase, an employee must be employed on the date the payment is made, the compensation does not accrue proportionately as service is rendered and is not creditable for TRS purposes. The payment in this example is more of a payment for the employee continuing employment with the reporting employers rather than a payment for services rendered. Retention bonuses are expressly excluded from creditable compensation by [TRS Rule 25.21\(d\)\(5\)](#).

If the one-time pay increase is intended to be a payment for performance or student achievement, the payment must qualify as performance pay as that term is defined by TRS or it must be a payment made under [Subchapter O of Chapter 21 of the Texas Education Code](#) (Educator Excellence Innovation Program administered by the Commissioner of Education). Other one-time bonus payments are excluded as creditable compensation for TRS purposes by TRS Rule 25.21(d)(5).

Reporting employers considering one-time pay increases must approve the increase in advance of the school year and before employees begin work. One-time pay increases approved after the employees have rendered the service required of them are not creditable for TRS purposes and should not be reported to TRS. Please contact your Reporting Coach if you have questions regarding one-time pay increases.

## Regular Payroll Report

The purpose of the Regular Payroll report is to report:

- The monthly TRS-eligible salary and retirement contribution of each TRS-eligible employee
- Monthly gross salary for all employees
- Individual member's monthly payment for the purchase of special service (if applicable)
- Number of hours worked in that calendar month or hours scheduled to work per week for each employee
- Number of days worked in that calendar month by each employee
- Performance pay (if applicable)
- Adjustments for prior months' reports (if applicable)
- Member contributions to TRS-Care
- Reporting employer contribution for:
  - RE TRS-Care

- Federal Fund/Private Grants
- Federal TRS-Care
- Statutory Minimum
- New Members
- Public Education Employer Contribution

## RP Report and TEXNET Due Date

Please refer to [Payroll and TEXNET Due Date](#) page of the Payroll Manual

## Individuals to be Reported

Full Payroll Reporting is REQUIRED, meaning all employees on the employer's payroll register EXCEPT TRS Retirees should be included on the Regular Payroll Report. Active Employees are all employees who have not retired from TRS. This includes all substitute, temporary, part time and ORP participants.

Do not report TRS Retirees using the Regular Payroll Report. Retirees should be reported on the Employment after Retirement Report (ER).

Please refer to the [TRS Eligibility Guidelines](#) to determine employment that is eligible for TRS membership.

## Reporting a Non-Eligible Employee

On the RP 20 record, Total Gross Compensation, Hours Worked or Scheduled and Days Worked are the only required fields.

## Reporting an Eligible Employee

On the RP 20 record, Total Eligible Gross Compensation, Total Gross Compensation, Hours Worked or Scheduled, Days Worked and the applicable contributions should be completed.

## RP Report Types

- Regular Payroll Report
  - To report on a monthly basis the salary, time worked and any applicable contributions of all active employees.
  - Can include RP 20, Current Month Records and RP 25 Prior Month Adjustment Records.
- RP Adjustment Report
  - An ad hoc report used to adjust previously completed report periods.
  - The RP Adjustment report month will default to the last completed RP report month
  - Can only include RP 25 records

## RP Report Components

The Regular Payroll and RP Adjustment report requires a detail and signature component.

### RP Detail Component

The Detail file is used to report the employment, salary, time worked, and any associated contributions of all active employees, regardless of TRS membership status.

RP Detail record types associated with the Regular Payroll report are:

- RP20 - Current Month Record
- RP25 - RP Adjustment Record

RP Detail record type associated with the RP Adjustment report is:

- RP25 - RP Adjustment Records – Add, Edit, or Delete a previously reported record
- Cannot contain RP 20 Current Month Records

RP Record Type	Purpose
RP20 - Current Month Regular Payroll Record	<ul style="list-style-type: none"><li>• Used to report the current month's compensation, time worked and/or contributions</li><li>• Days Worked- must be the actual number of days worked by the employee in the report period. See additional examples <a href="#">Here</a>.</li><li>• Hours Worked- must be reported if the employee's hours are tracked in any way. This is the total number of hours worked in the <i>report period</i>.</li><li>• Hours Scheduled- can only be reported if the employee's hours are <u>not</u> tracked in any way. This is the total number of hours the employee is scheduled to work per <i>week</i>.</li><li>• Zero Day Reason Code- should only be used for a report period in which the employee did not work or use paid leave.<ul style="list-style-type: none"><li>○ A = Accrued Pay/Not Terminated</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>○ C = Employee on less than 12 months pay schedule/Not Terminated</li> <li>○ F = Final Pay/Terminated</li> <li>○ L = Leave Without Pay</li> </ul> <ul style="list-style-type: none"> <li>• Total Gross Compensation- reported for <i>all</i> employees that receive compensation within the report period</li> <li>• Eligible TRS Gross Compensation and Contributions- only reported for TRS eligible employees who receive compensation that is eligible for TRS purposes within the report period</li> </ul> <p>RP 20 – <a href="#">Formatting Guideline</a></p>
RP 25 – Prior Month RP Adjustment Record	<ul style="list-style-type: none"> <li>• Used to adjust a previous month's compensation, time worked and/or contribution</li> <li>• Can be used to Add, Edit or Delete previously reported data <ul style="list-style-type: none"> <li>○ Add- no data was reported in a previous report month for the employee's position. All amounts that should have originally been reported are included on the record.</li> <li>○ Edit- originally posted data needs to be revised. This is a 'Net' difference adjustment. <ul style="list-style-type: none"> <li>○ Example- 12 days were originally reported. The employee worked 15. The RP 25 would only report a positive 03 days to increase the original amount reported from 12 to 15.</li> </ul> </li> <li>○ Delete- to delete a previously posted record, <u>all</u> original information must be reversed. The amounts reported on the RP 25 must be negative amounts and the Zero Day Reason Code must be Delete. If data was not originally reported in a data field, leave the field blank on the RP 25.</li> </ul> </li> </ul>

## Reporting Days Worked

- Working any portion of a day counts a one day for TRS purposes.
- Time Worked tracked- must report the actual number of days worked by the employee in the report period.
- Time Worked *not* tracked- report the total number of days scheduled to work by the employee in the report period.
- If an employee transitions from an Ineligible position to an Eligible position (or vice versa) in the same month, and both positions fall under the same position code, only report the days worked in the eligible position.
- If an employee is working in multiple positions, separate RP20's will be needed for each position to report the time worked.
- When reporting substitutes who are non TRS-retirees, report only days worked. Hours are not required if the substitute is not a TRS retiree.
- Paid leave taken by the employee is considered time worked for TRS.
- Days worked must be reported in the first month of a contract.

## RP Signature Component

- The signature component is an electronic signature.
- The signature can only be submitted by a user who has Administration or Signature authority
- The Signature Component is used to:
  - Certify that the total number of records and all salary and contribution information submitted through the detail is accurate and complete in the reporting of all employees for that report month.
  - The RE Portal user who submits the signature is confirming that the report is accurate and complete.
- If the Signature Totals are incorrect, reject the signature page and correct the report.

REs may not remove records from the report for the sole purpose of bringing the report to complete status. If a record is causing a report to not come to a completed status the payroll reporting official should work with their RE Coach to determine a resolution.

Section 821.101(b) of the Texas Government Code states that, *"A person commits an offense if the person knowingly or intentionally makes or permits the making of a false record for or statement to the retirement system in an attempt to defraud the retirement system."* Therefore,



when an RE contact accepts a signature certifying the report is correct, but records have been removed from that report to bring the report to complete status to avoid penalties, that RE contact is engaging in fraudulent reporting.

### Prior Fiscal Year Corrections

Sometimes reporting mistakes happen. If an RE discovers that something was reported incorrectly, or not reported at all, adjustments are required for the current fiscal year. If something was incorrect for a certain employee, and that employee is still employed and has pay still due to them, corrections are not optional. Here are the guidelines for making corrections if something was reported incorrectly, or not reported at all.

A TRS coach can assist in determining which correction can be submitted through reports. For a determination, send the following information: Employee's Full Name, last four of SSN, Year(s) that need to be corrected, if TRS contributions were withheld at the time paid and if the person is still employed with your employer.

### Corrections to One Fiscal Year Prior

If contributions were withheld at the time of payment, but they were not reported to TRS, an RE may make corrections, though an override will be required.

If contributions were not withheld at the time payment was issued to the employee, corrections may be made by the employer if the member so chooses, provided that the person is still employed and has additional pay due to them. REs are not required to issue a correction in this scenario, but if the member does not have the corrections made, then they may have to pay the actuarial cost of the service if they wish to purchase service credit later.

### Corrections to Two-Five Prior Fiscal Years

If contributions were withheld at the time of payment, but they were not reported to TRS, an RE may make corrections, though an override will be required.

If contributions were not withheld at the time payment was issued to the employee, corrections through the reporting process are not permitted. Corrections of this type through the reporting system are allowed for the current fiscal year and one prior fiscal year only. If the employee wants to receive credit, they will need to have the appropriate form filled out by the Reporting Official to verify the service and/or salary and the form will need to be returned to TRS. The member will have to pay actuarial cost to purchase the service. Verifying the unreported service during this time period will preserve the member's ability to buy the service later.

## Corrections to More Than Five Fiscal Years Prior

Once information has been reported on a member's annual statement and five years has passed, the statement cannot be changed. Similarly, a member cannot have an employer verify the unreported time they worked to be able to purchase service rendered more than five fiscal years prior. Thus, any adjustments to more than five fiscal years prior are not permitted. **This includes adjustments to days only that would result in a change in a year of service credit.**

Texas Government Code 823.002 (a)(b) requires that TRS be notified on or before the last day of the fifth school year after the end of the school year in which the service was rendered for a correction to be made.

- *Exceptions:*
  - More than 3 years are involved in the correction
  - If corrections are required as the result of fraud

## Creating an RP or RP Adjustment Report

Creating an RP or RP Adjustment Report instructions can be found in Section 3.2.2 of the [RE Portal User Guide](#).

## Additional Resources for Completing an RP report

In addition to the Payroll Report Manual, you may utilize the following documents when resolving report errors:

- [RE Portal Tips and Processes](#)
- [Errors and Warnings List](#)
- [Current Defects and Issues List](#)

## RP/RP Adjustment Report Statuses

Rejected	One or more RP records within the report are Suspended with errors.
Pending	All the RP Records are error free in a Valid status. Report is ready for the Signature page to be reviewed and accepted if the totals are correct.
Pending Complete	The RP Records are going through validation and posting to the TRS Database.
Complete	The RP records within the report have all posted to the TRS database. A report at a Complete status cannot be deleted.

## Member Contributions for TRS Eligible Employees

### Member Retirement Contribution

- Members contribute to their retirement account, is based on the current [contribution rate](#)
- TRS Eligible Compensation is Tax Sheltered
- The Contribution is based on the eligible compensation received by the employee in the report period
- Reporting Employers cannot contribute to TRS on behalf of a member.

### Member Insurance Contribution

- Only reported by Public Schools, Regional Service Centers and Charter Schools
- Member's contribution to TRS-Care is based on the current [Contribution Rate](#).
- The contribution is based on the eligible compensation received by the employee in the report period
- This contribution is not deposited into the member's individual account; therefore, it is not refundable
- Insurance contribution is not tax sheltered
- An employee who is entitled to Group Benefits from ERS, UT or A&M is *not* subject to this contribution. Additional information can be found on Page 22 of this manual.
- Texas Public School Retired Employees Group Insurance Program, TRS Laws, [Texas Insurance Code, Section 1575.203](#)

### Service Credit Purchase (if applicable)

- Member's monthly payment for the purchase of TRS special service made through payroll deduction
- The member's monthly payment is determined by TRS and can be found on the View Purchase Payments screen in the RE Portal. (Section 4.5 of the [RE Portal User Guide](#))
- The payment amount is not tax sheltered
- Negative service credit purchase deduction adjustments should NOT be reported. TRS will return any overpayments directly to the member.

## Employer Contributions for TRS Eligible Employees

### Reporting Employer TRS-Care Contribution

- Only reported by Public Schools, Regions Service Centers and Charter Schools
- Reporting Employer's contribution to TRS is based on the current [Contribution Rate](#).

- The contribution is based on the eligible compensation received by the employee in the report period.
- An employee who is entitled to Group Benefits from ERS, UT or A&M is *not* subject to this contribution. Additional information can be found on [here](#) in this manual.

### Performance Pay and Contribution (if applicable)

- Performance Pay is compensation for service as an employee in a Texas public educational institution that is paid under a valid employment agreement based upon a performance standard published in written documents adopted by the employer.
- The Performance Pay Plan must be part of the total compensation plan approved by the Board of Trustees of the district and include the following information:
  - Complete description of all elements of compensation received by or available to all employees
  - Provides for the availability of at least one type of performance pay to classroom teachers
  - Identifies each type of performance pay, the performance criteria for each type of performance pay and classes of employees eligible for each type of performance pay
  - Contains sufficient information to ascertain the amount of each qualifying employee's pay
  - Contains performance criteria for earning performance pay that precludes the exercise of discretion for awarding the pay on any basis other than an evaluation of employee or group performance or availability of funding
- Specific amounts of performance pay will be credited to the year in which it is paid.
- Performance Pay applies only to public and charter schools (see TRS Laws, [Section 822.201](#) of the Texas Government Code for additional information).
- Certified Performance Pay is considered **TRS-eligible salary**
- Applicable Member and Reporting Employer Contributions are due Performance Pay at the [Current Contribution Rates](#).
- Employer's must certify the Performance Pay in the RE Portal prior to reporting it on the Regular Payroll Report. (Section 5.2 of the [RE Portal User Guide](#))

### Reporting Employer Payment for New Members Contribution

Reporting employers are required to pay the [state contribution](#) on any TRS eligible pay received during the report periods that contain the first 90 days of employment for new TRS members.

The reporting employer should look up all employees hired on “View Employee Information.” (Section 4.1.1 of the [RE Portal User Guide](#))

“View Employee Information” will display a message indicating if the new hire has a TRS account and if the New Member Contributions are due.

#### How to Determine the Period of Employment (90 Days) Subject to New Member Contribution

1. The First Day in the TRS Eligible Position counts as Day 1 of the 90-day period
2. Count all the calendar days of the employment period
  - a. Including school closures and weekends
  - b. Regardless of whether the days are in different school years
3. Do not count any calendar days between periods of employment
4. Service provided by an employee on one calendar day to more than one reporting employer counts as only one calendar day in the payment period. Each reporting employer must submit the required payment on the salary paid.
5. If a person has not reached the 90th calendar day before the summer begins, count the days during the summer only if the person is considered to be an employee of the district during the summer. The same guideline applies to those who are not working during the summer but receive accrued pay.
  - a. If the employee is being paid accrued pay during the summer and considered an employee of the district, the new member contribution is due.

