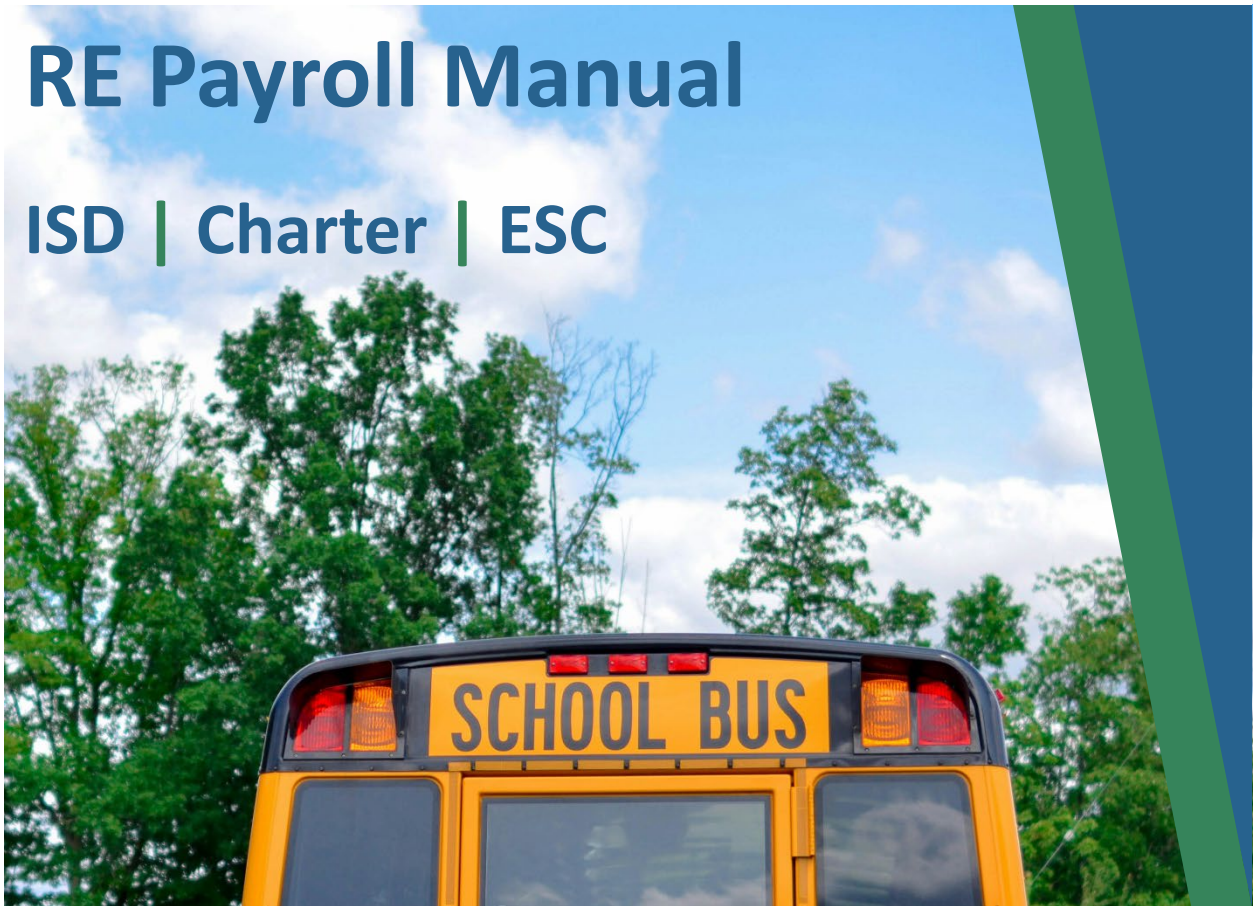




RE Payroll Manual

ISD | Charter | ESC



This payroll manual provides payroll reporting instructions to TRS reporting employers (REs) that are part of Texas public education, including independent school districts (ISDs), open-enrollment charter schools, and education service centers (ESCs).

[Reporting Employer Portal Training](#) material is 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. These training opportunities are published in the [update newsletters](#).

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General Reporting Information

Regular Reporting Employer (RE) Contacts

Each RE must have someone assigned to the following roles in the TRS RE Portal: Web Administrator, Head of Institution, Reporting Official, Payroll Contact, and HR Contact.

The Head of Institution at every TRS Reporting Employer must assign someone to the Web Administrator role by emailing a completed [TRS 597A](#) form to Reporting@trs.texas.gov. Web Administrator responsibilities are listed on the TRS 597A. Additional information for Web Administrators is in the [Instructions for Web Administrators](#) document on the TRS Website.

Payroll (RP) Report and TEXNET Deposit Due Dates

RP reports and their associated deposits (member contributions) are due to TRS by 8:00 p.m., Central Standard Time (CST), on the 6th day of the month following the preceding month. If the 6th day of the month is on a weekend or a federal holiday, then the report and deposits must be submitted by 8:00 p.m. the previous business day.

Deposits are sent to TRS via the Texas Comptroller of Public Accounts using the Texas Network for Electronic Transfers (TEXNET) system. RP reports and TEXNET submissions must be completed in chronological order and follow the TRS fiscal year from September (month 01) to August (month 12). [Click here to access TEXNET instructions](#).

Employment After Retirement (ER) Report and TEXNET Due Dates

ER reports and their associated surcharges are due to TRS on the 10th of the month following the preceding calendar month, except for the August report. The August ER report and surcharges are due September 6th. If the 10th of the month (or September 6th for the August report) is on a weekend or federal holiday, then the report and surcharges must be submitted by 8:00 p.m., Central Standard Time (CST), the previous business day.

Deposits are sent to TRS via the Texas Comptroller of Public Accounts using the Texas Network for Electronic Transfers (TEXNET) system. ER reports and TEXNET submissions must be completed in chronological order and follow the TRS fiscal year from September (month 01) to August (month 12). [Click here to access TEXNET instructions](#).

Penalty Interest

Penalty interest accrues daily on the funds that have not been sent by the TEXNET due date. For example, if the entire deposit is late, then penalty interest accrues on the entire amount due. But, if a portion of the deposit is sent by the due date, then penalty interest only accrues on the portion overdue. Penalty interest for each report is visible on the View RE Ledger screen after each report shows a “Complete” status and the TEXNET deposit has posted for that month.

Penalty interest does not accrue on penalty interest. More information about penalty interest is on the [Penalty Interest](#) page of the TRS website.

Penalty Interest Types

Pension Penalty Interest (PI) accrues on pension contribution types. TRS-Care Penalty Interest (CI) accrues on health care contribution types. Interest payments must be entered on the appropriate line on the TEXNET form:

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

Penalty Interest on Prior Month Adjustments

Penalty interest may be incurred when REs send adjustment records to TRS. Read the following scenarios for details.

Adjustment records sent with a regular monthly report (RP or ER report)

Prior month adjustment records (RP25) included in a regular month's RP report that are reporting additional salary and member contributions will incur penalty interest (PI) on member contributions based on the month the record is adjusting.

Prior month adjustment 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 current report month is sent after the due date.

Example A:

In February, the RE reports salary as being paid out of local funds on the RP20. The RE later determines that the salary should have been paid from 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 B:

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 report (RP or ER Adjustment report)

Prior month adjustments included on a separate RP Adjustment report will incur penalty interest on member contributions based on the month the record is adjusting. Employer contribution adjustments submitted on an RP or ER Adjustment report will not incur PI if the

TEXNET deposit is sent within one business day of the completion of the RP or ER Adjustment report. Otherwise, PI will accrue from one business day after the completion of the adjustment report until TRS receives the deposit.

Example:

The RE completes a January RP Adjustment report on February 15th. The RE has until 8:00 p.m. the following business day to submit their TEXNET deposit to TRS without incurring PI on the employer contributions.

If the regular monthly report is complete prior to its due date and the RE submits an adjustment report, then the TEXNET for both reports is due by the regular monthly report's due date.

Example A:

The May RP report is completed June 2nd. The RE sends adjustments to the May report on an RP Adjustment report and completes the adjustment report June 4th. The TEXNET deposits for the May RP and RP Adjustment reports are sent by the June 6th due date and no PI is incurred.

Example B:

The May ER report is completed by June 8th. The RE sends adjustments to the May report on an ER Adjustment report and completes the adjustment report June 9th. The TEXNET deposits for the May ER and May ER Adjustment reports are sent after June 10th and PI is assessed on the late TEXNET deposits.

Penalty Fees

Penalty fees differ from penalty interest. Penalty fees accrue each business day after the report due date when RP or ER reports are not in a "Complete" status. More information about penalty fees is on the [Penalty Fees](#) page of the TRS website. Senate Bill 1663 and [TRS Rule 25.28](#) address penalty (late) fees on late reports.

TEXNET Menu

This is the TEXNET payment menu as shown on the [Texas Comptroller of Public Accounts \(TXCPA\) website](#):

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

Transfers, Refunds, and TEXNET Abbreviations of Contribution Types

Information regarding transfers and refunds of TEXNET deposits is on the [Limits on Transfers and Refunds](#) page. The page also shows the two-letter TEXNET abbreviations for the contribution types.

Contribution Rates

Current and recent fiscal year contribution rates are on the [Reporting Contribution Rates](#) page of the TRS Website.

RE Portal > My Worklist > Certifications Menu

REs can submit the following certifications in the *My Worklist > Certifications* menu of the RE Portal:

- Refund Certification
- Performance Pay Certification
- Salary Certification – Full Year and Full Time/Full Year
- Waiting Period Certification
- Maintain EAR (Employment After Retirement) Actual Dates Worked
- EAR Full Time Certification
- Death Certification
- EAR Compensation Earned
- Retirement Certification
- EAR Surge Personnel Exception
- EAR Tutor Certification
- State Sick (and/or Personal Leave) Certification

Instructions for completing each certification can be found in the [RE Portal User Guide](#) and the [RE Portal Certifications User Guide](#).

RE Portal > Employees Menu

REs can choose from the following options in the *Employees* menu of the RE Portal (see the [RE Portal User Guide](#) for more details):

- *View Purchase Payments*
 - This screen shows participants with active installment agreements for service credit purchases (SCP) if the participants are purchasing service credit via payroll deduction.
- *View Employee Information*

- Use this screen to search for employees. Search criteria must include the employee's SSN or TRS-assigned Temp ID and the Last Name or Date of Birth.
- [Examples of active employee information screens](#)
- [Example of a retired employee information screen](#)
- *View 401(a)(17) Limit*
 - This screen shows employees subject to the IRC 401 (a)(17) salary limit who have reached or exceeded 85% of the limit for the TRS fiscal year. REs can view whether employees are subject to the salary limit by searching for them on the *View Employee Information* screen.
- *View ORP Participants*
 - This screen shows employees who are Optional Retirement Program (ORP) participants.

Reporting Active Employees

This section includes information for reporting active employees only. Information for reporting TRS retirees is in the Reporting TRS Retirees section of this manual.

Definition of Active Employees

Active employees are all employees who have not retired from TRS. This includes all substitute, temporary, part-time, and ORP participants. Reporting Employers (REs) are required to report all active employees' information to TRS using Employee Demographic (ED) and Regular Payroll (RP) reports, regardless of whether the employees' position is eligible for TRS membership. TRS retirees are not included on ED and RP reports.

Employment Eligible for TRS Membership

An employee is required to be a member of TRS if employed in a position in a Texas public educational institution that is eligible for membership in TRS (see [Texas Government Code Sec. 822.001](#)).

TRS membership eligibility must be determined at the time of hire and reevaluated when an employee's work agreement changes using the requirements described on the [Employment Eligible for TRS Membership](#) page. In addition to the three general requirements for employment eligible for TRS membership, the following may be considered eligible:

TRS-Eligibility Determination: Concurrent Employment

Concurrent employment at the same employer in which each position does not meet the requirements of TRS-eligible employment becomes TRS-eligible if the combined employment at the same employer meets the three requirements for employment eligibility. See the examples in the following table.

| Example | Determination |
|---|--|
| An employee works in a non-TRS-eligible position and as a substitute. | The two positions cannot be combined for the employment to become TRS-eligible, because substitute employment cannot be used to establish TRS-eligibility. |
| An employee works in a non-TRS-eligible position and at a Texas public college in a position in which being enrolled as a student is a condition of employment. | The two positions cannot be combined for the employment to become TRS-eligible, because student employment cannot be used to establish TRS-eligibility. |
| An employee works in two less-than-half-time positions at the same employer. | The two positions can be combined for the employment to become TRS-eligible. |

Concurrent employment in one position that does not meet the requirements of TRS-eligible employment becomes TRS-eligible when it is combined with employment in another position

that is independently TRS-eligible at the same or another reporting employer. When TRS-eligibility is established at one RE, then all other employment becomes TRS-eligible except for substitute work at a different employer. See the examples in the following table.

| Example | Determination |
|--|--|
| An employee works in a TRS-eligible position at Employer A and works in a less-than-half-time (non-TRS-eligible) position at Employer B. | The less-than-half-time position becomes TRS-eligible. |
| An employee works in a TRS-eligible position at Employer A and works in a temporary position at Employer B. | The temporary position becomes TRS-eligible. |
| An employee works in a TRS-eligible position and substitutes at the same employer. | The substitute position becomes TRS-eligible. |
| An employee works in a TRS-eligible position at Employer A and substitutes at Employer B. | The substitute position does not become TRS-eligible. |

Other Employment Eligible for TRS Membership

Employment that does not meet the requirements for TRS-eligible employment may become eligible if the member has already earned a creditable year of service for the current school year. In these cases, the following rules apply:

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

Interim or temporary employment in a vacant position is TRS-eligible if the employment is expected to continue for at least four and one-half months or the search for a permanent replacement is expected to last at least four and one-half months. 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 that an employee works in the vacant position. If an employee is hired as a substitute and the position later becomes vacant, then membership eligibility must be evaluated at the time the position became vacant.

If an ORP retiree terminates all higher education employment, then they may establish TRS membership at an independent school district (ISD), open-enrollment charter school, or education service center (ESC) if the non-higher-education work meets the requirements for TRS-eligible employment.

Other TRS-eligible employment types are on the on the [Employment Eligible for TRS Membership](#) page.

Employment Not Eligible for TRS Membership

Types of employment not eligible for TRS membership are substitute work; part-time work; irregular, seasonal, or temporary work; work performed by independent contractors; and work performed at a Texas public college or university after retirement from TRS or ORP.

Definitions and details about the aforementioned employment types are described on the [Employment Eligible for TRS Membership](#) page and are governed by [TRS Texas Administrative Code Chapter 25, Subchapter A](#).

Employee Demographic (ED) Report

The purpose of the ED report is to submit active employees' demographic and employment data to TRS. Instructions for creating an ED report are in the [RE Portal User Guide](#). TRS may require documentation (e.g., copy of a driver license, social security card, or passport) to verify employees' identities. The data on ED reports affects an employee's:

- Welcome to Membership packet (includes the Designation of Beneficiary form),
- annual statement,
- application of salaries for benefit calculation, and
- refunds of TRS contributions

ED Report Due Date and Components

An ED report is not required every month and does not have a due date. However, every employee must have ED records on file with TRS and Regular Payroll (RP) report validations rely on accurate ED records. Thus, ED reports should always be completed before submitting the RP report. ED reports are submitted often and can be submitted multiple times per month.

ED reports only require the detailed records for each active employee in the report. A digital signature is not required for the report status to show "Completed" in the RE Portal. ED Reports should be submitted when an active employee's data changes. The [Report Formatting Guide](#) describes in detail the fields and formats that are required for each type of record. An ED report can contain some or all of the record types in the following table.

| ED Record Type | Purpose | General information (See the Report Formatting Guide for additional details) |
|--|--|---|
| ED20: Employee Demographic Record | Used to report demographic information for someone who has never been reported to TRS. | <ul style="list-style-type: none"> The name of an employee must be reported to TRS as it appears on the employee’s social security card. If an employee does not have a valid Social Security number, then contact TRS for a temporary ID number. An ED20 creates a TRS account for an employee. If a newly hired employee already has a TRS account and the data on the <i>View Employee Information</i> screen does not match your data, send an ED25 instead of an ED20. |
| ED25: Employee Demographic Adjustment Record | Used to report changes to a previously reported employee’s demographic information. | <ul style="list-style-type: none"> <u>Use caution</u> when sending this record because changes may have serious consequences regarding a member’s account. The information in the “Original” data fields must match the TRS data on file. TRS may require documentation for demographic updates (e.g., copy of a driver license, social security card, passport, legal/court documents) |
| ED40: Contract and Position Record | Used to report new employment and position information. | <ul style="list-style-type: none"> Refer to the TRS Eligibility Guidelines to determine employment that is eligible for TRS membership. Send an ED40 for every employee at the start of every contract/work agreement every year (in July, August, or September). The contract/work agreement date fields on the ED40 must reflect the employee’s employment dates for that school year. Contracts may not begin earlier than July 1st. The ending date on the ED40 should reflect the contract end date regardless of when the employee terminated employment. Submit an ED90 to report an employee’s termination date. |
| ED45: Contract and Position Adjustment Record | Used to report changes to a previously reported employee’s employment and position information. | <ul style="list-style-type: none"> This record can be used to: <ul style="list-style-type: none"> Edit a previously sent and TRS-accepted ED40 record End a previously sent and TRS-accepted ED40 record Delete a previously sent and TRS-accepted ED40 record End/Add a previously sent and TRS-accepted ED40 record |
| ED90: Termination Record | Used to report an employee who no longer has a contract/work agreement with the reporting employer | <ul style="list-style-type: none"> Termination records can be submitted for one of the following reasons: <ul style="list-style-type: none"> <u>All</u> employment is terminated by the employee or the reporting employer (RE), including termination due to retirement from TRS Employee died while employed The ED90 record is submitted in the same month that the final monthly salary for the employee is reported on the RP report. |

ED40 Employment Types and Definitions

Use the following definitions to determine the *Employment Type* code to enter on an ED40:

| Code | Term | Definition |
|------|---------------------|---|
| S | Substitute | An employee who is serving on a temporary basis in the place of a current employee of record and is paid at the substitute daily rate of pay set by the employer. The position being filled cannot be vacant and the job cannot be posted to be filled. |
| P | Less than half-time | An employee who is working less than one-half the time of a position's full-time equivalent (FTE). Also report irregular, seasonal, or temporary employment with code P. |
| F | Half-time or more | An employee who is working greater than or equal to one-half the time of a position's full-time equivalent (FTE) |
| M | Temporary | An employee whose employment is expected to last less than 4 1/2 months in a school year |

Working hours and other criteria used to define the employment types are detailed on the [Employment Eligible for TRS Membership](#) page. Determining whether to report someone as a substitute can depend on several factors. See the [Reporting Tips – Substitutes online learning module](#) for more information. See the following examples for determining an employee's employment type as half-time or more.

| Hours hired to work per week | Position's FTE | Half-time or more? |
|------------------------------|----------------|--|
| 20 | 40 | Yes |
| 19 | 38 | Yes |
| 18 | 37 | No—must be 18.5 or more hours per week |
| 16 | 30 | Yes |
| 14 | 00 (N/A) | No—must be 15 or more hours per week |

ED40 Peace Officer and Summer School Position Codes

The ED40 contains a field titled *Position Code*. All eight position codes are listed in the [Report Formatting Guide](#). See the following clarification on two positions:

- Peace Officer (06) 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.
- Summer School (09) applies to ISD and Charter Schools only. Use the code for employees whose regular school-year positions are subject to the [Statutory Minimum](#)

[Contribution](#) and are working during the summer months in a separate position. Year-round REs may need to work with their coaches to report intersession employment.