#### TRS Definition of “Date of Employment”

With respect to [TRS Rule 25.35](#), “date of employment” means the date on which an employee begins to perform service for a reporting employer and the service performed is eligible for TRS membership.

If the date of employment is a holiday or any other type of work-free day, the day may be considered the first day of employment if the reporting employer considers the individual to be an employee on that day.

#### Contributions for the 1st and 90th day of Employment

New Member Contributions are due on pay received during an employee’s first 90 days of TRS membership, not when the employee is paid for work performed during the first 90 days.

Submit employer payments to TRS on compensation paid to an employee for the entire report month that contains the first (1st) day of the employee’s eligibility for membership.

Submit employer payments to TRS on compensation paid to an employee for the entire report month that contains the 90th day of employment.

## New Member Contribution Examples

### Example 1:

John is hired at RE on 9/15. RE researched employee in View Employee Information at the time John was hired and determined that John was not a member of TRS as of the hire date. John's 90th day of employment will be December 13th. John will receive his first paycheck on 10/1. Here's how the New Member Contribution would be reported:

Report Month	Eligible Compensation Received	New Member Contribution Due	Notes
<b>September</b>	\$0	NO	New Member Contribution is not due in September since John did not receive any pay, but the time worked in September must be reported on the September RP.
<b>October</b>	\$1500 (for time worked 9/15-9/30)	YES	The RE will pay the New Member Contribution on the \$1500.00 on the October RP report.
<b>November</b>	\$3000 (time worked 10/1-10/31)	YES	The RE will pay the New Member Contribution on the \$3000.00 on the November RP report.
<b>December</b>	\$3000 (time worked 11/1-11/30)	YES	The RE will pay the New Member Contribution on the \$3000.00 on the December RP report. John's 90th day of employment fell within December, so New Member Contribution is due on all pay received in the report month that contains the 90th day.
<b>January</b>	\$3000 (time worked 12/1-12/31)	NO	Since John is out of his 90-day New Member period in January, no New Member Contributions are due on the January RP report.

### Example 2:

Using the same employee and salary amounts, what if John received his first paycheck on 9/30 and was paid on the last day of each month rather than the first day of the following month? Here's how the New Member Contribution would be reported:

Report Month	Eligible Compensation Received	New Member Contribution Due	Notes
<b>September</b>	\$1500 (paid 9/30)	YES	The RE will pay the New Member Contribution on the \$1500.00 on the September RP report.
<b>October</b>	\$3000 (paid 10/31)	YES	The RE will pay the New Member Contribution on the \$3000.00 on the October RP report.
<b>November</b>	\$3000 (paid 11/30)	YES	The RE will pay the New Member Contribution on the \$3000.00 on the November RP report.
<b>December</b>	\$3000 (paid 12/31)	YES	New Member Contribution due on \$3000 on the December RP report because New Member Contributions are due on pay received during the report month that contains the 1st-90th days.
<b>January</b>	\$3000 (paid 1/31)	NO	No New Member Contributions due since John is out of 90-day New Member period in January.

### Example 3:

Mary was hired at the same RE on 9/1. RE researched employee in View Employee Information at the time Mary was hired and determined that Mary was not a member of TRS as of the hire date. Mary's 90th day of employment will be November 29th. Mary will receive her first paycheck on 10/1. How will New Member Contributions be reported for Mary?

Report Month	Eligible Compensation Received	New Member Contribution Due	Notes
<b>September</b>	\$0	NO	Mary did not receive any pay, but the days she worked in September must be reported on the September RP report.
<b>October</b>	\$3000 (for time worked 9/1-9/30)	YES	The RE will pay the New Member Contribution on the \$3000.00 on the October RP report.

<b>November</b>	\$3000 (time worked 10/1-10/31)	YES	The RE will pay the New Member Contribution on the \$3000.00 on the November RP report. Mary's 90 <sup>th</sup> day of employment fell within November, so New Member Contribution is due on all pay received in the report month that contains the 90 <sup>th</sup> day.
<b>December</b>	\$3000 (time worked 11/1-11/30)	NO	No New Member Contributions due since Mary is out of the 90-day New Member period in December.

#### Example 4:

Mary from the previous example terminated employment on October 15 and will receive her final paycheck on 11/1.

Report Month	Eligible Compensation Received	New Member Contribution Due	Notes
<b>September</b>	\$0	NO	Mary did not receive any pay, but the days she worked in September must be reported on the September RP report.
<b>October</b>	\$3000	YES	The RE will pay the New Member Contribution on the \$3000.00 on the October RP report.
<b>November</b>	\$3000	NO	No New Member Contributions are due on the November RP report because Mary is no longer employed during the November report period

#### Example 5:

Michael was hired at the same RE on 9/1. RE researched employee in View Employee Information at the time Michael was hired and determined that Michael was not a member of TRS as of the hire date. Michael's 90<sup>th</sup> day of employment will be November 29<sup>th</sup> and he will receive her first paycheck on 10/1. However, the employee transitioned to TRS *ineligible* Position effective 11/1. How will the New Member Contribution be reported for Michael?



Report Month	Eligible Compensation Received	New Member Contribution Due	Notes
<b>September</b>	\$0	NO	Michael did not receive any pay, but the days she worked in September must be reported on the September RP report.
<b>October</b>	\$3000	YES	The RE will pay the New Member Contribution on the \$3000.00 on the October RP report.
<b>November</b>	\$3000	NO	No New Member Contributions are due on the November RP report because Michael is no longer employed in a TRS eligible position during the November report period

**Example 6:**

Michael from the previous example, using all the same information *except*, the employee transitioned to TRS *ineligible* Position effective 11/15. How will the New Member Contribution be reported for Michael?

Report Month	Eligible Compensation Received	New Member Contribution Due	Notes
<b>September</b>	\$0	NO	Michael did not receive any pay, but the days she worked in September must be reported on the September RP report.
<b>October</b>	\$3000	YES	The RE will pay the New Member Contribution on the \$3000.00 on the October RP report.
<b>November</b>	\$3000	YES	The RE will pay the New Member Contribution on the \$3000 on the November RP report because Michael was employed in the TRS eligible position during the November report period
<b>December</b>	\$2000	NO	No New Member Contributions are due on the December RP report because Michael is no longer employed in a TRS eligible position during the December report period

### State Contributions Paid through other TRS Contributions – during New Member period

The [state contribution](#) will be collected on 100% of the member's eligible compensation through the Reporting Employer Payment for New Members Contribution in the new members first 90 days of employment.

**Do not report** the new member with Federal Fund/Private Grant, Statutory Minimum, Educational/General-Local, Non-Educational/General Contributions or Community/Junior College until AFTER the first 90 days of employment (if applicable)

### BUT

**Do report** the new member on the [Federal Grant TRS-Care](#) contribution DURING the first 90 days.

This contribution is applied to Texas Public School Retired Employees Group Insurance program.

### New TRS Member – View Employee Information

If the new hire does not have an active TRS account, the following screen will display:

Employee Information		<a href="#">? Activity Help</a>
<b>Search Employee</b>		
SSN or TRS-Assigned Temp ID	<input type="text"/>	
Last Name	<input type="text"/>	
Date of Birth	<input type="text"/>	
<input type="button" value="Search"/> <input type="button" value="Clear"/>		
<b>Employee Information</b>		
The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.		
SSN or TRS-Assigned Temp ID		
TRS Member	No	
New Member Contributions Due	Yes	

If an employee does not have prior TRS membership and has not completed any of the 90-day New Member period, then the appropriate field will show as zero (0).

Employee Information			
The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.			
As Of Date	08/24/2023	New Member Contributions Due	Yes
SSN or TRS-Assigned Temp ID		New Member Days completed as of 1st of Current Month	0
First Name		In a TRS Eligible Position	No
Middle Name		TRS Eligible Date Range	
Last Name		Subject to Salary Cap	Yes
Suffix		Concurrent Employment	No
TRS Member	Yes		
View ED Contract Info		View RP Payroll Info	

A TRS member can fulfill all or portion of the 90-day New Member Requirement within an employment. The View Employee Information Screen indicates the New Member Days completed as of the 1<sup>st</sup> of the Current Month, not the as of date on the screen. In the example below, 8/1 would be the 69<sup>th</sup> day of the 90-day New Member period because the member completed 68 days through 7/31.

Employee Information			
The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.			
As Of Date	08/24/2023	New Member Contributions Due	Yes
SSN or TRS-Assigned Temp ID		New Member Days completed as of 1st of Current Month	68
First Name		In a TRS Eligible Position	Yes
Middle Name		TRS Eligible Date Range	05/25/2023 - 08/31/2023
Last Name		Subject to Salary Cap	Yes
Suffix		Concurrent Employment	Yes
TRS Member	Yes		
View ED Contract Info		View RP Payroll Info	

If the employee has completed the 90-day New Member period, the View Employee Information screen will indicate “Over 90 Days” in the New Member field.

Employee Information			
The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.			
As Of Date	09/01/2023	New Member Contributions Due	No
SSN or TRS-Assigned Temp ID		New Member Days completed as of 1st of Current Month	Over 90 days
First Name		In a TRS Eligible Position	Yes
Middle Name		TRS Eligible Date Range	07/10/2023 - 06/24/2024
Last Name		Subject to Salary Cap	Yes
Suffix		Concurrent Employment	Yes
TRS Member	Yes		

### Federal Fund/Private Grant Contribution

The purpose of the Federal Fund/Private Grant Contribution is to report on a monthly basis the total amount of salary paid from federal funds and private grants to TRS-eligible employees and to reimburse the State for the [State Contribution](#) due on the salary.

#### General Information

If an employer applies for money provided by the United States, an agency of the United States, or a privately sponsored source, and if any of the money will pay part or all an employee’s salary, the employer shall apply for any legally available money to pay state contributions.

If the maximum percentage legally provided for retirement purposes from the funds is less than the current state contribution rate, the employer shall transmit the amount provided.

The reimbursement for child nutrition programs is considered funds from a federal grant. Therefore, the state retirement contribution is also due on salaries paid to food service employees.

The contribution is based on a percentage of the monthly claim submitted to Texas Department of Agriculture (TDA) or a percentage of total salaries paid to food service employees, whichever method the RE chooses.

### Federal TRS-Care Contribution

The purpose of the [Federal Grant TRS-Care Contribution](#) is to report on a monthly basis the total amount of salary paid from federal funds and private grants to TRS-eligible employees and

to reimburse the State for the State's contribution to the Texas Public School Retired Employees Group Insurance Program (TRS-Care).

### General Information

If an employer applies for money provided by the United States, an agency of the United States, or a privately sponsored source, and if any of the money will pay part or all an employee's salary, the employer shall apply for any legally available money to pay state contributions.

If the maximum percentage legally provided for retirement purposes from the funds is less than the current state contribution rate, the employer shall transmit the amount provided.

The reimbursement for child nutrition programs is considered funds from a federal grant. Therefore, a contribution to TRS-Care is also due on salaries paid to food service employees.

The contribution is based on a percentage of the monthly claim submitted to Texas Department of Agriculture (TDA) or a percentage of total salaries paid to food service employees.

### Child Nutrition Calculation

The reporting employer has the option to choose the method that is most advantageous to the reporting employer from the following three methods used to determine the monthly child nutrition contributions submitted under the Federal Fund/Private Grant and Federal TRS-Care contribution types:

1. Completion of Sections I and III of the Child Nutrition Calculation Worksheet using the standard labor cost percentage of 35%.
2. Completion of Sections I, II and III of the Child Nutrition Calculation Worksheet using the district's labor cost percentage in lieu of the standard 35%. If this is the method used, supporting data should be retained for possible audit requirements.
3. Amount of Federal Fund/Private Grant or Federal TRS-Care contributions based on current [contribution rates](#) of total salaries paid to food service employees in lieu of using the Child Nutrition Calculation Worksheet.

The [Child Nutrition Calculation Worksheet](#) can be printed from the TRS Website. Reporting employers should retain the completed Child Nutrition Calculation Worksheet for their record. They should not send it to TRS.

Also, the [Supplemental Instructions for Child Nutrition Payment](#) document is provided to assist with allocating the total Federal Fund Base for computing the State's (Employer) contribution to individual employees.

The reimbursement rates change annually. At the beginning of each school year, the school lunch section of TDA will notify each reporting employer of the new rates.

Summer feeding programs not federally funded, only funded by the State of Texas, are not subject to the Child Nutrition calculation and contribution to TRS.

**In no circumstance can the Child Nutrition allocation under Eligible Compensation Paid from Federal Funds/Private Grants be *more than* the employee's Eligible TRS Gross Compensation for that report period.**

### Child Nutrition Examples

#### Example 1:

An RE receives \$285,714.28 in child nutrition reimbursement for the prior month. After accounting for the 35% labor rate, the Reporting Employer (RE) would pay the Federal Fund/Private Grant Contribution and Federal TRS-Care Contribution on \$100,000 of the reimbursement ( $\$285,714.28 \times 35\%$ ).

If the total Eligible TRS Gross Compensation for all TRS-eligible food service employees (position code 07) is \$200,000, then the RE can attribute 50% of TRS-eligible salaries for position code 07 employees towards child nutrition since \$100,000 for child nutrition is 50% of the \$200,000 total TRS-eligible salary.

John Doe is a food service employee who is in a TRS-eligible position-

- Reported with an Eligible TRS Gross Compensation of \$2,000.
- \$1,000 would be reported under Eligible Compensation Paid from Federal Funds/Private Grants for the purposes of child nutrition.
- Reporting Employer will pay the [State's Contribution](#) rate on \$1,000 for Federal Fund/Private Grant Contribution
- Reporting Employer will pay the current [Federal TRS-Care contribution](#) rate on \$1,000

Jane Smith was on leave without pay

- Reported with an Eligible TRS Gross Compensation of \$100
- \$50 would be reported under Eligible Compensation Paid from Federal Funds/Private Grants for the purposes of child nutrition.
- Reporting Employer will pay the [State's Contribution](#) rate on \$50 for Federal Fund/Private Grant Contribution
- Reporting Employer will pay the current [Federal TRS-Care contribution](#) rate on \$50

## Example 2:

In the same scenario above, where An RE receives \$285,714.28 in child nutrition reimbursement for the prior month. After accounting for the 35% labor rate, the Federal Fund/Private Grant Contribution and Federal TRS-Care Contribution would be due on \$100,000 of the reimbursement ( $\$285,714.28 \times 35\%$ ).

The total Eligible TRS Gross Compensation for all TRS-eligible food service employees (position code 07) is \$75,000, which is less than the calculated amount of salaries on which the Federal Fund/Private Grant and Federal TRS Care Contributions would be due. In this case, the RE would only be required to pay the Federal Fund/Private Grant and Federal TRS-Care contributions on the amount up to the actual salaries paid to TRS-eligible food service employees, which means 100% of food service salaries would be considered federally funded.