ED40 Non-Standard Work Week

The ED40 contains a field titled *Non-Standard Work Week*. This field indicates whether a full-time employee is regularly scheduled to work less than 5 days per week. An example is an employee who works four ten-hour days. Another example is an adjunct professor who is TRS-eligible, but their classes meet twice per week. Employees working a non-standard work week earn a year of TRS service credit service by meeting the conditions described in the Establishing TRS Service Credit section of the [TRS Benefits Handbook](#).

ED40 Entitled to Group Benefit Coverage under ERS, UT, or Texas A&M

The ED40 contains a field titled *Entitled to group benefit coverage under ERS/UT/A&M*. This field refers to employees who have retired from those respective systems. It does not refer to dependents who are covered under someone else's ERS, UT, or Texas A&M insurance.

Member TRS-Care Contributions and Reporting Employer TRS-Care contributions are not due for employees who are entitled to group health benefits from ERS, UT or Texas A&M.

If the member does not know if they are entitled to ERS, UT, or Texas A&M group health benefits, then tell the member to contact ERS, UT, or Texas A&M. TRS does not make this determination. Otherwise, the RE will need to report IN and RI contributions for the member.

ED90 Final Report Month for TRS Contributions

The ED90 contains a field titled *Final Report Month for TRS Contributions*. The date entered in this field is the last month that an employee's eligible compensation and contributions will be reported to TRS. If an employee receives ineligible compensation after the final report month for TRS Contributions, then the ineligible compensation should not be reported.

The *Final Report Month for TRS Contributions* field is not required for employees who have always been in non-TRS-eligible positions. If the final payment to a non-TRS-eligible employee is two or more months after their termination date, then the ineligible compensation cannot be reported to TRS.

If the employee held a TRS-eligible position at the RE in prior fiscal years, and the data needed for the ED90 is no longer accessible, contact the RE coach for assistance in determining the final report month of the eligible position.

ED Report Statuses

After submitting an ED report via the RE Portal, one of the following report statuses will appear:

| Status | Meaning |
|------------|--|
| Loaded | The report has been created, but it has not gone through the TRS validation process yet. |
| Incomplete | At least one ED record in the report has errors. Records with errors will show a “Suspended” record status. Use the edit function to correct the errors. Do not delete and resubmit the report, because other records have already posted. |
| Rejected | All ED records in the report have errors and show a “Suspended” status. |
| Completed | All ED records within the report have posted to TRS. |

For more information regarding report statuses, see the Report Validation section of the [RE Portal User Guide](#).

Participant Addresses

If TRS already has an address on file for a participant, then an address sent via an ED20 or ED25 will not be updated. A participant must change their address via their MyTRS account or by mailing a [TRS 358 Change of Address Notification](#) to TRS.

Regular Payroll (RP) and RP Adjustment Reports

The purpose of the RP report is to submit active employees’ time worked, compensation, and contribution data and reporting employer (RE) contribution data to TRS. Instructions for creating RP and RP Adjustment reports are in the [RE Portal User Guide](#).

There are two types of RP reports: An RP Report and an RP Adjustment Report. An RP Report can include RP20 and RP25 records. An RP Adjustment Report can only include RP25 records. See the following table for general information about the RP record types. The [Report Formatting Guide](#) describes in detail the fields and formats that are required for each record type. Information not found in the guide is in this section of the manual.

| Report type | Record types included | Purpose of the record type | General information (See the Report Formatting Guide for additional details) |
|---|-----------------------|---|---|
| RP Report: Send this report monthly | RP20 | Used to report an active employee's time worked, compensation, and contribution information. | <ul style="list-style-type: none"> Only include active employees' information on the RP report. Active employees are all substitute, temporary, part-time, and ORP participants who are not TRS retirees. Send TRS retirees' information on the Employment After Retirement (ER) report. |
| | RP25 | Used to report changes to a previously reported employee's compensation and contribution information. | |
| RP Adjustment Report: Send this report as needed to add, edit, or delete data on previously completed RP reports | RP25 records only | See above | <ul style="list-style-type: none"> Add data when no data was reported for the employee in a previous report month. Include all data that should have originally been reported. Edit data when originally posted data needs to be revised. Edits are net difference adjustments. For example: <ul style="list-style-type: none"> If 12 days were originally reported and the employee actually worked 15 days, then enter positive 03 days on the RP25 to increase the original amount reported from 12 to 15. To delete a previously posted record, reverse all the data reported by making negative adjustments to the data that was previously posted and enter "D" for delete in the <i>Zero Days Reason Code</i> field. If data was not originally reported in a data field, leave the field blank on the RP25. The RP Adjustment report month will default to the last completed RP report month. To change the month, enter a different month in the Adjusted Report Period fields. |

RP20 Days Worked

The RP20 contains a field titled *Days Worked*. Requirements for this field are described in the [Report Formatting Guide](#). See the following additional information:

- The days worked in the first month of a contract must be reported.
- Working any part of a day counts as one day.
- 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, then only report the days worked in the eligible position.
- When reporting substitutes who are not TRS retirees, only report days worked. If a substitute is a TRS retiree, then report hours worked on the ER report.

RP20 Reporting Compensation

The RP20 contains several fields for types of compensation to be reported. The [Report Formatting Guide](#) describes the types of compensation to be included in each field. This section contains information not described in the Report Formatting Guide.

Compensation Eligible for TRS

Types of eligible compensation reported to TRS are described on the [Creditable Compensation](#) page. See the following information not described on the page:

- Performance Pay
 - The performance pay plan must be part of the total compensation plan approved by vote of the governing board of an employer and include:
 - a complete description of all elements of compensation received by or available to all employees
 - the availability of at least one type of performance pay to classroom teachers
 - 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
 - sufficient information to ascertain the amount of each qualifying employee's pay
 - 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
- Teacher Incentive Allotment (TIA)

- Effective with compensation paid after September 1, 2021, [Government Code, Section 822.201 \(b\)\(12\)](#) was amended to include TIA payments.

Compensation Not Eligible for TRS

Types of ineligible compensation reported to TRS are described on the [Creditable Compensation](#) page. Do not report ineligible compensation to TRS as eligible compensation. Only report ineligible compensation as part of the amount in the *Total Gross Compensation* fields on RP reports. If a TRS-eligible employee receives a payout of only ineligible compensation after the date entered on the ED90 for *Final Report Month for TRS Contributions*, then do not report that payout of ineligible compensation.

Conversion of Non-Creditable Compensation to Salary

TRS allows non-creditable compensation to be converted to TRS creditable compensation. Conversion occurs when 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, then a conversion of compensation has occurred. Payment for unused accrued leave or unused accrued compensatory time for overtime worked is not TRS-creditable compensation at any time, regardless of when payment for the leave occurred.

For detailed information about conversion of non-creditable compensation to salary, see [Texas Administrative Code Rule 25.30](#). The rules for converting a payment to salary do not affect monthly reporting of salary and deposits. Reporting employers (REs) must always withhold contributions and report TRS-eligible compensation, including converted amounts, when it is paid. At the time of a member's retirement, reporting employers (REs) must complete the Retirement Certification in the RE Portal and confirm whether non-creditable compensation was converted to TRS creditable compensation in the last three or five contract years prior to retirement.

Percentage Limits on Compensation Increases

The amount of compensation credited by TRS in each of the last three (for grandfathered members) or five (for non-grandfathered members) school years prior to retirement may not exceed the amount of compensation allowed for the preceding school year by more than 10% or \$10,000, whichever is greater. For detailed information about limits on compensation increases, see [Texas Administrative Code Rule 25.31](#).

One-Time Increases in Lieu of Increases in Contract Rates

TRS receives questions from reporting employers (REs) regarding whether compensation should be reported, and member contributions withheld, for one-time pay increases. These payments are approved by the local board of trustees and intended to provide employees with pay increases for the upcoming school year while not obligating the REs to continue paying increases in future years. Some REs call these one-time payment increases "stipends." Detailed information about whether one-time pay increases are considered TRS-eligible compensation is provided on the [One-Time Pay Increases in lieu of Increases in Contract Rates](#) page.

Internal Revenue Code (IRC) 401 (a)(17) Salary Limit

Highly paid members who joined TRS for the first time after August 31st, 1996, may have their annual TRS-eligible compensation limited in accordance with IRC Section 401(a)(17). An employer can determine if an employee is subject to the salary cap by looking up the employee on the *View Employee Information* screen. Details about reporting such individuals are on the [IRS Salary Cap Provision](#) page of the TRS Website.

RP20 Reporting Time and Pay for Dual Credit Courses

Dual Credit courses allow students to earn credit for high school and college courses simultaneously. The employee teaching the course often performs all the dual credit duties at one reporting employer (RE). However, the employee may be paid by the ISD and the college. If the employee performs additional duties at the ISD or college that are unrelated to the dual credit course, then the respective employer must report the additional time and pay related to those duties. See the following table for examples.

Example A:

If the dual credit class is taught at an ISD, the college pays the employee directly, and no additional duties are being performed at the college, then:

- The ISD will report hours and days worked associated with the dual credit course
- The college will report the pay and enter a zero-day reason of "A – Accrued Pay."

Example B:

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

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

RP20 Member Retirement, Member TRS-Care, and RE TRS-Care Contributions

The RP20 contains a field titled *Member Contribution*. Members' retirement contributions are tax-sheltered (pretax) funds based on the TRS-eligible compensation paid to them. Member contributions are based on the current [contribution rate](#).

The RP20 also contains fields titled *Member TRS-Care Contribution* and *RE TRS-Care Contribution*. Member TRS-Care contributions are non-tax-sheltered (after-tax) funds based on the TRS-eligible compensation paid to them. RE TRS-Care contributions are also based on the TRS-eligible compensation paid to employees. Contributions are based on the current [contribution rates](#). Member TRS-Care contributions are not deposited into members' accounts and, therefore, are not refundable. An employee who is entitled to group health insurance benefits from ERS, UT or A&M is not subject to these contributions. For more information, see [Texas Insurance Code, Section 1575.203](#).

REs cannot directly or indirectly contribute to TRS on behalf of a member—this rule applies to all contribution types, including service credit purchases.

RP20 Service Credit Purchase Deduction

The RP20 contains a field titled *Service Credit Purchase Deduction*. Use this field when a member is making monthly payments to purchase TRS service credit via payroll deductions. The member's monthly payment amounts are determined by TRS and can be found on the View Purchase Payments screen in the RE Portal (see [RE Portal User Guide](#) section 4.5). The funds deducted are non-tax-sheltered (after-tax). Do not report negative service credit purchase deduction adjustments. TRS will return any overpayments directly to the member.

RP20 Federal Fund/Private Grant Compensation and Contributions

The RP20 contains fields titled *Eligible Compensation Paid from Federal Fund/Private Grant Contribution* and *Federal Fund/Private Grant Contribution*. The respective purposes of the fields are to report the salary paid from federal funds and private grants to TRS-eligible employees and to reimburse the state for the [State Contribution](#) due on the salaries paid from those funds and grants.

The RP20 also contains a field titled *Federal TRS-Care Contribution*. The purpose of the [Federal TRS-Care Contribution](#) is to reimburse the state for the state's TRS-Care contribution due on salaries paid to TRS-eligible employees from federal funds and private grants. Reimbursement for child nutrition programs is considered funds from a federal grant. Therefore, the *Federal TRS-Care 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 as outlined in the next section of this manual.

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 also 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.

Child Nutrition Calculation

Choose one of the following methods to determine the total monthly child nutrition contributions submitted under the Federal Fund/Private Grant and Federal TRS-Care contribution types:

1. Use the standard labor cost percentage of 35% and complete sections I and III of the [Child Nutrition Calculation Worksheet](#) (available on the TRS website).
2. Calculate the district's labor cost percentage each month and complete Sections I, II, and III of the Child Nutrition Calculation Worksheet. If using this method, retain the worksheet and supporting data for audit requirements.
3. Use the total salaries paid to food service employees in lieu of using the Child Nutrition Calculation Worksheet.

To determine employer contributions, use this scenario for the two examples that follow:

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

Example A: If the total TRS-eligible gross compensation for 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. This is because the \$100,000 for child nutrition is 50% of the \$200,000 total TRS-eligible gross compensation for TRS-eligible food service employees.

If John Doe is a food service employee reported with an *Eligible TRS Gross Compensation* of \$2,000, then \$1,000 would be reported in the *Eligible Compensation Paid from Federal Funds/Private Grants* field for the purposes of child nutrition. The associated employer contributions will be reported in the *Federal Fund/Private Grant Contribution* and *Federal TRS-Care Contribution* fields.

Example B: If the total TRS-eligible gross compensation for TRS-eligible food service employees (position code 07) is \$75,000, then 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. This is because \$75,000 is less than the \$100,000 amount upon which the Federal Fund/Private Grant and Federal TRS Care Contributions is due. Consequently, 100% of food service salaries would be federally funded.

If there are food service workers who are already paid from another federal fund or private grant source, and the total amount of child nutrition salary remaining is not enough to allocate the proper percentage from the child nutrition reimbursement, then the RE must account for the remaining child nutrition funds by allocating them to other TRS-eligible food service employees. Furthermore, the amount in the *Eligible Compensation Paid from Federal Funds/Private Grants* field that is allocated to child nutrition cannot be more than the amount entered in the employee's *Eligible TRS Gross Compensation* field.

The reimbursement rates for paid meals change annually. At the beginning of each school year, the Texas Department of Agriculture (TDA) will notify each RE of the new rates (rates can also be found on squaremeals.org). Summer feeding programs are state funded, not federally funded, and are not subject to the child nutrition calculation or contributions to TRS. See the [Supplemental Instructions for Child Nutrition Payment](#) page for more information.

RP20 State Minimum Compensation and Statutory Minimum Contribution

The RP20 contains a field titled *Statutory Minimum Contribution*. The purpose of the Statutory Minimum Contribution is to pay the [State Contribution](#) on the amount paid to TRS-eligible

teachers, full-time counselors, and full-time nurses that is above the [state minimum salary](#) (see [Table 1](#)).

This contribution also applies to members who would have been entitled to the state minimum salary under former Texas Education Code Section 16.056, as that section existed on January 1, 1995, as outlined in the following table (See [Table 2](#) and [Table 3](#)). It is the reporting employer’s (RE’s) responsibility to classify positions based on the categories listed in the following table. 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 Texas Education Code Section 16.056, the following positions were entitled to the minimum monthly salary as this section existed on January 1, 1995. | |
|---|--|
| Superintendent | Educational Diagnostician |
| Occupational Therapist | Physical Therapist |
| School Social Worker | Physician, M.D. |
| Administrative Officer | Instructional Officer |
| <ul style="list-style-type: none"> Assistant to the superintendent or high-grade administrative officer working in an administrative capacity in personnel, business, accounting, planning, research, etc. | <ul style="list-style-type: none"> Key specialist or director of a major instructional program or group |
| Principal | Psychological Associate |
| <ul style="list-style-type: none"> Part-time, full-time, or assistant | <ul style="list-style-type: none"> Bachelor’s/master’s degree |

Annually, the Comptroller of Public Accounts (CPA) notifies TRS of the effective tax rate for school district maintenance and operation revenues for each school district in the state for the immediately preceding tax year. The CPA also reports the statewide average effective tax rate for school district maintenance and operation revenues for the immediately preceding tax year.

If the RE’s effective tax rate for maintenance and operation revenues for the immediately preceding tax year is greater than or equal to 125% of the statewide average effective tax rate for school district maintenance and operation revenues for that tax year, then do not report anything in *the Statutory Minimum Compensation* and *Statutory Minimum Contribution* fields.

State Minimum Salary for Contracts Less or Greater than 187 days

The state minimum salary cannot be reduced for contracts that are less than 187 days (this rule also applies to districts of innovation). The following rules apply for contracts exceeding 187 days. The rules are for TRS Reporting purposes and do not require the employer to pay the employee more than the state minimum salary set by TEA.



| Employees who are subject to: | 2018-2019 School Year and prior | 2019-2020 School Year (beginning with September 2019 reports) | 2020-2021 School Year Going Forward |
|---|---|--|---|
| Table 1 | The state minimum salary <u>cannot</u> be increased to offset the increase in salary if additional days are worked in the contract. | The state minimum salary <u>can</u> be increased to offset the increase in salary if additional days are worked in the contract. (See Example H in this section of the manual.) | The state minimum salary <u>must</u> be increased to offset the increase in salary if additional days are worked in the contract. (See Example H in this section of the manual.) |
| Table 2 and Table 3 | The state minimum salary <u>can</u> be increased to offset the increase in salary if additional days are worked in the contract. | | |

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

Examples of Statutory Minimum Calculations for Employees Subject to Table 1 (Teacher, Librarian, Nurse, Counselor)

The following examples show how to calculate the amounts to enter in the *Statutory Minimum Contribution field* for employees who are subject to the state minimum salary rates in [Table 1](#). All of the examples are based on the 2023-2024 [State Contribution Rate](#) of 8.25%. Other fields and values in bold font are also elements of the RP20 record that must be reported to TRS.

Example A – standard contract:

A teacher is hired on Step 4, for a 10-month contract (187 days). They are to be paid \$48,000 over 12 months.

| | |
|--|--|
| Annual state minimum salary | \$37,350 (in Table 1) |
| Monthly state minimum salary | $\$37,350 \div 12 = \$3,112.50$ (in Table 1) |
| Monthly TRS-eligible salary | $\$48,000 \div 12 = \$4,000$ |
| Monthly salary paid above state minimum salary | $\$4,000 - \$3,112.50 = \$887.50$ |
| RE Statutory Minimum Contribution per month | $\$887.50 \times 8.25\% = \mathbf{\$73.22}$ |

Example B – early termination of employment:

The teacher in Example A terminated employment February 1 after having worked 110 days of the 187-day contract. Their salaries have been reported to TRS for five months.

1) Determine the daily rate for the state minimum salary and TRS salary.

| | |
|--------------------------------|--|
| State minimum daily rate | $\$37,350 \div 187 = \199.733 (in Table 1) |
| TRS-eligible salary daily rate | $\$48,000 \div 187 = \256.68 |

2) Use the daily rate to calculate the salaries based on number of days worked in the contract.

| | |
|-----------------------------------|--------------------------------------|
| State minimum salary for 110 Days | $\$199.733 \times 110 = \$21,970.63$ |
| TRS salary for 110 Days | $\$256.68 \times 110 = \$28,234.80$ |

3) Calculate the salary paid above the state minimum and corresponding Statutory Minimum Contribution due for 110 days.

| | |
|---|--|
| Salary paid above state minimum salary for 110 Days | $\$28,234.80 - \$21,970.63 = \$6,264.17$ |
| Statutory Minimum Contribution due for 110 days | $\$6,264.17 \times 8.25\% = \516.79 |

4) Calculate the amount of salary above the state minimum and the corresponding contribution for the five months that have already been reported.

| | |
|---|---------------------------------------|
| Salary paid above state minimum salary reported to date | $\$887.50 \times 5 = \$4,437.50$ |
| Statutory Minimum Contribution reported to date | $\$4,437.50 \times 8.25\% = \366.09 |

5) Calculate the remaining amount of salary above the state minimum and corresponding Statutory Minimum Contribution that must still be reported.

| | |
|--|--|
| Remaining salary to be paid above state minimum salary | $\$6,264.17 - \$4,437.50 = \$1,826.67$ |
| Remaining Statutory Minimum Contribution due | $\$1,826.67 \times 8.25\% = \mathbf{\$150.70}$ |

Example C – contract beginning mid-year:

A librarian is hired on Step 6, in the middle of the school year, for the remaining 95 days of a 187-day contract. They are to be paid \$48,000 over 7 months (February – August).