John Doe is a food service employee who is in a TRS-eligible position-

- Reported with an Eligible TRS Gross Compensation of \$2,000.
- \$2,000 would be reported under Eligible Compensation Paid from Federal Funds/Private Grants for the purposes of child nutrition.
- Reporting Employer will pay the [State's Contribution](#) rate on \$2,000 for Federal Fund/Private Grant Contribution
- Reporting Employer will pay the current [Federal TRS-Care contribution](#) rate on \$2,000

Jane Smith was on leave without pay and was

- Reported with an Eligible TRS Gross Compensation of \$100
- \$100 would be reported under Eligible Compensation Paid from Federal Funds/Private Grants for the purposes of child nutrition.
- Reporting Employer will pay the [State's Contribution](#) rate on \$100 for Federal Fund/Private Grant Contribution
- Reporting Employer will pay the current [Federal TRS-Care contribution](#) rate on \$100

## Example 3

If there are food service workers who are already paid from another federal or private grant source, and the amount of salary remaining is not enough to allocate the proper percentage from the Child Nutrition Reimbursement, the RE will be required to account for the remaining Child Nutrition funds by allocating them to other food service employees.

## Statutory Minimum Contribution

The purpose of the Statutory Minimum Contribution is to report on a monthly basis the [state contribution](#) on the salary paid above the state minimum salary.

### General Information

Annually, the Comptroller of Public Accounts certifies to TRS:

1. the effective tax rate for school district maintenance and operation revenues for each school district in the state for the immediately preceding tax year.
2. the statewide average effective tax rate for school district maintenance and operation revenues for the immediately preceding tax year.

If the reporting employer's effective tax rate for maintenance and operation revenues for the tax year that ended in the preceding school year equals or exceeds 125 percent of the statewide average effective tax rate for school district maintenance and operation revenues for that tax year, Statutory Minimum Reports and contributions are not required.

### Members on Whom the Statutory Minimum Contribution is Due

Members employed as teachers, full-time librarians, full-time counselors, or full-time nurses.

Members who would have been entitled to the state minimum salary under former Section 16.056 of the Texas Education Code, as that section existed on January 1, 1995.

### State Minimum Salary Schedules

For classroom teachers, full-time librarians, full-time counselors and full-time nurses, the state minimum salary is as provided by the Texas Education Agency (TEA). See [Table 1](#). The term of the contract is 10 months for a maximum of 187 days of service.

**Note: Districts of Innovation will use the 187-day salary schedule for classroom teachers, full-time librarians, full-time counselors, and full-time nurses. The state minimum salary cannot be reduced for contracts that are less than 187 days.**

For other members employed who would have been entitled to the state minimum salary under former Section 16.056 of the Texas Education Code, as that section existed on January 1, 1995, the state minimum salary schedule is the same schedule provided by TEA for teachers, full-time librarians, counselors, and nurses. [Table 2](#) and [Table 3](#) have been updated based on the new salary schedule provided by TEA.

[Table 4](#) contains information on those employees who would have been entitled to the state minimum salary under former Section 16.056 of the Texas Education Code, as that section



existed on January 1, 1995. It is the Reporting Employer's responsibility to classify positions based on the categories listed on Table 4. Once a position has been classified, the reporting employer must apply the criteria consistently based on position, not based on the person filling the position.

Salary step schedule information is made available to assist independent school districts and charter schools with calculating the Statutory Minimum contribution. The information provided by TRS may not be based on the most recent salary schedule provided by TEA. If the salary schedule has been updated by the Commissioner of Education, it is the RE's responsibility to pay the state contribution on amounts paid to the employee in excess of the current state minimum salary schedule.

### State Minimum Salary – More than 187 day contracts

#### FY 2019 and Prior-

- The state minimum salary *cannot* be increased to offset the increase in salary if additional days are worked in the contract by employees who are subject to the current state minimum salary schedule (teachers, counselors, librarians, and nurses (table 1).
- For employees who would have been subject to 16.056 as of January 1, 1995, employers are allowed to increase the state minimum salary if additional days are worked in the contract.

#### FY 2020-

- Employers can increase the state minimum salary for employees on Table 1 to offset salary due to *additional* days in the contract beginning with the September 2019 TRS reports. (See Example 8 on page 67)
- For Table 1 employees whose contracts are less than 187 days (such as districts of innovation), the state minimum salary cannot be *reduced* lower than the TEA salary schedule. TEA requires employers to pay the established State Minimum salary, which is based on 187 days, even if the full year contract is fewer than 187 days. For example, a District of Innovation whose contracts are 183 days must still pay the state minimum salary per the TEA schedule.
- The employer has the option of implementing this change in FY2020 or waiting until FY2021. If choosing to implement this change in FY2020, TRS recommends implementing in the beginning of the fiscal year and applying it consistently through the entire FY2020.

## FY 2021-

- Beginning with the September 2020 TRS reports (FY2021) and beyond, all employers for whom the statutory minimum contribution is due shall be **required** to increase the state minimum salary of employees if additional days are worked in the contract. (See Example 8 on page 67)
- For Table 1 employees whose contracts are less than 187 days (such as districts of innovation), the state minimum salary cannot be *reduced* lower than the TEA salary schedule. TEA requires employers to pay the established State Minimum salary, which is based on 187 days, even if the full year contract is fewer than 187 days. For example, a District of Innovation whose contracts are 183 days must still pay the state minimum salary per the TEA schedule.
- Delaying this requirement until FY2021 will allow time for programming changes by software providers, if necessary.
- **This requirement change applies to TRS Reporting purposes and does not require the employer to pay the employee more than the state minimum salary set by TEA.**

### Definitions of Terms Used in the Statutory Minimum Calculation

- State Contribution Rate – The [State contribution rate](#) for the Teacher Retirement system is set by the Texas Legislature. See Current Contribution rates.
- Salary Dock – A deduction from salary for unpaid sick leave or personal leave days. Subtract any salary docks from the state minimum salary and the eligible TRS gross compensation.
- TRS Salary (Eligible TRS Gross Compensation) — Creditable Compensation paid for services performed:
  - As a teacher, full-time librarian, counselor, or nurse;  
OR
  - In a position covered under former Section 16.056\* of the Texas Education Code (i.e., superintendent, principal, administrative officer, instructional officer, diagnostician, etc.); *\*This section was repealed by the 74th Legislature (1995). It is only valid for the purpose of this report.*  
PLUS
  - Any supplemental pay for duties that are part of a particular position that is subject to the state minimum salary. Examples include but are not limited to stipends for sponsorship, UIL activities, coaching duties, tutorial assignments.
- Reporting Employer Contribution — The reporting employer payment of the [state contribution](#) due on salary paid above the state minimum salary.

- Salary Paid Above State Minimum Salary — Determined by subtracting the state minimum salary from the Eligible TRS Gross Compensation. The reporting employer must pay the state contribution on the total amount of salary paid above the state minimum salary.
- Annual TRS Salary and Annual State Minimum salaries- salaries should be divided by the appropriate number of months in the term of payment of the contract (generally 10, 11, or 12 months).

### Wholly Separate Positions

Payment for duties that constitute a “wholly separate” job are excluded from the TRS salary for the purpose of the Statutory Minimum contribution.

Examples include but are not limited to driving a school bus when not part of an employee’s primary contract, maintenance work, custodial work, teaching summer school.

- Teacher who accepts a morning bus route- the bus route is likely a wholly separate position and not subject to Statutory Minimum Contribution.
- Coach who is required to drive the bus to games as a part of their contract, the bus driving is considered duties of their job and therefore subject to the Statutory Minimum Contribution.

If the answer to any one of the following questions is “Yes,” then it is probable that the additional duties are part of the duties of “the particular job” subject to the State Minimum Salary Schedule and do not constitute a “wholly separate” job. Therefore, include the salary paid for the additional duties in TRS salary.

1. Are the additional duties required of the person because the person has a job that is subject to the State Minimum Salary Schedule?
2. Are the additional duties contained in the same written contract or oral agreement or in an amendment to that contract or agreement by which the person was originally employed in a job that is subject to the State Minimum Salary Schedule?
3. Are the additional duties customarily or exclusively assigned to or performed by a person having a job that is subject to the State Minimum Salary Schedule?
4. Are the additional duties so closely related to the job held by the person subject to the State Minimum Salary Schedule that it is unreasonable to think of them as standing alone as a separate job independent of the primary job?
5. Are the additional duties an integral part of a primary job subject to the State Minimum Salary Schedule?

6. Are the additional duties conditioned upon the person having a job subject to the State Minimum Salary Schedule?

**If an employee, who is employed in a position subject to Statutory Minimum, also has a wholly separate position, then the employer must report two separate ED 40 records and two RP 20 records (one for each position). This allows the TRS system to accurately validate the Statutory Minimum contribution.**

Table 1- State Minimum Salary Schedule

State Minimum Salary Schedule for Teachers, Librarians, Full Time Counselors, Full Time Librarians and Full Time Nurses

Years of Experience Credited (Step)	Annual Salary- 10 Month Contract	Daily Rate of Pay for 187 Day Contract	Paid in 10 Monthly Installments	Paid in 11 Monthly Installments	Paid in 12 Monthly Installments
0	33,660	180.000	3366	3,060.00	2,805.00
1	34,390	183.904	3439	3,126.36	2,865.83
2	35,100	187.701	3510	3,190.91	2,925.00
3	35,830	191.604	3583	3,257.27	2,985.83
4	37,350	199.733	3735	3,395.45	3,112.50
5	38,880	207.914	3888	3,534.55	3,240.00
6	40,410	216.096	4041	3,673.64	3,367.50
7	41,830	223.690	4183	3,802.73	3,485.83
8	43,170	230.856	4317	3,924.55	3,597.50
9	44,440	237.647	4444	4,040.00	3,703.33
10	45,630	244.011	4563	4,148.18	3,802.50
11	46,770	250.107	4677	4,251.82	3,897.50
12	47,850	255.882	4785	4,350.00	3,987.50
13	48,850	261.230	4885	4,440.91	4,070.83
14	49,810	266.364	4981	4,528.18	4,150.83
15	50,710	271.176	5071	4,610.00	4,225.83
16	51,570	275.775	5157	4,688.18	4,297.50
17	52,370	280.053	5237	4,760.91	4,364.17
18	53,140	284.171	5314	4,830.91	4,428.33
19	53,860	288.021	5386	4,896.36	4,488.33
20	54,540	291.658	5454	4,958.18	4,545.00
Note: Note: Ten-month contract for teachers, full-time librarians, full-time counselors and full-time nurses consisting of 187 days.					

Table 2 – State Minimum Salary Schedule

State Minimum Salary Schedule for Members who would have been entitled to the minimum salary under former Section 16.056, Education Code on January 1, 1995.

Experience Credited (Step)	Term of Contract = Term of Pay	Term of Pay = 12 Months	Term of Pay = 12 Months	Annual State Minimum Salaries	Annual State Minimum Salaries	Annual State Minimum Salaries
	Monthly State Minimum Salary 10 Months paid in 10 Months 11 Months paid in 11 Months 12 months paid in 12 months	Monthly State Minimum Salary for 10 Month Contract Paid in 12 Equal Installments	Monthly State Minimum Salary for 11 Month Contract Paid in 12 Equal Installments	10 Month Contract 187 Days	11 Month Contract 202 or 207 Days	12 Month Contract 220 or 226 Days
0	3,366	2,805.00	3,085.50	33,660.00	37,026.00	40,392.00
1	3,439	2,865.83	3,152.42	34,390.00	37,829.00	41,268.00
2	3,510	2,925.00	3,217.50	35,100.00	38,610.00	42,120.00
3	3,583	2,985.83	3,284.42	35,830.00	39,413.00	42,996.00
4	3,735	3,112.50	3,423.75	37,350.00	41,085.00	44,820.00
5	3,888	3,240.00	3,564.00	38,880.00	42,768.00	46,656.00
6	4,041	3,367.50	3,704.25	40,410.00	44,451.00	48,492.00
7	4,183	3,485.83	3,834.42	41,830.00	46,013.00	50,196.00
8	4,317	3,597.50	3,957.25	43,170.00	47,487.00	51,804.00
9	4,444	3,703.33	4,073.67	44,440.00	48,884.00	53,328.00
10	4,563	3,802.50	4,182.75	45,630.00	50,193.00	54,756.00
11	4,677	3,897.50	4,287.25	46,770.00	51,447.00	56,124.00
12	4,785	3,987.50	4,386.25	47,850.00	52,635.00	57,420.00
13	4,885	4,070.83	4,477.92	48,850.00	53,735.00	58,620.00
14	4,981	4,150.83	4,565.92	49,810.00	54,791.00	59,772.00
15	5,071	4,225.83	4,648.42	50,710.00	55,781.00	60,852.00
16	5,157	4,297.50	4,727.25	51,570.00	56,727.00	61,884.00
17	5,237.00	4364.17	4,800.58	52,370.00	57,607.00	62,844.00
18	5,314.00	4428.33	4,871.17	53,140.00	58,454.00	63,768.00
19	5,386.00	4488.33	4,937.17	53,860.00	59,246.00	64,632.00
20	5,454.00	4545.00	4,999.50	54,540.00	59,994.00	65,448.00

Table 3- State Minimum Salary Schedule

State Minimum Daily Rate of Pay for Members who would have been entitled to the minimum salary under former Section 16.056, Education Code on January 1, 1995.

Experience Credited (Step)	10 Month	11 Month	11 Month	12 Month	12 Month
	<b>183-201 Days</b>	<b>202-206 Days</b>	<b>207-219 Days</b>	<b>220-225 Days</b>	<b>226+ Days</b>
0	183.934	183.297	178.870	183.600	178.726
1	187.923	187.272	182.749	187.582	182.602
2	191.803	191.139	186.522	191.455	186.372
3	195.792	195.114	190.401	195.436	190.248
4	204.098	203.391	198.478	203.727	198.319
5	212.459	211.723	206.609	212.073	206.442
6	220.820	220.054	214.739	220.418	214.566
7	228.579	227.787	222.285	228.164	222.106
8	235.902	235.084	229.406	235.473	229.221
9	242.842	242.000	236.155	242.400	235.965
10	249.344	248.480	242.478	248.891	242.283
11	255.574	254.688	248.536	255.109	248.336
12	261.475	260.569	254.275	261.000	254.071
13	266.940	266.015	259.589	266.455	259.381
14	272.186	271.243	264.691	271.691	264.478
15	277.104	276.144	269.473	276.600	269.257
16	281.803	280.827	274.043	281.291	273.823
17	286.175	285.183	278.295	285.655	278.071
18	290.383	289.376	282.386	289.855	282.159
19	294.317	293.297	286.213	293.782	285.982
20	298.032	297.000	289.826	297.491	289.593
<p><b>**Note: Use the daily rate of pay based on the number of days in the full contract. DO NOT use the number of days remaining in the contract if a person begins work after the year has begun.</b></p>					

#### Table 4- Positions Subject to Statutory Minimum Contribution under former Section 16.056

It is the Reporting Employer's responsibility to classify positions based on the categories listed on Table 4. Once a position has been classified, the reporting employer must apply the criteria consistently based on position, not based on the person filling the position.