- 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 (in Table 1) |
| State minimum salary for term of contract | $\$216.096 \times 95 = \$20,529.12$ |
| Monthly state minimum salary | $\$20,529.12 \div 7 = \$2,932.73$ |

- 2) Calculate the monthly TRS-eligible salary based on contract salary, paid over 7 months.

| | |
|-----------------------------|--------------------------------|
| Monthly TRS-eligible salary | $\$48,000 \div 7 = \$6,857.14$ |
|-----------------------------|--------------------------------|

- 3) Calculate the remaining amount of salary above the state minimum and corresponding Statutory Minimum Contribution that must still be reported.

| | |
|--|--|
| Monthly salary above state minimum salary | $\$6,857.14 - \$2,932.73 = \$3,924.41$ |
| RE Statutory Minimum Contribution per month | $\$3,924.41 \times 8.25\% = \mathbf{\$323.76}$ |

Example D – contract for less than full-time work:

A teacher is hired on Step 3, for a 10-month contract (187 days) for 50% time. They are to be paid \$20,000 paid over 12 months.

| | |
|--|---|
| Annual state minimum salary | \$35,830 (in Table 1) |
| 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-eligible salary | $\$20,000 \div 12 = \$1,666.67$ |
| Monthly salary paid above state minimum salary | $\$1,666.67 - \$1,492.92 = \$173.75$ |
| RE Statutory Minimum Contribution | $\$173.75 \times 8.25\% = \mathbf{\$14.33}$ |

Example E – salary reduction for a full day of pay:

A librarian is hired on Step 7 for a 10-month contract (187 days). They are to be paid \$47,000 over 12 months. Their monthly TRS-eligible salary and the state minimum salary are reduced due to one unpaid day in March.

1) Calculate the reduced monthly state minimum salary for March.

| | |
|--|---|
| State minimum salary daily rate | \$223.690 (in Table 1) |
| Annual state minimum salary | \$41,830 (in Table 1) |
| Monthly state minimum salary | $\$41,830 \div 12 = \$3,485.83$ |
| Reduced monthly state minimum salary for March | $\$3,485.83 - \$223.690 = \$3,262.14$ |

2) Calculate the reduced monthly TRS-eligible salary for March.

| | |
|-------------------------------------|--------------------------------------|
| TRS-eligible salary daily rate | $\$47,000 \div 187 = \251.34 |
| Monthly TRS-eligible salary | $\$47,000 \div 12 = \$3,916.67$ |
| Reduced monthly TRS-eligible salary | $\$3,916.67 - \$251.34 = \$3,665.33$ |

3) Calculate the salary above the state minimum and corresponding Statutory Minimum Contribution for March.

| | |
|--|---|
| Salary paid above state minimum salary | $\$3,665.33 - \$3,262.14 = \$403.19$ |
| RE Statutory Minimum Contribution | $\$403.19 \times 8.25\% = \mathbf{\$33.26}$ |

Example F – salary reduction at a fixed rate of pay:

A nurse is hired on Step 10 for a 10-month contract (187 days). They are to be paid \$49,500 over 12 months. In February, their monthly TRS-eligible salary and the state minimum salary are reduced for 2 days at a fixed amount of \$60.00 per day (\$120 total reduction).

1. Calculate the reduced monthly state minimum salary for February.

| | |
|--------------------------------------|--|
| Annual state minimum salary | \$45,630 (in Table 1) |
| 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-eligible salary for February.

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

3. Calculate the salary above the state minimum and corresponding Statutory Minimum Contribution for February.

| | |
|--|---|
| Salary paid above state minimum salary | $\$4,005 - \$3,682.50 = \$322.50$ |
| RE Statutory Minimum Contribution | $\$322.50 \times 8.25\% = \mathbf{\$26.61}$ |

Example G – multiple months of salary paid in one month:

A teacher is hired on Step 2 for a 10-month contract (187 days). They are to be paid \$39,000 over 12 months. They fulfilled the contract, terminated their employment May 31, and were paid the balance of the contract (for May, June, July, and August) in one lump sum.

- 1) Calculate the salary above the state minimum and corresponding Statutory Minimum Contribution for 1 month.

| | |
|--|--|
| Annual state minimum salary | \$35,100 (in Table 1) |
| Monthly state minimum salary | $\$35,100 \div 12 = \$2,925$ |
| Monthly TRS-eligible 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 |

- 2) Calculate the salary above the state minimum and corresponding Statutory Minimum Contribution for 4 months.

| | |
|---|---|
| State minimum salary for 4 months | $\$2,925 \times 4 = \$11,700$ |
| TRS-eligible salary for 4 months | $\$3,250 \times 4 = \$13,000$ |
| Salary paid above state minimum salary for 4 months | $\$13,000 - \$11,700 = \$1,300$ |
| RE Statutory Minimum Contribution for 4 months | $\$1,300 \times 8.25\% = \mathbf{\$107.25}$ |

Example H – contract is for more than 187 days:

A counselor is hired on Step 10 for a 206-day contract. They are to be paid \$66,250 over 12 months.

| | |
|--|--|
| State minimum salary daily rate | \$244.011 (in 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-eligible 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 | $\$1,331.97 \times 8.25\% = \mathbf{\$109.89}$ |

Statutory Minimum Calculations for Employees Subject to Table 2 (Positions Covered Under Former Section 16.056)

The following examples show how to calculate the amounts to enter in the *State Minimum Compensation* and *Statutory Minimum Contribution* fields for employees who are subject to the state minimum salary rates in [Table 2](#) and [Table 3](#). All of the examples are based on the 2023-2024 [State Contribution Rate](#) of 8.25%.

Example A – employee is paid over the same number of months as they are contracted:

An administrative officer is hired on Step 9 for an 11-month contract (202 days). They are to be paid \$54,000 over 11 months.

| | |
|--|---|
| Monthly state minimum salary | \$4,444 (in Table 2) |
| Monthly TRS-eligible 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 | $\$465.09 \times 8.25\% = \mathbf{\$38.37}$ |

Example B – employee is paid over a greater number of months than they are contracted:

A principal is hired on Step 10 for an 11-month contract (215 days). They are to be paid \$65,500 over 12 months.

| | |
|--|---|
| State minimum daily rate | \$242.478 (in Table 3) |
| Annual state minimum salary | $\$242.478 \times 215 = \$52,132.77$ |
| Monthly state minimum salary | $\$52,132.77 \div 12 = \$4,344.40$ |
| Monthly TRS-eligible salary | $\$65,500 \div 12 = \$5,458.33$ |
| Salary paid above state minimum salary | $\$5,458.33 - \$4,344.40 = \$1,113.93$ |
| RE Statutory Minimum Contribution | $\$1,113.93 \times 8.25\% = \mathbf{\$91.90}$ |

Example C – employee is paid over the same number of months as they are contracted, and the contract includes more days than a standard contract:

A superintendent is hired on Step 10 for a 12-month contract (236 days). They are to be paid \$66,250 over 12 months.

| | |
|--|---|
| State minimum daily rate | \$242.283 (in Table 3) |
| Annual state minimum salary | $\$242.283 \times 236 = \$57,179.79$ |
| Monthly state minimum salary | $\$57,179.79 \div 12 = \$4,764.90$ |
| Monthly TRS-eligible 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 | $\$755.93 \times 8.25\% = \mathbf{\$62.36}$ |

Statutory Minimum Calculations for Salaries Paid from Federal Fund/Private Grants

The total salary paid from a federal fund or private grant must be reported on the RP20 in the *Eligible Compensation Paid from Federal Fund/Private Grant* field. If the employee's salary is 100% federally funded, then the employee's salary is not subject to the Statutory Minimum Contribution. Therefore, examples A and B are shown for record keeping purposes.

The following examples indicate how salaries paid from a federal fund or private grant affect statutory minimum calculations. The examples show the calculation and reporting of the amount of salary paid above or below the state minimum salary and the Statutory Minimum

Contribution due, if any, when all or a portion of salary is paid from a federal fund or private grant.

Example A – 100% of an employee’s TRS-eligible compensation is federally funded, and is greater than the state minimum salary:

An administrative officer is hired on Step 10 for a 12-month contract (226 days). They are to be paid \$63,000 over 12 months.

| | |
|--|--|
| Annual state minimum salary | \$54,756 (in Table 2) |
| Monthly state minimum salary | $\$54,756 \div 12 = \$4,563$ |
| Monthly TRS-eligible 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 reported as Federal Fund/Private Grant Contribution | $\$5,250 \times 8.25\% = \433.13 |

Example B – 100% of an employee’s TRS-eligible compensation is federally funded, and is less than the state minimum salary:

An administrative officer is hired on Step 9 for a 12-month contract (220 days). They are to be paid \$44,500 over 12 months.

| | |
|--|--|
| Annual state minimum salary | \$53,328 (in Table 2) |
| Monthly state minimum salary | $\$53,328 \div 12 = \$4,444$ |
| Monthly TRS-eligible salary (100% federally funded) | $\$44,500 \div 12 = \$3,708.33$ |
| Salary paid above state minimum salary | None |
| RE Statutory Minimum Contribution | None |
| Amount reported as Federal Fund/Private Grant Contribution | $\$3,708.33 \times 8.25\% = \305.94 |

Example C – 75% of an employee’s TRS-eligible compensation is federally funded, and the federally funded portion is less than the state minimum salary:

A teacher is hired on Step 10 for a 187-days contract. They are to be paid a salary of \$49,500 over 12 months.

| | |
|---|---|
| Annual state minimum salary | \$45,630 (in Table 1) |
| Monthly state minimum salary | $\$45,630 \div 12 = \$3,802.50$ |
| Monthly TRS-eligible salary | $\$49,500 \div 12 = \$4,125$ |
| <ul style="list-style-type: none"> • 75% federally funded (\$3,093.75) • 25% paid from local funds (\$1,031.25) | |
| Salary paid above state minimum salary | $\$4,125 - \$3,802.50 = \$322.50$ |
| RE Statutory Minimum Contribution | $\$322.50 \times 8.25\% = \mathbf{\$26.61}$ |
| Amount reported as Eligible Compensation Paid from Federal Funds/Private Grants | \$3,093.75 |
| Amount reported as Federal Fund/Private Grant Contribution | $\$3,093.75 \times 8.25\% = \255.23 |

Example D – 95% of an employee’s TRS-eligible compensation is federally funded, and the federally funded portion is greater than the state minimum salary:

An administrative officer is hired on Step 2 for a 12-month contract (220 days). They are to be paid a salary of \$49,000 over 12 months.

| | |
|--|---|
| Annual state minimum salary | \$42,120 (in Table 2) |
| Monthly state minimum salary | $\$42,120 \div 12 = \$3,510$ |
| Monthly TRS-eligible salary | $\$49,000 \div 12 = \$4,083.33$ |
| <ul style="list-style-type: none"> • 95% federally funded (\$3,879.16) • 5% paid from local funds (\$204.17) | |
| Salary paid above federally funded salary | $\$4,083.33 - \$3,879.16 = \$204.17$ |
| RE Statutory Minimum Contribution | $\$204.17 \times 8.25\% = \mathbf{\$16.84}$ |
| Amount reported as Federal Fund/Private Grant Contribution | $\$3,879.16 \times 8.25\% = \320.03 |

Wholly Separate Positions Not Subject to the Statutory Minimum Contribution

Payment for duties that constitute a “wholly separate” job are excluded from the TRS-eligible compensation 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, and teaching summer school. See the following scenarios:

- A teacher accepts a morning bus route: The bus route is not the teacher’s job duty, is a wholly separate position and is not subject to Statutory Minimum Contribution.
- An athletics coach is required to drive the bus to games as a part of their contract: Bus driving is the coach’s job duty and is subject to the Statutory Minimum Contribution.