PER SECTION 16.056 OF THE TEXAS EDUCATION CODE,  
THE FOLLOWING POSITIONS WERE ENTITLED TO THE MINIMUM MONTHLY SALARY AS THIS SECTION  
EXISTED ON JANUARY 1, 1995

<b>Superintendent</b>	<b>Educational Diagnostician</b>
<b>Instructional/Admin. Officer</b> Key specialist or director of a major instructional program or group	<b>Physical Therapist</b>
<b>Administrative Officer</b> Assistant to superintendent or high grade administrative officer, works in administrative capacity in personnel, business, accounting, planning, research, etc.	<b>Occupational Therapist</b>
<b>Principal</b> (part-time, full time, or assistant)	<b>Physician, M.D.</b>
<b>School Social Worker</b>	<b>Psychological Associate,</b> Bachelor's/Master's Degree

#### AG's Ruling Concerning the Statutory Minimum Contribution

In 2008, the Texas Attorney General's Office issued an opinion ([Opinion No. GA-0641](#)) addressing the proper statutory minimum salaries to be used in calculating required contributions by school districts to the Teacher Retirement System for compensation above the statutory minimum salary. The opinion upheld the use of the statutory minimum salaries that were then posted on the Texas Education Agency website.

If your district has been using Table 1 and Table 2 for the purpose of the Statutory Minimum contribution calculation, your district is complying and no change is required.

As a reminder, Table 1 is for teachers, full-time counselors, librarians, and nurses. Table 2 is for those employees who would have been entitled to the minimum salary under former Section 16.056 of the Texas Education Code, as it existed on January 1, 1995.

If your district has not been using Table 1 and Table 2 for the purpose of the Statutory Minimum contribution calculation contact TRS. All Statutory Minimum contributions must be corrected and all additional amounts, plus interest as indicated in [Section 825.408 of the Texas Government Code](#), must be submitted to TRS immediately. The current interest amount is 10% and is compounded for each month the employer's contributions were withheld.

### Statutory Minimum Calculation Examples- Table 1 Employees (Teacher, Librarian, Nurse, Counselor)

All examples are based on the FY 2024 State Contribution Rate, 8.25%. For the current State Contribution rate go to the [Contribution Rate](#) page on the TRS Website.

#### **Example 1**

A 10-month teacher on [Step 4](#) is hired for 187 days at a salary of \$48,000.00 to be paid over 12 months. Refer to [Table 1](#) for state minimum salary daily rate.

Annual State Minimum Salary	$187 \times 199.733 = \$37,350$
Monthly State Minimum Salary	$\$37,350 \div 12 = \$3,112.50$
Monthly TRS Salary	$\$48,000 \div 12 = \$4,000.00$
Salary Paid Above State Minimum Salary	$\$4,000 - \$3,112.50 = \$887.50$
RE Statutory Minimum Contribution	$\$887.50 \times 8.25\% = \$73.22$

#### **Example 2**

The teacher in Example #1 terminated February 1 after having worked 110 days of the 187 day contract. Term of payment is 5 months.

1. Calculate the Daily Rate for the State Minimum Salary and TRS Salary

State Minimum Salary DAILY rate	$\$37,350 \div 187 = \$199.733$
TRS Salary DAILY rate	$\$48,000 \div 187 = \$256.68$

2. Calculate the Annual Salaries based on number of days worked in the contract

State Minimum Salary for 110 Days	$\$199.73 \times 110 = \$21,970.30$
TRS Salary for 110 Days	$\$256.68 \times 110 = \$28,234.80$

3. Calculate Total Salary Paid above State Minimum and Total Contribution for 110 days

TOTAL Salary paid <i>above</i> State Minimum Salary for 110 Days	$\$28,234.80 - \$21,970.30 = \$6,264.50$
TOTAL Statutory Minimum Contribution Due	$\$6,264.50 \times 8.25\% = \$516.82$



4. Calculate Amount of Salary Above State Minimum and Contribution that has been reported to date

Amount of Salary paid <i>above</i> State Minimum Salary reported to date	$\$887.50 \times 5 = \$4,437.50$
Amount of Statutory Minimum Contribution reported to date	$\$4,437.50 \times 8.25\% = \$366.09$

5. Calculate remaining amount of Salary Above State Minimum and Contribution to be reported

Remaining Salary paid <i>above</i> State Minimum Salary for 110 Days	$\$6,264.50 - \$4,437.50 = \$1,827$
TOTAL Statutory Minimum Contribution Due	$\$1,827 \times 8.25\% = \$150.73$

### **Example 3**

*Contract Beginning in Mid-Year.* A librarian on [Step 6](#) is hired for the remaining 95 days of a 187 day contract at a salary of \$48,000.00 to be paid over 7 months (February – August). Refer to [Table 1](#) for state minimum salary daily rate.

1. Calculate the Monthly State Minimum Salary based on 95 days in the contract, paid over 7 months

State Minimum Salary Daily Rate	\$216.096
State Minimum Salary for term of contract	$\$216.10 (x) 95 = \$20,529.50$
Monthly State Minimum Salary	$\$20,529.50 (\div) 7 = \$2,932.79$

2. Calculate the monthly TRS Salary based on contract salary, paid over 7 months

Monthly TRS Salary	$\$48,000 (\div) 7 = \$6,857.14$
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3. Calculate the Monthly Salary paid *Above* State Minimum and the Statutory Minimum Contribution

Monthly Salary Above State Minimum Salary	$\$6,857.14 - \$2,932.79 = \$3,924.35$
Monthly RE Statutory Minimum Contribution	$\$3,924.35 (x) 8.25\% = \$323.76$

#### **Example 4**

*Employment on a Continuing Basis for Less than Full Time:* A 10-month teacher on Step 3 is hired for 50% time for 187 days. With a salary of \$20,000.00 paid over 12 months. Refer to [Table 1](#) for state minimum salary daily rate.

Annual State Minimum Salary	$187 \times 191.604 = \$35,830$
Annual State Minimum Salary for 50% Employment	$\$35,830 \div 2 = \$17,915$
Monthly State Minimum Salary	$\$17,915 \div 12 = \$1,492.92$
Monthly TRS Salary	$\$20,000 \div 12 = \$1,666.67$
Salary Paid Above State Minimum Salary	$\$1,666.67 - \$1,492.92 = \$173.75$
RE Statutory Minimum Contribution	$\$173.75 \times 8.25\% = \$14.33$

#### **Example 5**

*Salary Reduction for Full Day's Pay:* A 10-month full-time librarian on Step 7 is hired for 187 days. With a salary of \$47,000.00 to be paid over 12 months. The employee's monthly TRS salary and the state minimum salary are reduced due to **one** unpaid day in March. Refer to [Table 1](#) for state minimum salary daily rate.

1. Calculate the *Reduced* Monthly State Minimum Salary for March

State Minimum Salary DAILY Rate	\$223.689
Annual State Minimum Salary	$187 \times \$223.689 = \$41,830$
Monthly State Minimum Salary	$\$41,830 \div 12 = \$3,485.83$
<i>Reduced</i> Monthly State Minimum Salary for March	$\$3,485.83 - \$223.689 = \$3,262.14$

2. Calculate the Reduced Monthly TRS Salary for March

TRS Salary DAILY Rate	$\$47,000 \div 187 = \$251.337$
Monthly TRS Salary	$\$47,000 \div 12 = \$3,916.67$
<i>Reduced</i> Monthly TRS Salary	$\$3,916.67 - \$251.337 = \$3,665.33$

3. Calculate the Salary Paid Above State Minimum and Contribution

Salary Paid Above State Minimum Salary	$\$3,665.33 - \$3,262.14 = \$403.19$
RE Statutory Minimum Contribution	$\$403.19 \times 8.25\% = \$33.26$

### **Example 6**

*Salary Reduction at a Fixed Rate of Pay:* A 10-month nurse on Step 10 is hired for 187 days; with a salary of \$49,500 to be paid over 12 months. In February, the employee's monthly TRS salary and the state minimum salary are reduced for 2 days at a fixed amount of \$60.00 per day. Refer to [Table 1](#) for state minimum salary daily rate.

1. Calculate the *Reduced* Monthly State Minimum Salary for February

Annual State Minimum Salary	$187 \times \$244.011 = \$45,630$
Monthly State Minimum Salary	$\$45,630 \div 12 = \$3,802.50$
Reduced Monthly State Minimum Salary	$\$3,802.50 - 120 = \$3,682.50$

2. Calculate the Reduced Monthly TRS Salary for February

Monthly TRS Salary	$\$49,500 \div 12 = \$4,125$
Reduced Monthly TRS Salary	$\$4,125 - \$120 = \$4,005$

3. Calculate the Salary Paid Above State Minimum and Contribution

Salary Paid Above State Minimum Salary	$\$4,005 - \$3,682.50 = \$322.50$
RE Statutory Minimum Contribution	$\$322.50 \times 8.25\% = \$26.61$

### **Example 7**

*Multiple Months of Salary Paid in One Month:* A 10-month teacher on Step 2 hired for 187 days; with a salary of \$39,000.00 to be paid over 12 months. Refer to [Table 1](#) for state minimum salary daily rate.

Calculation for One Month:

Annual State Minimum Salary	$187 \times \$187.701 = \$35,100$
Monthly State Minimum Salary	$\$35,100 \div 12 = \$2,925$
Monthly TRS Salary	$\$39,000 \div 12 = \$3,250$
Salary Paid Above State Minimum Salary	$\$3,250 - \$2,925 = \$325$
RE Statutory Minimum Contribution	$\$325 \times 8.25\% = \$26.81$

### Calculation for Four Months:

The employee fulfilled the contract, terminated May 31, and is paid the balance of the contract (May, June, July, and August).

The monthly state minimum salary is to be increased by the same number of months being paid.

Monthly State Minimum Salary	$\$2,925 \times 4 = \$11,700$
Monthly TRS Salary	$\$3,250 \times 4 = \$13,000$
Salary Paid Above State Minimum Salary	$\$13,000 - \$11,700 = \$1,300$
RE Statutory Minimum Contribution	$\$1,300 \times 8.25\% = \$107.25$

### **Example 8**

A Counselor it hired on Step 10 is hired for a 206 day contract. With a salary of \$66,250.00 to be paid over 12 months. The state minimum salary daily rate is \$244.011 (refer to [Table 1](#)).

Annual State Minimum Salary	$\$244.011 \times 206 = \$50,266.27$
Monthly State Minimum Salary	$\$50,266.27 \div 12 = \$4,188.86$
Monthly TRS Salary	$\$66,250 \div 12 = \$5,520.83$
Salary Paid Above State Minimum Salary	$\$5,520.83 - \$4,188.86 = \$1,331.97$
RE Statutory Minimum Contribution	$\$1,331.97 \times 8.25\% = \$109.89$

Statutory Minimum Calculation Examples- Table 2 Employees (Positions covered under former Section 16.056)

### **Example 9**

*Standard 11-Month Contract Paid in 11 Months:* An 11-month administrative officer on Step 9 is hired for 202 days at a salary of \$54,000.00 to be paid over 11 months. Refer to [Table 3](#) for the state minimum salary daily rate.

Annual State Minimum Salary	$202 \times \$242.00 = \$48,884$
Monthly State Minimum Salary	$\$48,884 \div 11 = \$4,444$
Monthly TRS Salary	$\$54,000 \div 11 = \$4,909.09$
Salary Paid Above State Minimum Salary	$\$4,909.09 - \$4,444 = \$465.09$
RE Statutory Minimum Contribution	$\$465.09 \times 8.25\% = \$38.37$

### **Example 10**

*Non-Standard 11-Month Contract, paid in 12 Months:* An 11-month principal on [Step 8](#) is hired for 215 days. With a salary of \$65,500.00 to be paid over 12 months. The state minimum salary daily rate is \$235.084 (refer to [Table 3](#)).

Annual State Minimum Salary	$215 \times \$229.406 = \$49,322.29$
Monthly State Minimum Salary	$\$49,322.29 \div 12 = \$4,110.19$
Monthly TRS Salary	$\$65,500 \div 12 = \$5,458.33$
Salary Paid Above State Minimum Salary	$\$5,458.33 - \$4,110.19 = \$1,348.14$
RE Statutory Minimum Contribution	$\$1,348.14 \times 8.25\% = \$111.22$

### **Example 11**

*Standard 12-Month Contract, paid in 12 Months:* A 12-month administrative officer on [Step 10](#) is hired for 226 days. With a salary of \$59,500.00 to be paid over 12 months. Refer to [Table 3](#) for the state minimum salary daily rate.

Annual State Minimum Salary	$226 \times \$242.283 = \$54,756$
Monthly State Minimum Salary	$\$54,756 \div 12 = \$4,563.00$
Monthly TRS Salary	$\$59,500 \div 12 = \$4,958.33$
Salary Paid Above State Minimum Salary	$\$4,958.33 - \$4,563.00 = \$395.33$
RE Statutory Minimum Contribution	$\$395.33 \times 8.25\% = \$32.61$

### **Example 12**

*Non-Standard 12-Month Contract, paid in 12 Months:* A 12-month, 226 day superintendent on [Step 10](#) is hired for 236 days. With a salary of \$66,250.00 to be paid over 12 months. The state minimum salary daily rate is \$242.283 (refer to [Table 3](#)).

Annual State Minimum Salary	$236 \times \$242.283 = \$57,179.79$
Monthly State Minimum Salary	$\$57,179.79 \div 12 = \$4,764.90$
Monthly TRS Salary	$\$66,250 \div 12 = \$5,520.83$
Salary Paid Above State Minimum Salary	$\$5,520.83 - \$4,764.90 = \$755.93$
RE Statutory Minimum Contribution	$\$755.93 \times 8.25\% = \$62.36$

### Statutory Minimum Calculation Examples- Salary Paid from Federal Fund/Private Grant

The total salary paid from a federal fund or private grant must be reported on the RP 20 under Eligible Compensation paid from Federal Fund/Private Grant.

If the source of funding for the employee's salary is 100% federal, the employee will not be subject to the Statutory Minimum contribution.

The following examples indicate how salaries paid from a federal fund or private grant affect the Statutory Minimum Contribution. The examples show the calculation and reporting of the amount of salary paid above or below the state minimum salary and the contribution due, if any, when all or a portion of salary is paid from a federal fund or private grant.

#### **Example 13**

*100% of Eligible TRS Gross Compensation is Federally Funded (GREATER than State Minimum Salary):* A 12-month administrative officer on Step 10 hired for 226 days; with a salary of \$63,000.00 to be paid over 12 months. Refer to [Table 3](#) for state minimum salary daily rates.

Annual State Minimum Salary	$226 \times 242.283 = \$54,756$
Monthly State Minimum Salary	$\$54,756 \div 12 = \$4,563$
Monthly TRS Salary (100% Federally Funded)	$\$63,000 \div 12 = \$5,250$
Salary Paid Above State Minimum Salary	$\$5,250 - \$4,563 = \$687$
RE Statutory Minimum Contribution	NONE
Amount of State Contribution reported as Federal Fund/Private Grant	$\$5,250 \times 8.25\% = \$433.13$

#### **Example 14**

*100% of Eligible TRS Gross Compensation is Federally Funded (LESS than State Minimum Salary):* A 12-month administrative officer on Step 9 hired for 220 days at a salary of \$44,500.00 to be paid over 12 months. Refer to [Table 3](#) for state minimum salary daily rates.

Annual State Minimum Salary	$220 \times \$242.400 = \$53,328$
Monthly State Minimum Salary	$\$53,328 \div 12 = \$4,444$
Monthly TRS Salary (100% Federally Funded)	$\$44,500 \div 12 = \$3,708.33$
Salary Paid Above State Minimum Salary	N/A
RE Statutory Minimum Contribution	NONE
Amount of State Contribution reported as Federal Fund/Private Grant	$\$3,708.33 \times 8.25\% = \$305.94$

### **Example 15**

*75% Federally Funded Salary which is LESS than the State Minimum Salary:* A teacher on Step 10 hired for 187 days; with a salary of \$49,500.00 to be paid over 12 months. Refer to [Table 1](#) for state minimum salary daily rate.

Annual State Minimum Salary	$187 \times 244.011 = \$45,630$
Monthly State Minimum Salary	$\$45,630 \div 12 = \$3,802.50$
Monthly TRS Salary 75% Federally Funded (\$3,093.75) 25% paid from Local Funds (\$1,031.25)	$\$49,500 \div 12 = \$4,125$
Salary Paid Above State Minimum Salary	$\$4,125 - \$3,802.50 = \$322.50$
RE Statutory Minimum Contribution	$\$322.50 \times 8.25\% = \$26.61$
Amount of State Contribution reported as Federal Fund/Private Grant	$\$3,093.75 \times 8.25\% = \$255.23$

*The total federally funded salary will be reported on the RP 20 under Eligible Compensation paid from Federal Fund/Private Grants.*

### **Example 16**

*95% Federally Funded Salary which is GREATER than the State Minimum Salary:* A 12-month administrative officer on Step 2 hired for 220 days; with a salary of \$49,000.00 to be paid over 12 months. Refer to [Table 3](#) for state minimum salary daily rates.

Annual State Minimum Salary	$220 \times \$191.455 = \$42,120$
Monthly State Minimum Salary	$\$42,120 \div 12 = \$3,510$
Monthly TRS Salary 95% Federally Funded (\$3,879.16) 5% paid from Local Funds (\$204.17)	$\$49,000 \div 12 = \$4,083.33$
Salary Paid Above Federally Funded Salary (which is above State Minimum)	$\$4,083.33 - \$3,879.16 = \$204.17^*$
RE Statutory Minimum Contribution	$\$204.17 \times 8.25\% = \$16.84$
Amount of State Contribution reported as Federal Fund/Private Grant	$\$3,879.16 \times 8.25\% = \$320.03$

\*RE Statutory Minimum Contribution is 8.25% of the difference between monthly TRS Salary and the Federally Funded Salary due to the amount paid from Federal Funds being *greater than* the State Minimum Salary.

The total deposit due from the RE for both Federal Fund/Private Grant *and* Statutory Minimum Reports = \$336.87 [\$16.84 (SM) + \$320.03 (FG)] or 8.25% of total TRS Eligible salary (i.e.,  $\$4,083.33 \times 8.25\%$ ).

## RE Public Education Employer Contribution

*(Formerly known as RE Payment for Non-OASDI Members)*

Effective September 1, 2019, all non-higher Public Education employers are required to pay this contribution on all TRS eligible employees, regardless of whether the employer pays Social Security. The purpose of the Public Education Employer Contribution (EC) is to remit on a monthly basis a [contribution](#) on the total amount of eligible salary paid to members to TRS under [Section 825.4035 of the Texas Government Code](#).

- **ISDs:** If the position is subject to the state minimum salary schedule, the EC contribution is due on the salary amount *up to* the state minimum salary.
- **Charter Schools:** The EC Contribution is *not* capped by the state minimum salary. Charters are required to pay this contribution on 100% of TRS eligible salary.
- **Education Service Centers:** The EC Contribution is *not* capped by the state minimum salary since ESCs are not subject to Statutory Minimum. ESCs are required to pay this contribution on 100% of TRS eligible salary.

### RE Public Education Employer Contribution Examples

All examples are based on the FY 2024 EC Contribution Rate, 1.9%. For the current contribution rate go to the [Contribution Rate](#) page on the TRS Website.

#### **Example 1 (ISDs only)**

An employee's position is subject to the state minimum salary schedule. The employee's monthly salary is \$4,000 and the State Minimum salary is \$3,600.

RE Public Education Employer Contribution is calculated on the employee's State Minimum Salary of \$3,600.

Public Education Employer Contribution	$\$3,600 \times 1.9\% = \$68.40$
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#### **Example 2 (Charters and ESCs will use this example)**

An employee's position is NOT subject to the State Minimum salary schedule. The employee's monthly salary is \$4,000.

RE Public Education Employer Contribution is calculated on the employee's full TRS Eligible Salary of \$4,000.

Public Education Employer Contribution	$\$4,000 \times 1.9\% = \$76.00$
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Visual Examples of Stat Min, Fed Fund and EC relationships can be found on the TRS website under the [General Information](#) Page. ISDs and Charters each have a document specific to their employer type.

## **Part Three**

# **TRS Retired Employee Reporting**

## TRS Retired Employees

TRS Retired Employees are all employees who have retired from TRS regardless of retirement date and position held. TRS Retired Employee reporting consists of the Employment After Retirement report. Active Employees should NOT be included on this report.

### Employment After Retirement Report

The purpose of the Employment after Retirement Report (ER Report) is to report, on a monthly basis, the TRS retirees returning to work. The information reported on the ER Report is not based on the reporting employer's pay periods, the retiree's schedule or when the retiree is paid for the work performed. It is strictly based on the actual number of hours or days the retiree has worked or was on paid leave during the calendar month. If a retiree works or is on paid leave in December, but is paid for that time in January, the time must be included on the December ER Report, not the January ER Report. This means that, in most cases, the ER report cannot be submitted to TRS until the end of the calendar month in which the work was performed or the beginning of the next month.

Reporting employers are required to report detailed information on all TRS retirees regardless of retirement dates. Reporting actual hours and actual days worked in a calendar month is required for all retirees.

TRS contributions are not withheld from the retiree's salary.

### ER Report and TEXNET Due Date

Please refer to [Payroll and TEXNET Due Date](#) page of the Payroll Manual

### Individuals Reported

TRS Retirees ONLY. Report all non-TRS retirees (including ORP retirees) using the Regular Payroll Report as a part of full payroll reporting.

### ER Report Types

- ER Report
  - To report on a monthly basis the salary, time worked and any surcharges due on all TRS retired employees.
  - Can Include ER 20 (Current Month Records) and ER 25/27 (Prior Month Adjustment Records)

- ER Adjustment Report
  - An ad hoc report used to adjust previously completed report periods.
  - The ER Adjustment report month will default to the last completed ER report month.
  - Can only include ER 25 and ER 27 records

## ER Report Components

The ER Report consists of a detail report and a signature component.

### Detail

Detail is used to report the employment of all TRS retirees regardless of retirement date, and any Pension Surcharge and TRS-Care Surcharge due from the employer based on the time the retiree worked that calendar month.

The Detail record types associated with the ER Report are:

- ER20, Current Month Record
- ER25, ER Adjustment Record – Add a previously unreported retiree
- ER27, ER Adjustment Record – Edit or Delete a previously reported record

The Detail record types associated with the ER Adjustment Report are:

- ER25, ER Adjustment Record – Add a previously unreported retiree
- ER27, ER Adjustment Record – Edit or Delete a previously reported record
- Please note that an ER 20 *cannot* be included on an ER Adjustment Report type

ER Record Type	Purpose
ER20 - Current Month ER Record	<ul style="list-style-type: none"> <li>• Used to report employment information for all service and disability retirees, regardless of their retirement date</li> <li>• If a retiree performs multiple jobs, there would only be <b>one</b> ER20 record submitted for each retiree under their primary position code. See position codes <a href="#">here</a>.</li> <li>• Days Worked- must be the actual number of days worked by the retiree in the report period. <u>Cannot be scheduled days.</u></li> <li>• Hours Worked- must be the actual hours worked by the retiree in the <i>report period</i>. <u>Cannot be scheduled Hours.</u></li> <li>• Zero Day Reason Code- should only be used for a report period in which the retiree did not work or use paid leave. <ul style="list-style-type: none"> <li>○ A = Accrued Pay/Not Terminated</li> <li>○ C = Employee on less than 12 month pay schedule/Not Terminated</li> <li>○ F = Final Pay/Terminated</li> <li>○ L = Leave Without Pay</li> </ul> </li> <li>• <a href="#">ER Employment Type</a></li> <li>• <a href="#">Employment Dates</a></li> <li>• Total Gross Compensation- reported for <i>all</i> retirees that receive compensation within the report period. The Compensation amount should only include compensation that falls within the <a href="#">TRS Creditable Compensation</a> guidelines.</li> <li>• <a href="#">Pension Surcharge</a></li> <li>• <a href="#">TRS-Care Surcharge</a></li> </ul> <p>ER 20 – <a href="#">Formatting Guideline</a></p>

ER 25 – Prior Month ER Adjustment Record	<ul style="list-style-type: none"> <li>• Used to <b>ADD</b> the retiree’s employment record to a previously complete report month that did not originally include the retiree.</li> <li>• Use the ER 20 reporting guidelines above</li> </ul> <p>ER 25 – <a href="#">Formatting Guidelines</a></p>
ER 27 – Prior Month ER Adjustment Record	<ul style="list-style-type: none"> <li>• Used to <b>EDIT or Delete</b> the retiree’s employment record posted on a previously completed report month.</li> <li>• Edit- <ul style="list-style-type: none"> <li>○ Must complete all “original” fields to match the ER 20 that posted</li> <li>○ Only complete Adjustment/New Fields for data that needs to be corrected.</li> <li>○ If adjusting one or more of the following fields, a <u>net difference</u> transaction needs to be reported: <ul style="list-style-type: none"> <li>a) Hours Worked Adjustment</li> <li>b) Days Worked Adjustment</li> <li>c) Total Gross Compensation Adjustment</li> <li>d) Pension Surcharge Adjustment</li> <li>e) TRS-Care Surcharge Adjustment</li> </ul> </li> </ul> </li> <li>• Delete- When deleting a record that was previously reported in error: <ul style="list-style-type: none"> <li>○ Must complete all “original” fields to match the ER 20 that posted</li> <li>○ All the following data must <u>net to zero</u> by entering negative values: <ul style="list-style-type: none"> <li>a) Hours Worked Adjustment</li> <li>b) Days Worked Adjustment</li> <li>c) Total Gross Compensation Adjustment</li> <li>d) Pension Surcharge Adjustment</li> <li>e) TRS-Care Surcharge Adjustment</li> </ul> </li> </ul> </li> </ul> <p>ER 27 – <a href="#">Formatting Guidelines</a></p>

## ER Position Codes

Each retiree must be assigned *one* of the following position codes. Position code assignments are at the discretion of the employer.

- Professional/Administrative (01) - Examples: Chancellor, Dean, President, Superintendent, Principal, Attorney, Accountant, Director, Administrator, etc.
- Teacher, Full-Time Librarian (02)
- Support Staff-Other (03) - Examples: Aide, Clerk, Security, Maintenance, Groundskeeper, Secretary, Computer Operator, etc.
- Bus Driver (04)
- Full-Time Nurse/Counselor (05)
- Peace Officer (06)
  - “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.
- Support Staff-Food Service Worker (07)

Note: position code 09 – Summer School will *not* be used for TRS retirees

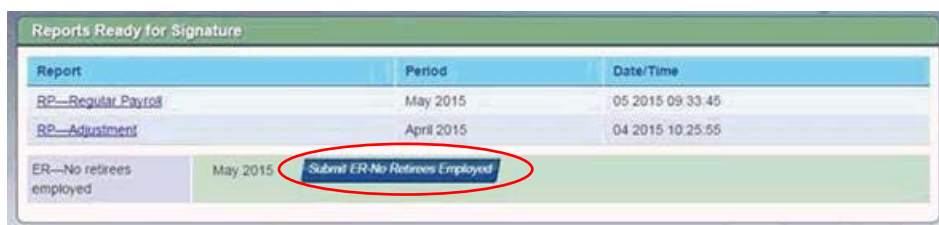
If a retiree works in more than one position during the report month, report the retiree under the position code of the primary job.

## ER Signature Component

- The signature component is an electronic signature.
- The signature can only be submitted by a user who has Administration or Signature authority
- The Signature Component is used to:
  - Certify that the total number of records and all salary and contribution information submitted through the detail is accurate and complete in the reporting of all employees for that report month.
  - The RE Portal user who submits the signature is confirming that the report is accurate and complete.
- If the Signature Totals are incorrect, reject the signature page and correct the report.

**REs may *not* remove records from the report for the sole purpose of bringing the report to complete status.** If a record is causing a report to not come to a completed status the payroll reporting official should work with their RE Coach to determine a resolution.

If a reporting employer has no TRS retiree information to report for a report period, meaning no TRS retiree worked, took paid leave, or received compensation, then a “zero signature” page can be submitted. Use caution when clicking the box on the Submit Signature screen as it will complete the report period indicated next to the box without records. Refer to Section 3.3.3. of the [RE Portal User Guide](#) for additional information.



### Creating an ER or ER Adjustment Report

Creating an ER or ER Adjustment Report instructions can be found in Section 3.2.2 of the [RE Portal User Guide](#).

### Additional Resources for Completing an ER Report

In addition to the Payroll Report Manual, you may utilize the following documents when resolving report errors:

- [RE Portal Tips and Processes](#)
- [Errors and Warnings List](#)

### ER/ER Adjustment Report Statuses

Rejected	One or more RP records within the report are Suspended with errors.
Pending	All the RP Records are error free in a Valid status. Report is ready for the Signature page to be reviewed and accepted if the totals are correct.
Pending Complete	The RP Records are going through validation and posting to the TRS Database.
Complete	The RP records within the report have all posted to the TRS database. A report at a Complete status cannot be deleted.



## ER Employment Dates

Reporting ER employment dates for a school year are not based on the retiree's contract with the employer, nor are all retirees required to be reported with employment dates of Sept. 1 – Aug. 31.

The dates should be based on the dates the retiree will be employed in a particular position and/or employment type within the TRS fiscal year. The fiscal year is Sept. 1 – Aug. 31.