If the answer to any 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 the employee’s TRS-eligible compensation.

- Are the additional duties required of the person because the person has a job that is subject to the State Minimum Salary Schedule?
- 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?
- 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?

- 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?
- Are the additional duties an integral part of a primary job subject to the State Minimum Salary Schedule?
- 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 the Statutory Minimum Contribution, also holds a wholly separate position, then the RE must send two ED40 records and two RP20 records (one for each position). The separate records allow the RE Portal to accurately validate the value entered in the *Statutory Minimum Contribution* field.

RP20 RE Payment for New Member Contribution

The RP20 contains a field titled *RE Payment for New Member Contribution*. REs are required to pay the [State Contribution](#) rate on TRS-eligible pay during the report periods that contain the first 90 days of employment for new TRS members. New Member Contributions are due on an employee’s pay received during their first 90 days of TRS membership, not when the employee is paid for work performed during the first 90 days. Submit RE payments to TRS on compensation paid to an employee for the entire report month that contains the first day of the employee’s eligibility for membership. Also, submit RE payments to TRS on compensation paid to an employee for the entire report month that contains the 90th day of employment. A TRS member can fulfill all or a portion of the 90-day new member period within a single employment.

Searching for New TRS Members via the View Employee Information Screen

In the RE Portal, search for all newly hired employees via the *View Employee Information* screen (see the [RE Portal User Guide](#) for instructions):

| Employee Information | | ? Activity Help |
|--|----------------------|---------------------------------|
| Search Employee | | |
| 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"/> | | |

The screen will display a message indicating if the new employee has a TRS account and if New Member Contributions are due. If New Member Contributions are due for the employee, and the employee has never been reported to TRS in any capacity, then the following screen will display:

| 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. | |
| SSN or TRS-Assigned Temp ID | |
| TRS Member | No |
| New Member Contributions Due | Yes |

The *View Employee Information* screen contains a field titled *New Member Days completed as of 1st of Current Month*. If an employee does not have prior TRS membership and has not completed any of the 90-day new member period, then the *New Member Days completed as of 1st of Current Month* field will show zero:

| 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 | |

On the following screen, August 1st would be the 69th day of the 90-day new member period because the member worked 68 days through July 31st. The *As Of Date* is the date that the screen is being viewed.

| 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, then the *New Member Days completed as of 1st of Current Month* field will state “Over 90 Days.”

| 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 | | |

Determining the 90-day Period Subject to New Member Contribution

The following rules govern the 90-day period subject to the New Member Contribution:

- The date of employment in the TRS-eligible position is the first day of the 90-day period.
 - “Date of employment” means the date on which an employee begins to perform TRS-eligible service for an RE (see to [TRS Rule 25.35](#)).
 - If the date of employment is a holiday or other work-free day, then the day may be considered the first day of employment if the RE considers the individual to be an employee on that day.
- Count all the calendar days of the employment period, including school closures and weekends, regardless of whether the days are in different school years.
- Do not count calendar days between periods of employment.

- Service provided by an employee to more than one RE on the same calendar day counts as only one calendar day in the payment period. Each RE must submit the New Member Contribution payment on their respective salary paid.
- If a person has not reached the 90th calendar day before the summer begins, then count the summer days only if the person is an employee during the summer. Apply the same rule to those who do not work during the summer but receive accrued pay.

New Member Contribution Example Scenarios

Example A: John is hired on September 15th. The RE used the *View Employee Information* screen to search for John and determined that John was not a TRS member on September 15th. John’s 90th day of employment will be December 13th. He receives paychecks on the 1st of each month. Here is how the New Member Contribution would be reported:

| Report Month | Eligible Compensation Paid | New Member Contribution Due? | Notes |
|---------------------|-------------------------------------|-------------------------------------|--|
| September | \$0 | NO | The New Member Contribution is not due in September because John was not paid. However, the time worked in September must be reported on the September RP report. |
| October | \$1500 (for time worked 9/15-9/30) | YES | The RE pays the New Member Contribution on the \$1500 on the October RP report. |
| November | \$3000 (for time worked 10/1-10/31) | YES | The RE pays the New Member Contribution on the \$3000.00 on the November RP report. |
| December | \$3000 (time worked 11/1-11/30) | YES | The RE pays the New Member Contribution on the \$3000 on the December RP report. John’s 90th day of employment was in December. The New Member Contribution is due on all pay received in the report month that contains the 90th day. |
| January | \$3000 (time worked 12/1-12/31) | NO | John is beyond his 90-day period in January. The New Member Contribution is no longer due. |

Example B: Using the employee and salary amounts from Example A, assume that John received his first paycheck on September 30th and continued to be paid on the last day of each month. Here is how the New Member Contribution would be reported:

| Report Month | Eligible Compensation Paid | New Member Contribution Due? | Notes |
|---------------------|-----------------------------------|-------------------------------------|--|
| September | \$1500 (paid 9/30) | YES | The RE pays the New Member Contribution on the \$1500 on the September RP report. |
| October | \$3000 (paid 10/31) | YES | The RE pays the New Member Contribution on the \$3000 on the October RP report. |
| November | \$3000 (paid 11/30) | YES | The RE pays the New Member Contribution on the \$3000 on the November RP report. |
| December | \$3000 (paid 12/31) | YES | The RE pays the New Member Contribution on the \$3000 on the December RP report. John's 90th day of employment was in December. The New Member Contribution is due on all pay received in the report month that contains the 90th day. |
| January | \$3000 (paid 1/31) | NO | John is beyond his 90-day period in January. The New Member Contribution is no longer due. |

Example C: Mary was hired on September 1st. The RE used the *View Employee Information* screen to search for Mary and determined that Mary was not a TRS member on September 1st. Mary’s 90th day of employment will be November 29th. She receives her first paycheck October 1st and continues to be paid on the 1st of each month. Here is how the New Member Contribution would be reported:

| Report Month | Eligible Compensation Paid | New Member Contribution Due? | Notes |
|---------------------|-----------------------------------|-------------------------------------|--|
| September | \$0 | NO | The New Member Contribution is not due in September because Mary was not paid. However, the time worked in September must be reported on the September RP report. |
| October | \$3000 (for time worked 9/1-9/30) | YES | The RE pays the New Member Contribution on the \$3000 on the October RP report. |
| November | \$3000 (time worked 10/1-10/31) | YES | The RE pays the New Member Contribution on the \$3000 on the November RP report. Mary’s 90th day of employment was in November. The New Member Contribution is due on all pay received in the report month that contains the 90th day. |
| December | \$3000 (time worked 11/1-11/30) | NO | Mary is beyond her 90-day period in January. The New Member Contribution is no longer due. |

Example D: Mary from Example C terminated employment on October 15th and will receive her final paycheck on November 1st. Here is how the New Member Contribution would be reported:

| Report Month | Eligible Compensation Paid | New Member Contribution Due? | Notes |
|--------------|----------------------------|------------------------------|---|
| September | \$0 | NO | The New Member Contribution is not due in September because Mary was not paid. However, the time worked in September must be reported on the September RP report. |
| October | \$3000 | YES | The RE pays the New Member Contribution on the \$3000 on the October RP report. |
| November | \$3000 | NO | Mary is not an employee in November. The New Member Contribution is no longer due. |

Example E: Michael was hired on September 1st. The RE used the *View Employee Information* screen to search for Michael and determined that Michael was not a TRS member on September 1st. Michael’s 90th day of employment will be November 29th. He receives his first paycheck on October 1st. However, on November 1st, he transitions to a position that is not TRS-eligible. Here is how the New Member Contribution would be reported:

| Report Month | Eligible Compensation Paid | New Member Contribution Due? | Notes |
|--------------|----------------------------|------------------------------|--|
| September | \$0 | NO | The New Member Contribution is not due in September because Michael was not paid. However, the time worked in September must be reported on the September RP report. |
| October | \$3000 | YES | The RE pays the New Member Contribution on the \$3000 on the October RP report. |
| November | \$3000 | NO | The New Member Contribution is not due because Michael was not employed in a TRS-eligible position during the November report period. |

Example F: Michael from the previous example transitioned to a position that is not TRS-eligible on November 15th. Here is how the New Member Contribution would be reported:

| Report Month | Eligible Compensation Paid | New Member Contribution Due? | Notes |
|--------------|----------------------------|------------------------------|---|
| September | \$0 | NO | The New Member Contribution is not due in September because Michael was not paid. However, the time worked in September must be reported on the September RP report. |
| October | \$3000 | YES | The RE pays the New Member Contribution on the \$3000 on the October RP report. |
| November | \$3000 | YES | The RE pay the New Member Contribution on the \$3000 on the November RP report because Michael was employed in a TRS-eligible position during the November report period. |
| December | \$2000 | NO | The New Member Contribution is not due because Michael was not employed in a TRS-eligible position during the December report period. |

State Contributions Paid via other TRS Contribution Types During the New Member period

The [State Contribution](#) is collected via the *RE Payment for New Member Contribution* during the report periods that contain the first 90 days of employment for new TRS members. Do not report the state’s matching contribution via *Federal Fund/Private Grant* or *Statutory Minimum Contributions* (if applicable) until after a new member’s first 90 days of employment.