If a retiree will have varying employment throughout the TRS Fiscal Year, an employer may choose to report employment dates based on the report period. As an example, employment dates on the September report period would be September 1 through September 30.

## 12 Month Break in Service

A retiree who retired after January 1, 2021, must have a 12-consecutive calendar month break in service before they may return to TRS-covered employment on a full-time basis without forfeiting their retirement annuity.

Those who retired effective May 31, 2021, but worked into June 2021 under the "June 15th Rule," have not fulfilled the 12-consecutive calendar month break in service necessary to return to work full-time without loss of annuity until July 1, 2022. Working even one day in June 2021 means that month does not count toward the required break in service resulting in the retiree's break beginning with the month of July 2021.

However, if the retiree's termination date was in May of 2021 and they did not work at all in the month of June 2021, they could return to work full time without losing their annuity in June of 2022 if they had no other TRS-covered employment during that 12 consecutive calendar month period.

If you have any questions, please contact your RE coach at 1-800-433-5734

It is the responsibility of the RETIREE to determine if they have met the required break in service to return to work without loss of their annuity. Retirees with questions about satisfying the full 12 consecutive months break in service should call a TRS Benefits Counselor at 1-800-223 -8778.

## Dual Credit Courses

Dual Credit courses allow students to earn credit for high school and college simultaneously. The employee teaching the course often performs all the dual credit duties at one reporting employer. However, the employee may be paid by the ISD and/or the college. The following guidelines must be utilized when reporting dual credit. **If the retiree performs any additional duties at the ISD or college unrelated to the dual credit course, the respective employer must report the additional time.**

### Example 1:

If the dual credit class is taught at the ISD, the college pays the retiree directly, but no work is being performed at the college, then:

- The ISD will need to report hours/days associated with the dual credit course
- The college will report the pay. If no other work is performed at the college, then a zero-day reason of “A – Accrued Pay” would be required for the system to accept the pay. If the retiree exceeds half-time under the ISD and no work is being performed at the college, then Pension and TRS-Care surcharges are *not* due by the college.

### Example 2:

If the dual credit class is taught at the ISD, the college and ISD pay the retiree directly and work outside of the dual credit class is being performed at the college, then:

- The ISD will need to report pay and hours/days associated with the dual credit course
- The college will report the pay and hours/days associated with the work performed outside of the dual credit course only.
- If the retiree exceeds half-time due to the concurrent employment, then Pension and TRS-Care surcharges are due by both employers.

## ER Employment Types

The employment type for the ER reports is based on the duties performed and time worked by the retiree in the report month. This employment type does not always align with the position the retiree was hired to work.

## ER Substitute Employment

In accordance with [Rule 31.1\(b\)](#), Service retirees may substitute an unlimited number of days during the school year if the following two (2) criteria are met:

1. A retiree who serves on a temporary basis in the place of a current employee (employee of record)
- AND**
2. The salary earned is not more than the daily rate of substitute pay as set by the employer.

## ER 20-Day Substitute in a Vacancy

Effective September 1, 2016, the definition of “substitute” was updated for employment after retirement purposes ONLY.

The update allows retirees to serve in a vacant position or vacant positions for no more than 20 days in *each* vacant position and still be considered a “substitute” for employment after retirement purposes ONLY, provided the retiree is not serving the vacant position created by that retiree’s retirement.

Further clarification, a retiree cannot be hired as an employee to fill a vacant position and be reported as a substitute for the first 20 days; however, a retiree can be hired as a substitute and paid the substitute daily rate of pay to fill a vacant position for up to 20 days. If the retiree continues to work in the vacant position past the 20-day mark, then the retiree will need to be reported under a different employment type and will no longer be considered a substitute under TRS laws and rules. In most cases, this will cause the retiree to exceed the employment after retirement limits if the retiree has not satisfied their 12-month break in service.

Here are some examples:

### **Example 1**

A school district creates a new para-professional position. A retiree is asked to fill that vacant position as a substitute. In this case, the retiree would be considered a substitute for the first 20 days if the retiree is hired as a substitute and paid the substitute daily rate of pay. If the retiree continues to work past the 20 days, then the retiree would no longer be considered a

substitute. In addition, if the retiree was permanently hired into this position, the employer cannot report the retiree as a substitute for the first 20 days.

### **Example 2**

A school district has an alternative school that is used on an as-needed basis. A student is sent to the alternative school and the district assigns a TRS retiree to teach/service the student as a substitute. Since the position is filled on an as-needed basis, this is considered a vacant position and a retiree would be reported as a substitute for the first 20 days, if the retiree is hired as a substitute and paid the substitute daily rate of pay. If the retiree was permanently hired into this position, the employer cannot report the retiree as a substitute for the first 20 days.

### **Example 3**

A school district had a teacher who resigned midyear. The position is vacant, and the district asked a retiree to fill the vacancy as a substitute beginning Jan. 5. After 15 days of serving as a substitute, the district hires the retiree full time beginning Feb. 1. For the 15 days in January, the retiree is reported as a substitute to TRS; however, beginning in February, the retiree can no longer be reported as a substitute because the retiree has now been hired as full time.

### **Additional Information for Reporting ER Substitute Employment**

- Working any portion of a day as a substitute counts as working a full day for TRS purposes.
- Reporting Employers are required to report both HOURS and DAYS worked for all retirees, regardless of retirement date and employment type
- Report substitutes under the position code in which they worked. If a person works in more than one position during the report month, report the retiree under the position code of the primary job.

### **ER One-Half Time or Less Employment**

For employment after retirement purposes ONLY, “one-half time” is defined as the equivalent of 4 clock hours for each workday in a calendar month. The total number of hours allowed for that month may be worked in any arrangement or schedule. This standard will apply to all positions, including bus drivers.

To determine available workdays in the month, count every Monday thru Friday from the first to the last day in the month. Do not omit holidays or days the Reporting Employer may have been closed. The time available to work will vary from month to month due to the actual number of working days in the month.

Paid time off (sick leave, vacation, admin leave, etc.) taken by the retiree is considered employment for the purpose of determining the amount of time worked in a calendar month.

To access the most recent calendar showing what is considered one-half time for each month, refer to the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page on the TRS website.

### Additional Information for Reporting ER One-Half Time or Less Employment

Hours worked should reflect actual clock hours a retiree has worked from the first day of the month to the last day of the month. Be sure to include any paid time off taken by the retiree (sick leave, vacation, admin leave, etc.), since it is considered employment for the purpose of determining the amount of time worked in a calendar month.

Reporting Employers are required to report both HOURS and DAYS worked for all retirees, regardless of retirement date and employment type.

### ER Full Time Employment

Full-time employment is employment for **more than** the equivalent of 4 clock hours for each workday in a calendar month.

To determine available workdays in the month, count every Monday thru Friday from the first to the last day in the month. Do not omit holidays or days the Reporting Employer may have been closed. The time available to work will vary from month to month due to the actual number of working days in the month.

Paid time off (sick leave, vacation, admin leave, etc.) is considered employment for the purpose of determining the amount of time worked in a calendar month.

To access the most recent calendar showing what is considered one-half time for each month, refer to the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page on the TRS website.

### ER Combination Employment Type

Combination Employment type is defined as a retiree combining a Substitute and One-Half Time Employment in the same calendar month. This employment type should only be used if the retiree combines the employments at the *same* employer in the *same* calendar month.

A retiree may work as a substitute and as a one-half time or less employee in the same calendar month without forfeiting their monthly annuity payment if the total time worked in both positions does not exceed one-half the number of workdays in the calendar month.

Work for any part of a day is considered a full day when combining substitute and half-time or less employment. When combining substitute and one-half time employment in the same month, the retiree **cannot** substitute an unlimited number of days that month.

**Be sure to include any paid time off (sick leave, vacation, administrative leave, etc.), since it is considered employment for the purpose of determining the number of days worked in a calendar month.**

To access the most recent calendar showing what is considered one-half time for each month, refer to the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page on the TRS website.

Note: Reporting Employers are required to report both HOURS and DAYS worked for all retirees; regardless of retirement date and employment type.

### Combination Employment Examples

#### **Example 1**

A TRS retiree is employed as a substitute but is asked to tutor in addition to her substitute duties. The retiree worked as a substitute on May 2, 3, and 4, and then tutored on May 5 and 6. The retiree did not work for the rest of May. How many days did this retiree work?

Since any part of the day counts as a full day, the retiree worked a total of five (5) days and would be reported as such on the ER20 record.

Total hours worked for the month is also required on the ER 20 record, even though hours worked are not the determining factor for surcharges.

#### **Example 2**

A TRS retiree is employed as a substitute but is also asked to tutor in addition to her substitute duties. The retiree worked as a substitute on May 2, 3, and 4 and also tutored on the *same* days. The retiree did not work for the rest of May. How many days did this retiree work?

Since the dates that the retiree worked as a substitute and worked half-time or less were on the *same* days, the retiree worked a total of three (3) days and would be reported as such on the ER20 record.

Total hours worked for the month is also required on the ER 20 record, even though hours worked are not the determining factor for surcharges.

### Additional Information for Reporting Combination Employment Type

- This employment type should only be used if the retiree combines the employments at the *same* employer in the *same* calendar month.
- A retiree may be limited to the number of days available to work in a calendar month if they combine employment types at multiple employers:
  - Example, John Smith retired from TRS in May 2016.
    - He worked as a Substitute at Employer A
    - He worked in a One-Half Time or Less Position at Employer B.
    - He cannot exceed one-half the number of workdays in the calendar month.
    - Each employer would report their respective Employment type based on the work performed only at their employer

### ER Surge Personnel

SB 288 allows a service retiree to work in Texas public education and not be subject to Employment After Retirement limits and surcharges if employed in a position performing duties related to the mitigation of student learning loss attributable to the coronavirus disease (COVID-19) pandemic. The SB 288 exception does not apply to disability retirees. The position must meet the following requirements.

- It is in addition to the normal staffing level at the RE
- It is funded **wholly** by one of the following federal acts:
  - Coronavirus Aid, Relief, and Economic Security (CARES) Act (15 U.S.C. Section 9001 et seq.),
  - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (Div. M, Pub. L. No. 116-260), or
  - American Rescue Plan Act of 2021 (Pub. L. No. 117-2).
- **And**
  - It ends on or before December 31, 2024.

This exception is **not** applicable to Institutions of Higher Education.

Surge Personnel Exception position information must be reported on a separate ER20 record from any other work performed in the same calendar month and must be reported with employment type of E: Surge Personnel Exception. This new employment type can be used for report periods beginning with September 2021 through December 2024.

- If a retiree works in a Surge Personnel Exception position and another position in the same calendar month, at the same RE, two separate ER20 records would be reported.
  - Example: retiree works in a Substitute position and a Surge Personnel Exception position in the month of September. This retiree will have two ER20 records in the September ER report. One ER20 to report the Substitute position information and one ER20 to report the Surge Personnel Exception position information.

Surcharges do not apply to employment type code E for Surge Personnel Exception position. However, surcharges would be due if the retiree works the Surge Personnel Exception employment type and either a Full Time or Combined employment (and worked over the limit) in a report month.

	Surge Personnel Exception
<b>Substitute</b>	<ul style="list-style-type: none"> <li>• No surcharges are due</li> </ul>
<b>One-Half Time or Less</b>	<ul style="list-style-type: none"> <li>• No surcharges are due if the retiree works one-half time or less hours in all positions</li> <li>• Time worked calculation must exclude time worked in the Surge Personnel Exception position.</li> </ul>
<b>Full Time</b>	<ul style="list-style-type: none"> <li>• Surcharges are due</li> <li>• Pension Surcharge must exclude compensation paid for the Surge Personnel Exception position in the month the retiree exceeds.</li> <li>• Time worked calculation must exclude time worked in the Surge Personnel Exception position.</li> </ul>
<b>Combined</b>	<ul style="list-style-type: none"> <li>• No surcharges are due if the retiree works less than one-half of the total available days during the calendar month in all positions.</li> <li>• Time worked calculation must exclude time worked in the Surge Personnel Exception position.</li> <li>• Pension Surcharge excludes compensation paid for the Surge Personnel Exception position in the month the retiree exceeds.</li> </ul>

### Non-Profit Tutor

The Tutor Exception in SB 1356 allows a retiree to perform work for a RE, through a non-profit organization, in a tutoring position that meets the requirements of Section 33.913 of the Education Code.

If this tutoring is the retiree's only employment for the calendar month, they are not subject to forfeiture of their monthly annuity if they work more than one-half time.

These employment types apply to service and disability retirees.



## New Employment Types:

B = Non-Profit Tutor Substitute

N = Non-Profit Tutor Half Time or Less

T = Non-Profit Tutor Full Time

Must report each Non-Profit Tutor employment on a separate ER record from any other work performed in the same calendar month.

	Non-Profit Tutor Substitute	Non-Profit Tutor Half Time or Less	Non-Profit Tutor Full Time
Substitute	No Surcharges, all positions are substitute	Surcharges are due if the retiree works more than one-half of the total available days during the calendar month in all positions.	Surcharges are due on all positions
One-Half Time or Less	Surcharges are due if the retiree works more than one-half of the total available days during the calendar month in all positions.	Surcharges are due if the retiree works more than one-half time hours in all positions.	Surcharges are due on all positions
Full Time	Surcharges are due on all positions	Surcharges are due on all positions	Surcharges are due on all positions
Surge Personnel Exception	No Surcharges	No Surcharges	Surcharges are only due on the Tutor Exception Full Time position

## Additional ER Report Considerations

### Disability Retiree

A disability retiree is allowed to work a TOTAL of 90 days per school year (September to August) as a substitute or on a one-half time or less basis. In both provisions, the number of days worked must be reported.

A disability retiree can work full-time by using the Three-month trial exception. This is a one-time exception and requires that form [TRS 118D - Employment After Retirement Disability Election](#), be submitted. The three months listed on the form TRS 118D must be consecutive and may cross school years.

If the retiree continues to work full-time after the third month of the Three-month trial exception, the disability retiree will be returned to active status.

Disability retirees must be reported, regardless of their retirement date.

To access the most recent calendar showing what is considered one-half time for each month, refer to the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page on the TRS website.

## Independent Contractor

### ER Independent Contractor Reporting Requirements

For purposes of employment after retirement, retirees are considered employees during the first 12 consecutive-calendar-months following retirement, if they are performing duties or providing services for an educational institution that an employee of the institution would otherwise perform, and waiving, deferring, or foregoing compensation for those duties or services; working as independent contractors; or working as a volunteer but performing duties or providing services that the retiree performed immediately before retiring and has an agreement to perform or provide those same services or duties after the first 12 full, consecutive-calendar-months after retirement. Employers are required to report these retirees, as if they were employees, each month during the first 12 calendar months after the retiree's effective date of retirement. This change applies to a retiree who retires after Sept. 1, 2017, and a retiree who on Sept. 1, 2017, is within the first 12 consecutive-calendar-months following the effective date of retirement.