However, do report the state’s TRS-Care matching contribution via the *Federal TRS-Care Contribution* during the first 90 days of employment for new TRS members, if applicable. This contribution is applied to Texas Public School Retired Employees Group Insurance program (TRS-Care).

RP20 RE Public Education Employer Contribution

The RP20 contains a field titled *RE Payment for New Member Contribution*. This [contribution](#) was formerly known as *RE Payment for Non-OASDI Members*. Non-higher-education public education employers are required to pay this contribution on salaries paid to all TRS-eligible

employees, regardless of whether the employer pays into Social Security (see [Texas Government Code Section 825.4035\(e\)](#)). The following table describes the contribution as it relates to the [state minimum salary schedule](#) for each employer type:

| | |
|---|--|
| Independent School Districts (ISDs) | If the position is subject to the state minimum salary schedule, the contribution is due on the salary amount up to the state minimum salary. |
| Charter Schools Education Service Centers (ESCs) | The contribution is not capped by the state minimum salary, because charter schools and ESCs are not subject to the state minimum salary schedules. Charter schools and ESCs must pay the contribution on 100% of TRS-eligible salary. |

The following examples are based on the 2023-2024 contribution rate of 1.9%. The current contribution rate is on the [Reporting Contribution Rates FY2017-Present](#) webpage.

| | |
|--|--|
| <p>Example for ISDs</p> <p>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. Thus, the RE Public Education Employer Contribution is calculated on the State Minimum Salary of \$3,600. $\\$3,600 \times 1.9\% = \\68.40</p> | <p>Example for Charter Schools and ESCs</p> <p>An employee’s position is not subject to the state minimum salary schedule. The employee’s monthly salary is \$4,000. Thus, the RE Public Education Employer Contribution is calculated on the employee’s TRS-eligible salary of \$4,000. $\\$4,000 \times 1.9\% = \\76.00</p> |
|--|--|

[Examples of how the Statutory Minimum, Federal Funds/Private Grants, and RE Public Education Employer Contribution are related](#) are on the TRS website under the [General Information section](#).

RP and RP Adjustment Report Signatures and Statuses

RP and RP Adjustment reports require the detailed records for each active employee in the report and an electronic signature for the report status to show “Completed” in the RE Portal. The signature can only be submitted by a user with administration or signature authority in the RE Portal. The signature is used to certify that the data sent are accurate and complete for all employees for the report month. If signature totals are incorrect, then reject the signature page and correct the report. After sending RP and RP Adjustment reports via the RE Portal, one of the following statuses will appear:

| Status | Meaning |
|------------------|--|
| Loaded | The report has been created, but it has not gone through the TRS validation process yet. |
| Rejected | At least one RP record in the report has errors. Records with errors will show a “Suspended” record status. Use the edit function to correct the errors or delete and resubmit the corrected report. |
| Pending | All the RP records are free of errors and in a “Valid” status. If the totals are correct, then the report is ready for the signature page to be reviewed and accepted. |
| Pending Complete | The RP records are being validated and posting to the TRS database. |
| Completed | The RP records have posted to the TRS database. A report with a “Completed” status cannot be deleted. |

REs may not remove records from the report for the sole purpose of bringing the report to “Completed” status. When a payroll reporting official accepts a signature certifying the report is correct, but records have been removed from that report to bring the report to “Completed” status to avoid penalties, that reporting official is engaging in fraudulent reporting (see [Texas Government Code Sec. 821.101\(b\)](#)). If records are preventing a report from showing a “Completed” status, then the reporting official should use the [Error Resolution Guide](#), the [Error and Warning list](#), and work with their RE coach to resolve the issues.

Correcting RP Reports Sent in Prior School Years

If an employee’s payroll information was reported incorrectly or not reported at all in the current school year, and the employee is still employed by the RE, then the RE is required to submit RP25 adjustment records. RE coaches can advise on the methods for correcting records. To correct information from prior school years, read the following sections. When contacting an RE coach about correcting reports sent in prior school years, send the coach the following information:

- Employee’s full name
- Last four digits of the employee’s social security number

- The month(s) and year(s) to be corrected
- Whether TRS contributions were withheld at the time the employee was paid
- If the person is still employed by the RE for which the information needs correcting

Correcting Reports Sent in the Immediately Preceding School Year

In the immediately preceding school year, if contributions were withheld when the employee was paid, but they were not reported to TRS, then an RE may make corrections. Though, a TRS override will be required. Submit a [form TRS734](#) to the RE coach.

If contributions were not withheld when the employee was paid and the employee is still employed and owed pay, then corrections may be made by the employer if the member so chooses. REs are not required to issue corrections in this scenario. However, if the member chooses not to have the corrections made, then they may have to pay the actuarial cost of the service credit if they wish to purchase service credit later.

Correcting Reports Sent Two to Five Years Prior to the Current School Year

In school years two to five years prior to the current school year, if contributions were withheld when the employee was paid, but they were not reported to TRS, then an RE may make corrections. Though, a TRS override will be required. Submit a [form TRS734](#) to the RE coach.

If contributions were not withheld when the employee was paid, then corrections cannot be made via RE reporting. If the employee wants to receive service credit, then they must have the appropriate form filled out by the RE reporting official to verify their service and/or salary. Then the member must mail the form to TRS. Verifying the unreported service during the two-to-five-year period preserves the member's right to buy the service and/or salary credit later. If the member chooses to purchase the service and/or salary credit, the member must pay the actuarial cost of the credit.

Correcting Reports Sent More Than Five Fiscal Years Prior to the Current School Year

When information has been reported on a member's annual statement for five years, the information cannot be changed. Similarly, an employer cannot verify unreported time for services rendered or adjust records sent more than five school years prior to the current school year. This limitation includes adjustments to days worked that would result in a change in years of service credit. Members cannot purchase unreported service and/or salary credit that was not verified within five fiscal years of the current school year.

Reporting TRS Retired Employees

This section includes information for reporting TRS retired employees only. Information for reporting active employees (including ORP retirees) is included in the Reporting Active Employees section of this manual.

Definition of TRS Retired Employees

TRS retired employees are all employees who have retired from TRS regardless of retirement date and position held. TRS retired employees include service and disability retirees. Reporting employers (REs) are required to report TRS retired employees to TRS using the Employment After Retirement (ER) report. Active employees are not included on this report.

Employment After Retirement (EAR) Limits to Retirees' Monthly Time Worked and Associated Surcharges

When a TRS retiree who retired after Sept. 1, 2005, works more than half-time in the calendar month for a TRS reporting employer (RE), the employer is required to pay surcharges to TRS. The potential surcharges due are the [Pension Surcharge and TRS-Care Surcharge](#). Under Senate Bill (SB) 202, effective September 1, 2021, employers cannot directly or indirectly pass the cost of the employer surcharges to the retiree through payroll deduction, by imposition of a fee, or by any other means designed to recover the cost.

Use the [View Employee Information](#) screen in the [RE Portal](#) to determine if a TRS retiree retired after September 1st, 2005, and determine if surcharges apply for a retiree. Search criteria must include the employee's SSN or TRS-assigned Temp ID and the Last Name or Date of Birth.

The following table summarizes whether a retiree's monthly time worked is limited and whether surcharges are due. The following sections of the manual provide additional details about surcharges.

| Retired before September 1st, 2005 | Retired between September 1st, 2005, and January 1st, 2021 | Retired after January 1st, 2021 |
|--|--|--|
| Retiree may work without limits and receive annuity payments | | Retiree is limited to half-time or less and/or substitute work unless they have completed 12-consecutive-calendar-month break in service |
| No surcharges are due | Surcharges are due if the retiree exceeds EAR limits for time worked | |

12-Month Break in Service

Service retirees who retired after January 1, 2021, must have a 12-consecutive-calendar-month break in service before they may return to full-time TRS-covered employment without forfeiting

their monthly annuity payment. For example, if a TRS retiree retired in May, then they must wait until June of the following year to return to full-time TRS-covered employment without forfeiting their monthly annuity payment. Those who are subject to the 12-month break in service and retired effective May 31, but worked at least one day in June under the "June 15th Rule" will not fulfill the 12-consecutive-calendar-month break until July 1 of the year following their retirement. If a retiree works for a reporting employer (RE) within the first 12 consecutive calendar months after their effective retirement date, then the 12-month break in service requirement will restart beginning the month after they stop working for the RE.

It is the retiree's responsibility to determine if they have met the required break in service to return to work without forfeiting their retirement annuity payment. Retirees with questions about satisfying the 12-consecutive-calendar-month break in service should call a TRS benefits counselor at 1-800-223-8778.

Reporting Entity (RE) Pension Surcharge for Reported Retirees

All reporting entities are required to pay monthly surcharges to the TRS pension fund for certain TRS retirees who return to work (see TRS [Rule 31.41](#)). The [Pension Surcharge](#) is a percentage of the [TRS-eligible](#) salary paid to that retiree in the calendar month that the retiree exceeded half-time employment. The pension surcharge is a combination of the employee contribution rate and the state contribution rate. This surcharge will be reported on the Employment After Retirement (ER) report and is described in the [Report Formatting Guide](#).

Surcharges are due each month only for service and disability retirees who retired after September 1st, 2005, and:

- work more than 92 hours in the calendar month, or
- work more than 11 days in the calendar month when combining half-time and substitute employment in the same calendar month.
 - Working any portion of a day as a substitute counts as working a full day (including Saturdays and Sundays) counts as working a full day for TRS purposes.
 - The surcharge is owed by the employer on all compensation paid to a retiree in the month that the retiree exceeds EAR limits for time worked, including compensation for the substitute service.
 - If the retiree performs work at multiple employers in the month that they exceed EAR limits for time worked, then each employer must remit the Pension Surcharge based on the compensation they respectively paid the retiree in that report period.