### Independent Contractor Defined

An Independent Contractor is typically an individual who is not an employee of the reporting employer but who is retained to perform a service or complete a project for the reporting employer. An independent contractor is usually not:

1. under the day-to-day control of the reporting employer.
2. is not required to keep "office hours" or "work hours" as does an employee.
3. does not utilize the reporting employer's facilities, equipment, or materials to perform the service; and
4. does not usually market the services to only one reporting employer.

Duties for a position that are established in employer policies, laws, and/or rules indicate that the person is under the day-to-day control of the reporting employer. Further, having to teach a class or meet with students at an established time is considered having to keep "work hours".

**For these reasons, a superintendent, principal, assistant principal, teacher, administrator, and/or coach are not independent contractors.** Please note that this list of positions does not include all the positions that are not suitable for independent contractors but includes the positions most frequently misidentified as independent contractor.

A retiree and employer should carefully consider whether the work arrangement with an Independent Contractor meets all the legal tests for this type of relationship. A simple change of title to “independent contractor” is not sufficient; there must be a true termination of the retiree’s employment. Laws governing federal income tax and Social Security are also involved in determining whether a retiree is an independent contractor. TRS-covered employers should seek advice from their own attorneys to determine whether the work arrangement is one of an independent contractor. A retiree’s status as an independent contractor must meet all the legal requirements for this type of work arrangement. If the employer is in doubt, check with TRS. TRS is the governmental agency charged with the legal authority to decide this.

There are companies, such as Educational Independent Contractors, L.L.C., which market themselves to TRS retirees and offer them the opportunity to become shareholders in the company (or limited liability company), which provides services to TRS-covered employers. Retirees are advised by these entities that they may contract with a TRS-covered employer as an independent contractor in their capacity as a shareholder of the company and avoid the limits on employment after retirement. Retirees are led to believe that they are working as independent contractors as they perform the same duties that they had before retiring, including duties as teachers, coaches, principals, and superintendents. These duties are often described in the contract as “consulting services.”

#### **Additional Information Regarding Educational Independent Contractors, LLC**

Following an investigation in 2010 into Educational Independent Contractors, L.L.C.’s offer of this arrangement and a review of documents provided by the attorney for the limited liability company, including the company agreement with the shareholders, a sample contract between shareholder and a TRS-covered employer, and responses to direct questions posed to the company’s attorney by TRS, TRS determined that companies offering these arrangements are third-party entities providing personnel to TRS-covered employers and that the retirees providing the services are employees of these third-party entity. Retirees employed by a third-party entity are subject to TRS Laws and Rules governing employment after retirement and must be reported each month on the Employment after Retirement Report. The entities are aware of TRS’ determination but continue to market themselves to retirees.

When TRS learns of these arrangements, it must collect annuities from retirees serving in these arrangements for the months the retiree worked more than one-half time as well as collect surcharges from the TRS-covered employers for which the retiree’s performed services. The financial consequences can be staggering when TRS does not learn of the arrangement for months or even years after the work is performed and must collect for all the overpayments. If the retiree cannot repay the annuities with a lump sum, TRS must actuarially reduce the

amount of future annuity payments to cover the overpayments. The reductions continue for as long as the annuity is payable, i.e., for the life of the retiree.

Retirees who were first employed by the third-party entity prior to May 24, 2003, are not considered employees of the TRS-covered employer and should not be reported on this report. Report retirees who were first employed by a third-party entity on or after May 24, 2003, as you do other retired employees. Retirees who retired prior to January 1, 2011, are not subject to any limits on employment but must be included as retirees reported on the Employment after Retirement Report.

Please do not rely on the name of the company or the work contract to determine whether the retiree is an independent contractor or an employee of a third-party entity. If you would like to have a determination from TRS regarding your specific arrangement with a company, please contact your coach and provide copies of the contracts for review, along with information regarding the duties performed and/or services provided by each retiree in question, or if you have questions regarding this notice, email TRS at [reporting@trs.texas.gov](mailto:reporting@trs.texas.gov).

### 3<sup>rd</sup> Party Entity

For purposes of employment after retirement, a third-party entity is an entity retained by a Texas public educational institution to provide personnel to the institution to perform duties or provide services that employees of the institution would normally perform or provide.

If the institution does not outsource 100% of the position, then the employment by a third-party entity is considered employment by a Texas public educational institution subject to the employment after retirement laws and rules.

If an institution outsources 100% of a position, then the employment by the third-party entity is not subject to the employment after retirement laws and rules.

If you would like to have a determination from TRS regarding your specific arrangement with a company, please contact your coach and provide copies of the contracts for review, along with information regarding the duties performed and/or services provided by each retiree in question.

### Volunteer

For TRS purposes, volunteering is generally considered an altruistic activity intended to promote good or to help others. There is no immediate financial gain for the volunteer.

Volunteering to perform services that are normally provided by a paid employee or waiving payment for service may be considered service that must be reported to TRS.

Volunteering during the first full calendar month after the retirement date may be considered service that revokes retirement.

For a May 31st retiree working into June, volunteering during the first 2 months after the retirement date may be considered service that revokes retirement.

### ER Volunteer Reporting Requirements

For purposes of employment after retirement, retirees are considered employees during the first 12 consecutive-calendar-months following retirement, if they are performing duties or providing services for an educational institution that an employee of the institution would otherwise perform, and waiving, deferring, or foregoing compensation for those duties or services; working as independent contractors; or working as a volunteer but performing duties or providing services that the retiree performed immediately before retiring and has an agreement to perform or provide those same services or duties after the first 12 full, consecutive-calendar-months after retirement. Employers are required to report these retirees, as if they were employees, each month during the first 12 calendar months after the retiree's effective date of retirement. This change applies to a retiree who retires after Sept. 1, 2017, and a retiree who on Sept. 1, 2017, is within the first 12 consecutive-calendar-months following the effective date of retirement.

### ER Surcharges

#### RE Pension Surcharge for Reported Retirees

As of September 1, 2005, all reporting employers are required to make monthly surcharge payments to the TRS pension fund for certain retirees returning to work.

**Under SB 202, effective September 1, 2021, employers cannot directly or indirectly pass the cost of the employer surcharges on to the retiree through payroll deduction, by imposition of a fee, or by any other means designed to recover the cost.**

The [Pension Surcharge](#) is a percentage of the [TRS Creditable](#) salary paid to that retiree in the calendar month the retiree exceeded half time employment. It is a combination of the employee contribution rate and the state contribution rate.

This surcharge will be reported on the Employment After Retirement report. Please refer to the [Formatting Guide](#).

The TRS Rule for the employer pension surcharge is TRS [Rule 31.41](#).

### Pension Surcharge for Reported Retirees

When a TRS retiree who retired after Sept. 1, 2005 works more than one-half time in the calendar month for a TRS-covered employer, the employer is required to pay surcharges to TRS. Please use the View Employee Information link in the [RE Portal](#) to determine if the retiree retired before or after Sept. 1, 2005.

A TRS retiree who works no more than 92 hours in a calendar month will be considered employed one-half time or less and will *not* trigger surcharges. If a retiree who combines substitute and other TRS-covered employment in the same calendar month and works no more than 11 days in a calendar month, they will *not* trigger surcharges.

Working any part of a day, including a Saturday or Sunday, counts as one of the days a retiree may work when combining substitute and other work in the same calendar month.

For calendar months prior to November 2021, the limits were calculated based on the workdays in that calendar month. Historical EAR Limits can be found on the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page of the TRS website.

*The surcharges apply to both Service and Disability retirees.*

### Exemptions - Pension Surcharge for Reported Retirees

- Retiree Reported *only* as a Substitute
  - For the purposes of Employment after Retirement Report only, retirees are also allowed to serve in a vacant position or positions for no more than 20 days in each vacant position and still be considered a ‘substitute,’ provided the retiree is not serving the vacant position created by that retiree’s retirement.
  - **EXCEPTION:** If substitute service is combined with other TRS-covered employment, the surcharge is owed by the employer on all compensation paid in the month the retiree exceeds, including compensation for the substitute service. If the retiree performs work at multiple employers in the month they exceed, then *each* employer must remit the Pension Surcharge based on the compensation paid in that report period.
- Retirees who retired before September 1, 2005 are *not* subject to surcharges
- Retirement date is after September 1, 2005, and retiree does *not* exceed half time in a calendar month
- Retirement date is after September 1, 2005, and retiree exceeds half time in a calendar month, but no compensation is received in the month they exceed.

## RE TRS-Care Surcharge for Reported Retirees

As of September 1, 2005, all reporting employers are required to make monthly surcharge payments to TRS-Care for certain retirees returning to work.

This surcharge is due on each retiree reported on the Employment after Retirement Report with a retirement date after September 1, 2005, unless the retiree is exempt.

Effective September 1, 2016, the TRS-Care Surcharge is \$535.00 for all retirees enrolled in TRS-Care.

Use the [View Employee Information](#) screen to determine if a retiree is enrolled in TRS-Care.

### “Trigger” - RE TRS-Care Surcharge for Reported Retirees

Surcharges are due each month on all retirees who:

- Retired after September 1, 2005 (Use View Employee Information to determine if retiree retired before or after Sept. 1, 2005 and if the TRS-Care surcharge applies for a particular retiree).
- A TRS retiree who works no more than 92 hours in a calendar month will be considered employed one-half time or less and will *not* trigger surcharges. If a retiree who combines substitute and other TRS-covered employment in the same calendar month and works no more than 11 days in a calendar month, they will *not* trigger surcharges.
- Working any part of a day, including a Saturday or Sunday, counts as one of the days a retiree may work when combining substitute and other work in the same calendar month.
- For calendar months prior to November 2021, the limits were calculated based on the workdays in that calendar month. Historical EAR Limits can be found on the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page of the TRS website.
- If a retiree exceeds in a calendar month, but does not receive compensation in that month, the TRS-Care surcharge is still applicable.

*The surcharges apply to both Service and Disability retirees.*

### Multiple Employers- TRS-Care Surcharge

Surcharge amounts will be prorated evenly among reporting employers if the retiree and/or other individuals enrolled in TRS-Care under the same identification number are reported by two or more reporting employers. Example, retiree is employed by two employers. Each employer will be responsible for ½ of the \$535 surcharge (\$267.50) any month the retiree exceeds the allowable one-half time limits for that calendar month.

### Exemptions- RE TRS-Care Surcharge for Reported Retirees

- The TRS-Care surcharge is not due on retirees who are not enrolled in TRS-Care.
- Retiree Reported *only* as a Substitute
  - For the purposes of Employment after Retirement Report only, retirees are also allowed to serve in a vacant position or positions for no more than 20 days in each vacant position and still be considered a ‘substitute,’ provided the retiree is not serving the vacant position created by that retiree’s retirement.
  - **EXCEPTION:** If substitute service is combined with other TRS-covered employment, the surcharge is owed by the employer on all compensation paid in the month the retiree exceeds, including compensation for the substitute service.
- Retirees who retired before September 1, 2005 are *not* subject to surcharges
- Retirement date is after September 1, 2005, and retiree does *not* exceed half time in a calendar month

### Retirement Date Categories – Surcharges

Retired BEFORE September 1, 2005	Retired between September 1, 2005 – January 1, 2021	Retired AFTER January 1, 2021
Retiree may work without limit and receive annuity	Retiree may work without limit and receive annuity	Retiree limited to working one half-time or less or substitute UNLESS there has been a 12-consecutive-month break in service
No surcharges due	Surcharges due if retiree works more than amount allowed	Surcharges due if retiree works more than amount allowed



## View Employee Information- TRS Retiree

Reporting Employers should utilize the View Employee Information screen to determine the retiree's Retirement Date and applicable surcharges.

In the screenshot below, the TRS Retiree is subject to both Pension and TRS-Care Surcharges.

**Employee Information**

The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.

**Note:** Member retired after September 1, 2005. If the employment of the retiree exceeds one-half time in the report month, TRS-Care and Pension Surcharges are due on all pay received in that month. See Pension Surcharge and TRS-Care Surcharge guidelines for more information.

As Of Date	10/23/2023	TRS Retiree	Retired after September 1, 2005
SSN or TRS-Assigned Temp ID		Retirement Date	05/31/2007
First Name		Monthly TRS-Care Surcharge Amount	\$535.00
Middle Name		Pension Surcharge (% of salary paid in the calendar month)	16.50%
Last Name			
Suffix			

[View ER Employment Info](#)[View ER Transaction Info](#)

## **Part Four**

### **Additional Reporting Information**

## Glossary of Terms

The following is a list of defined terms that are commonly used within this Payroll Reporting Manual and TRS communications to Reporting Employers.

### **Account**

An individual member's TRS account containing applications of salaries, deposits, payments for special service credit (excluding administrative fees), and interest earned.

### **ActiveCare Contact**

The staff member selected to be the Reporting Employer Portal contact responsible for submitting TRS ActiveCare information.

### **Adjunct Instructor**

An instructor position with an institution of higher education that is filled on a semester-by-semester basis, compensated on a per class basis, and the duties include only those directly related to instruction of students.

### **State Minimum Salary**

State Minimum Salary published by TEA.

### **TRS Salary**

Compensation paid for services performed:

- As a teacher, full-time librarian, counselor, or nurse.

#### **OR**

- In a position covered under former Section 16.056\* of the Texas Education Code (i.e., superintendent, principal, administrative officer, instructional officer, diagnostician, etc.); *\*This section was repealed by the 74th Legislature (1995). It is only valid for the purpose of this report.*

#### **PLUS**

- Any supplemental pay for duties that are part of a particular position that is subject to the state minimum salary.

- Salary docks, if any, are to be subtracted from the TRS salary and the state minimum salary.
- Payment for duties that constitute a “wholly separate” job are excluded from the TRS salary for the purpose of this report.
- Annual TRS salary and annual state minimum salaries are divided by the appropriate number of months in the term of payment of the contract (generally 10, 11, or 12 months).

### **Annuity Payment**

A monthly retirement benefit payment to service and disability retirees of TRS; a monthly survivor benefit to the beneficiary of a TRS member or retiree; or a payment under a QDRO (Qualified Domestic Relations Order) to an alternate payee of a portion of a retiree’s monthly retirement benefit payment.

### **Assault Leave**

The number of days of leave necessary to recuperate from all physical injuries sustained because of the assault sustained during the performance of the employee's regular duties.

### **Assault Leave Pay**

Salary that is continued while the employee is on assault leave, as authorized by Section 22.003 of the Texas Education Code. It is eligible compensation for TRS purposes. If the employee receives worker's compensation paid as temporary wage replacement pay and compensation from the employer, the compensation from the employer may be reported to TRS and contributions withheld. Worker's compensation paid in the form of temporary wage replacement pay should be verified by the employer on the form TRS 22W, Verification of Worker's Compensation Payments, and the form should be submitted to TRS. If the employee verifies the worker's compensation to TRS by the end of the school year after the school year in which it is received, the cost to the employee is only the member contributions that would have been paid on the compensation. The member contributions must be paid in a lump sum by the end of the school year after the school year in which the worker's compensation is received. If the worker's compensation is not verified and the lump sum contributions are paid in the time period provided, the employee may establish the additional service credit and compensation by purchasing it as unreported service and compensation.

## Authority Level

There are four (4) levels of authority in the RE Portal, which are assigned by the RE's Web Administrator:

1. Administration

This level of authority is only available to the designated Web Administrator at each reporting employer. Administration authority will have rights and responsibilities to create, update, and inactivate RE contacts per the business needs of the RE and will also be able to manage web accounts for other RE contacts. Administration authority also includes Signature, Submit, and Display authority.

2. Signature

An electronic signature is the official certification required by law which attests to the accuracy and completeness of the information submitted to TRS. Signature authority includes Submit and Display authority.

3. Submit

The Submit authority level allows the designated contact to submit report Detail components, query for report processing results and use the "View Employee Information" function.

4. Display

The most limited level of authority. This level of authority allows the designated contact to Query for report processing results and use the "View Employee Information" function.

## Casual Employment

A term used by some reporting employers for irregular employees. See Irregular Employment

## Cost of Education Index (CEI)

An adjustment adopted in December 1990 by the foundation school fund budget committee. The basic allotment for each school district is adjusted by the assigned index to reflect the geographic variation in known resource costs of education due to factors beyond the control of the school district. *The Cost of Education Index (CEI) is no longer applicable in the Statutory Minimum contribution calculation effective with the September 2019 reports forward.*

**Comptroller of Public Accounts (CPA)**

The state agency that operates and maintains the TEXNET system used by reporting employers to submit required monthly contribution deposits

**Contract/Work Agreement**

An oral or written employment agreement between an employee and a reporting employer.

**Creditable Compensation**

The salary and wages paid to TRS members that is eligible to be applied toward the member's retirement benefit calculation. See "Creditable Compensation" section earlier in this document

**Current Month**

The month for which a report is currently due.

**Delinquent Report Payments**

Payments for TRS monthly reports that are transmitted via TEXNET after the due date. The due date is the 6th day of the month following the calendar month for which the report is due. The TEXNET Deposits must be transmitted via TEXNET no later than 6 p.m., Austin time. If the 6th day of the month falls on a Saturday, Sunday, or Federal holiday, the due date is the previous business day.

**Deposit(s)**

Contributions made on behalf of a member through an employer pickup arrangement. Also referred to as "member contributions". These amounts are "picked up" and deposited with TRS before taxes are withheld. In addition, this term can refer to the remittance of any contribution submitted by the reporting employer through any of the various monthly reports.

**Detail**

Detail is one of the required report components. Detail is used to report data required by each report.

**Employment Eligible for TRS Membership**

[Please click here](#)

## **Full-time Employment**

Employment that is usually 40 clock hours per week. However, an employer may establish a lesser requirement for full-time employment for specified positions if the full-time requirement is not substantially less than 40 hours per week. In no event may full-time employment require less than 30 hours per week.

If there is no equivalent full-time position for a given position, the minimum number of hours required per week that will qualify the position for TRS membership is 15. This requirement applies to all positions.

## **Full Time Equivalent**

For TRS purposes, we define the Full-Time Equivalent (FTE) as the number of hours per week that an employee must work to be considered full time in a particular position.

Generally, a full-time position requires an employee to work 40 hours per week, which would be reported as an FTE of 40. A Reporting Employer (RE) may have positions that require fewer than 40 hours per week to be considered full time, but a full-time position can never be less than 30 hours per week.

If an RE has positions in which no employee is required to work between 30-40 hours a week, TRS considers these positions to have no full-time equivalent. If there is no FTE for a given position, an employee must be hired to work at least 15 hours per week to be eligible to participate in TRS. This requirement applies to all positions, including bus drivers, but excludes adjunct faculty in higher education.

## **Head of Institution**

The head of the reporting employer (e.g., the superintendent, president, chancellor, commissioner, director, or executive director). The head of the reporting employer remains ultimately responsible for the report and its accuracy and completeness.

## **Independent Contractor (consultant)**

An individual who is not an employee of the reporting employer but who is retained to perform a service or complete a project for the reporting employer. An independent contractor is usually not (1) under the day-to-day control of the reporting employer; (2) is not required to keep “office hours” or “work hours” as does an employee; (3) does not utilize the reporting employer’s facilities, equipment, or materials to perform the service; and (4) does not usually market the services to only one reporting employer. Duties for a position that are established in

employer policies, laws, and/or rules indicate that the person is under the day-to-day control of the reporting employer. Further, having to teach a class or meet with students at an established time is considered having to keep “work hours”. For these reasons, a superintendent, principal, assistant principal, teacher, administrator, and/or coach are not independent contractors. Please note that this list of positions does not include all the positions that are not suitable for independent contractors but includes the positions most frequently misidentified as independent contractor

### **Instructional Year**

The term used by TRS to distinguish "school year" for TRS plan purposes from the 12-month period of each employer's academic school year.

### **Irregular Employment**

Is typically employment that occurs sporadically or on an "as needed" basis. Irregular employment is not eligible for membership in TRS.

### **Member Account Adjustment**

Refers to an adjustment procedure used to effect a change to a member's account for salaries and/or deposits through the Regular Payroll Report using an RP 25, Regular Payroll Adjustment Record.

### **Member Contributions**

For the purpose of the monthly report, the term “member contributions” refers to three types of contributions made by the member:

The amount of member compensation withheld by the reporting employer before taxes and applied to the member’s account. These rates are set by the State Legislature and subject to change. Beginning September 1, 2014, interest on the member’s account balance is earned at the rate of 2% on the average balance in the account for the fiscal year.

Member compensation withheld by the reporting employer for the benefit of the retiree’s health insurance program, TRS-Care. This contribution is: (1) not tax-sheltered, (2) not applied to the member’s account, (3) not included in the amounts shown on the member’s annual Statement of Account, and (4) never refunded to the member.



## **Special Service Buyback**

Payment by a member toward an installment agreement to purchase years of service in the retirement system through payroll deduction at the employer. Special Service Buyback is not a pre-tax deduction.

## **Name of Participant**

The name of the participant as reflected on the member's Social Security card and as reported by the reporting employer through the ED 20, Employee Demographic Record, and the RP 20, Regular Payroll Detail Record.

## **ORP**

Optional Retirement Program available only for certain employees in Higher Education. Additional Information can be found on the [Important ORP Information](#) page of the TRS website.

## **Part-time Employment**

\*Active Employees does not apply to TRS Retired Employees.

Employment that is less than one-half of the standard workload and is not eligible for membership in TRS unless combined with other employment at the same TRS-covered employer so that the minimum requirements for membership are met by the combined employment at that single employer.

## **Payroll Contact**

The staff member designated by the Head of Institution to serve as the main contact for TRS reporting

## **Refund**

A refund of a member's account balance that is issued at the request of the member and in accordance with TRS Laws and Rules. At the member's request, membership in TRS is terminated and all the member's pension contributions plus any interest credited to the account are refunded. All service credit associated with the contributions is also terminated. State and employer contributions, however, are not part of the member's account and remain in the TRS fund.

A member is eligible for a refund when the member has permanently terminated all employment with TRS-covered employers, including any employment that is not eligible for TRS membership, does not have a promise or agreement for future employment, and has not applied for employment with a TRS-covered employer. The only exception to the requirement that all employment with a TRS-covered employer must cease is if a member is serving only as a substitute. For TRS purposes, the definition of substitute is someone who takes the place of a current employee and is paid at the daily rate of pay as set by the employer.

If an employee has earned a year of service credit for the school year and then drops to a position that is not eligible for membership, the employer is required to continue to report and make contributions for the employee for the remainder of that school year. TRS Rules 27.2, 27.3, and 27.4.

## **Reports**

The TRS reports that are the subject of this manual that are submitted monthly and must be certified by a contact with Signature authority.

## **Reporting Employer**

A Texas public educational institution covered by TRS.

## **Reporting Employer Contributions**

Payments by the reporting employer for employer contributions due TRS on various monthly reports as mandated by the State Legislature. Also referred to as deposit(s).

Information on required Employer Contributions by Reporting employer can be found on the [TRS Contributions to be Submitted](#) page of the TRS website.

## **Reporting Official**

For TRS purposes, the Reporting Official is the primary reporting contact responsible for certifying to the accuracy and completeness of all reported information. The Reporting Official may authorize others to report information to TRS and certify as to its accuracy and completeness.

## **Salary Dock**

A deduction from salary for unpaid sick leave or personal leave days Subtract any salary docks from the state minimum salary and the TRS salary.

**Salary Paid Above State Minimum Salary**

Determined by subtracting the state minimum salary from the TRS salary. The district must pay the state contribution on the total amount of salary paid above the state minimum salary.

**School Year**

A 12-month period beginning September 1 and ending August 31 of the next calendar year.

**Seasonal Employment**

A type of temporary employment that occurs at predictable or expected times but is not ongoing and is not eligible for membership in TRS.

**Settlement Pay**

Payment in resolution of an employee's claim against an employer and usually in lieu of the amount of salary and wages owed. An employer paying amounts to a member pursuant to a settlement agreement must obtain a written determination from TRS that the amounts are creditable compensation before reporting such amounts to TRS as compensation. In the absence of the written determination from TRS, amounts paid pursuant to a settlement agreement are not creditable compensation for TRS purposes. Amounts of on-going compensation while an employee is on paid administrative leave is not considered settlement pay.

**Settlement Date**

This is the date that the CPA drafts the TEXNET deposit from your Reporting Employer's bank account. The deposit will post to TRS the business day after the Settlement Date.

**Signature**

Signature is one of the required report components. Signature is used to report and certify the information in the report is accurate and complete. Signature is an "electronic signature" that may only be submitted by an RE Portal user with Signature authority,

**Staff Contact**

A reporting employer contact who is authorized by the Head of Institution to have access to the Reporting Employer Portal, but is not designated as the Payroll Contact, Reporting Official or other contact type.

## **Student Employment**

A person employed with a Texas **public college or university** is not eligible for membership if that employment is conditioned upon enrollment as a student.

## **State Contribution**

Funds paid to TRS by the State of Texas at the rate set by the State Legislature. The state contribution rate is set by the Legislature and is also used to establish the rate of employer contributions owed on amounts paid above the statutory minimum salary, on money for compensation received from private and/or federal grants, for compensation paid in the first 90 days of employment for new members, and for pension surcharges.

## **State Contribution Rate**

The State contribution rate for the Teacher Retirement system is set by the Texas Legislature. View the [Contribution Rates](#) page on the TRS website to see the current contribution rates.

## **Substitute**

A person who serves on a temporary basis in the place of a current employee and is paid at the daily rate of pay as set by the employer.

## **Substitute – RETIRED MEMBERS Only**

For the purposes of Employment After Retirement only, retirees are also allowed to serve in a vacant position or positions for no more than 20 days in each vacant position and still be considered a ‘substitute,’ provided the retiree is not serving the vacant position created by that retiree’s retirement

## **TDA**

The abbreviation for Texas Department of Agriculture.

## **Temporary Employment**

Employment that is expected to last less than four and one-half (4½) months. Employment for an indefinite period of time, e.g., at-will employment, is not temporary employment for TRS purposes.

## **TEXNET**

The acronym for the Texas Network for Electronic Transfers system. This is the system used by reporting employers to remit TEXNET Deposits to TRS through the State Comptroller.

## **TEXNET Deposit**

TEXNET Deposit is one of the required report components. TEXNET Deposit refers to the monthly deposits (contributions, i.e., the actual funds) transmitted to TRS via TEXNET.

## **Third-Party Entity**

For purposes of employment after retirement, an entity retained by a Texas public educational institution to provide personnel to the institution to perform duties or provide services that employees of the institution would normally perform or provide.

## **TRS**

The abbreviation for Teacher Retirement System of Texas.

## **TRS-Covered Employee**

An employee at a Texas public educational institution subject to TRS Laws and Rules.

## **TRS-Covered Employer**

A Texas public educational institution subject to TRS Laws and Rules.

## **TRS-Covered Employment**

Employment with a TRS-covered employer.

## **TRS-Eligible Gross Compensation**

Compensation paid to a TRS member who meets the requirements of eligible compensation according to TRS Laws and Rules. Generally, eligible compensation is salary and wages paid or accrued proportionately as service is rendered that is not specifically excluded by law or rule. See TRS Laws, Section 822.201, Member Compensation, Texas Government Code, and TRS Rule 25.21, Compensation Subject to Deposits and Credit.

## **TRS Laws**

The laws adopted by the Texas Legislature governing the Teacher Retirement System. See [“Laws, Rules and Legislation”](#) under “About TRS” on the TRS website for links to TRS Laws and TRS Rules.

## **TRS Monthly Reports**

Reports from TRS-covered employers that are required by law or rule that are submitted monthly and must be certified by a contact with Signature authority:

- Regular Payroll Report
- Employee Demographic Report
- Employment after Retirement Report

## **TRS Reporting Employer Number**

The unique four-digit number assigned by TRS to each TRS-covered employer.

## **TRS Rules**

The rules adopted by the TRS Board of Trustees implementing TRS Laws and administering the TRS retirement plan. TRS Rules are codified in Part 3 of Title 34 of the Texas Administrative Code (34 Tex. Admin. Code §§ 21.1–53.20).

## **TRS Service Credit**

A year of TRS service credit is earned in one-year increments. Only one year of service may be credited in any one school year. The beginning date for calculating a year of service credit in a school year is September 1 and extends for 12 months through August 31.

To earn a year of service credit for a school year, a member:

- must work in a TRS-eligible position or receive paid leave from a TRS-eligible position for at least 90 available workdays from September 1 through August 31 (the TRS school year),  
OR
- be serving in a TRS-eligible position and regularly scheduled to work fewer than five (5) days per week for four and one-half (4½) months; provided the four and one-half month (4½) period includes four (4) full calendar months in which the member renders service and is paid or the member uses paid leave, for at least eight (8) days and an additional

five (5) days of service rendered and for which the member is paid or paid leave used in another calendar month or months, but not to include the four (4) full calendar months.

In the school year in which a member retires, a year of service credit may be granted for completing the full, fall semester with no unpaid leave.

**Web Administrator**

The person authorized by the Head of Institution to be responsible for updating and maintaining contacts in the Reporting Employer Portal.

**Work Agreement**

See Contract/Work Agreement

**Workday**

Monday thru Friday

## Training

[Reporting Employer Portal Training](#) material can be found on the TRS website. The materials include videos, printable user guides and interactive web-based training.

In-Person Training opportunities are published on the [RE Portal Onsite Training](#) page when available. The notifications for these training opportunities are published in the Update Newsletters.