If a retiree's retirement date is after September 1, 2005, and the retiree exceeds the EAR limits for time worked in a calendar month, but does not receive compensation in that month, then the pension surcharge is not due for that retiree. Prior to November 2021, the EAR limits for time worked were calculated based on the number of workdays in that calendar month. Historical limits are on the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page.

RE TRS-Care Surcharge for Reported Retirees

All reporting entities are required to pay monthly surcharges to the Texas Public School Retired Employees Group Insurance program (TRS-Care) for certain TRS retirees who return to work (see TRS [Rule 41.4](#)). The [TRS-Care Surcharge](#) is \$535.00 for all retirees who are enrolled in TRS-Care. This surcharge will be reported on the Employment After Retirement (ER) report and is described in the [Report Formatting Guide](#).

Surcharges are due each month only for service and disability retirees who retired after September 1st, 2005, are enrolled in TRS-Care, and:

- work more than 92 hours in the calendar month, or
- work more than 11 days in the calendar month when combining half-time and substitute employment in the same calendar month.
 - Working any portion of a day (including Saturdays and Sundays) counts as working a full day for TRS purposes.
 - If a retiree performs work at multiple employers in the month they exceed EAR limits for time worked, then each employer must remit their equal share of the TRS-Care Surcharge for that report period.

If a retiree's retirement date is after September 1, 2005, and the retiree exceeds the EAR limits for time worked in a calendar month, but does not receive compensation in that month, then the TRS-Care Surcharge is still due for that retiree. Prior to November 2021, the EAR limits for time worked were calculated based on the number of workdays in that calendar month. Historical limits are on the [Employment After Retirement \(EAR\) Limits \(for Reporting Employers\)](#) page.

Employment After Retirement (ER) Report and ER Adjustment Reports

The purpose of the ER report is to submit time worked, compensation, and surcharge data regarding all TRS retired employees who have returned to work. Accurate reporting is important, because non-compliance may have significant negative effects for employers and

retirees, as described on the [Employment After Retirement – Non-Compliance Impact](#) page and within this manual.

The data 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. The data reported report is strictly based on the actual number of hours or days the retiree has worked or was on paid leave during the calendar month. For example, if a retiree works or is on paid leave in December, then the time must be included in the December ER report, even if the retiree is paid for that time in January. Consequently, in most cases, the ER report cannot be sent to TRS until the end of the calendar month in which the work was performed or the beginning of the following month. Reporting employers (REs) must report hours and days worked for all retirees, regardless of retirement date and employment type. TRS Member Retirement Contributions are not withheld from the retirees’ salaries.

There are two types of ER reports: An ER Report and an ER Adjustment Report. Instructions for creating an ER or ER Adjustment Report instructions are in the [RE Portal User Guide](#). An ER Report can include ER20, ER25, and ER27 records. An ER Adjustment Report can only include ER25 and ER27 records. See the following table for general information about the ER record types. The [Report Formatting Guide](#) describes in detail the fields and formats that are required for each record type. Information not found in the guide is in this section of the manual.

| Report type | Record types included | Purpose of the record type | General information (See the Report Formatting Guide for additional details) |
|--|----------------------------|--|---|
| ER Report: Send this report monthly | ER20 | Used to report employment information for a TRS retiree | <ul style="list-style-type: none"> The numbers entered in the <i>Days Worked</i> and <i>Hours Worked</i> fields must be the actual number of days or hours worked by the retiree in the report period. It cannot be the number of days or hours scheduled to work. The <i>Zero Days Reason Code</i> field should only be used for a report period in which the retiree did not work or use paid leave. The <i>Total Gross Compensation</i> field is required for all TRS retirees who receive compensation within the report period. The amount entered should only include TRS-eligible compensation. |
| | ER25 | Used to report an adjustment that adds a record to an ER report | |
| | ER27 | Used to an adjustment that edits or deletes a record on an ER report | |
| ER Adjustment Report: Send this report as needed to add, edit, or delete data on previously completed ER reports | ER25 and ER27 records only | See above | <ul style="list-style-type: none"> The ER Adjustment report month will default to the last completed ER report month. |

ER20 Peace Officer Position Code

The ER20 contains a field titled *Position Code*. All seven position codes are listed in the [Report Formatting Guide](#). Summer School (09) does not apply to TRS retirees. See the following clarification on the peace officer position:

- Peace Officer (06) 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.

ER20 Employment Dates

The ER20 contains fields titled *Beginning Date of Employment Type* and *Ending Date of Employment Type*. ER20 employment dates are not based on the retiree's contract with the employer, nor are all retirees required to be reported with employment dates of September 1st through August 31st. The dates entered should be based on the dates that the retiree will be employed within the TRS school year of September 1st through August 31st.

If a retiree will have varying employment throughout the TRS school year, an employer may choose to report employment dates based on the report period. For example, employment dates on the September report period can be September 1 through September 30.

Dual Credit Courses

Dual Credit courses allow students to earn credit for high school and college courses simultaneously. The employee teaching the course often performs all the dual credit duties at one reporting employer (RE). However, the employee may be paid by the ISD and the college. If the retiree performs additional duties at the ISD or college that are unrelated to the dual credit course, then the respective employer must report the additional time and pay related to those duties. See the following table for examples.

Example A:

If the dual credit class is taught at an ISD, the college pays the employee directly, and no additional duties are being performed at the college, then:

- The ISD will report hours and days worked associated with the dual credit course
- The college will report the pay and enter a zero-day reason of "A – Accrued 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 due for the ISD, not for the college.

Example B:

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

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

ER20 Employment Types

The ER20 contains a field titled *Employment Type*. The [Report Formatting Guide](#) describes the codes required for the *Employment Type* field. The employment type entered on the ER20 is based on the duties performed and time worked by the retiree in the report month and does not always align with the position for which the retiree was hired. This section of the manual provides details for determining the employment type.

Substitute

According to [Texas Administrative Code Rule 31.12\(b\)](#), if substituting is the only work a retiree is doing on campus or for any other employer, then the retiree may substitute for an unlimited number of days in a school year without exceeding EAR limits, incurring surcharges, or forfeiting their monthly annuity payments, provided the following two criteria are met:

- A retiree serves on a temporary basis in the place of a current employee of record
- The salary paid does not exceed the daily rate of substitute pay as set by the employer.

Working any portion of a day as a substitute counts as working a full day for TRS purposes.

20-day substitute in a vacant position

Retirees may serve in vacant positions for no more than 20 days per vacant position and be considered a substitute for employment after retirement purposes only, provided the retiree is not serving in the vacant position that was created by their own retirement and the retiree is being paid the substitute daily rate of pay.

If a retiree works in a vacant position beyond 20 days, then the retiree is no longer considered a substitute and must be reported under a different employment type. In most cases, the employment type change will cause the retiree to exceed the employment after retirement limits if the retiree has not satisfied their 12-month break in service. See the following examples.

Example A:

An employer creates a new paraprofessional position. A TRS 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 of work in the position if the retiree was 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. If the retiree was permanently hired into this position, then the employer cannot report the retiree as a substitute.

Example B:

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

Example C:

A teacher resigned mid-year, leaving the position vacant. A TRS retiree is asked to fill the vacant position as a substitute beginning January 5th and is paid the substitute daily rate of pay. After 15 days of serving as a substitute, the employer hires the retiree to fill the position full-time beginning February 1st. The retiree is reported as a substitute for the 15 days in January. Beginning in February, the retiree can no longer be reported as a substitute because the retiree has now been hired as a full-time employee.

Half-Time or Less

For employment after retirement purposes only, “half-time” is defined as working 92 clock hours or less in a calendar month. The number of hours allowed in a month may be worked in any arrangement. This standard applies to all positions, including bus drivers. A retiree’s paid time off (sick leave, vacation, admin leave, etc.) is considered time worked in a calendar month.

Combination of Substitute and Half-Time or Less

The Combination of Substitute and Half-time or Less employment type should only be used if a retiree combines the employments at the same employer in the same calendar month.

A retiree may combine substitute and as a half-time or less employment in the same calendar month without forfeiting their monthly annuity payment if the total time worked in both positions does not exceed 11 workdays in the month. Working any part of a day is considered working a full day when combining substitute and half-time or less employment. A retiree’s paid time off (sick leave, vacation, admin leave, etc.) is considered time worked in a calendar month. See the following examples.

Example A:

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 2nd, 3rd, and 4th, and tutored on May 5th and 6th. The retiree did not work for the rest of May. Because working any part of the day considered working a full day, the retiree would be reported as working 5 days on the ER20 record.

Example B:

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 2nd, 3rd, and 4th and tutored on the same days. The retiree did not work for the rest of May. Because the dates that the retiree worked as a substitute and as a tutor were the same days, the retiree would be reported as working 3 days on the ER20 record.

When combining substitute and half-time or less employment in the same month, the retiree cannot substitute an unlimited number of days in that month. The total hours worked for the month is also required on the ER20 record, even though hours worked are not the determining factor for surcharges.

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. For example, if a retiree substitutes at Employer A and works in a half-time or less position at Employer B, they still cannot exceed 11 workdays in the calendar month. Each employer would report their respective employment types and time worked based on the work performed only at that employer.

Full-Time

For employment after retirement purposes only, “full-time” is defined as working more than 92 clock hours in a calendar month. This standard applies to all positions, including bus drivers. A retiree’s paid time off (sick leave, vacation, admin leave, etc.) is considered time worked in a calendar month.

Surge Personnel Exception

Senate Bill (SB) 288 allows a service retiree to work in Texas public education and not be subject to employment after retirement limits and surcharges if they are 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 or employees of institutions of higher education. To qualify for the exception, 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)
- American Rescue Plan Act of 2021 (Pub. L. No. 117-2)
- It ends on or before December 31, 2024.

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

If a retiree works in a Surge Personnel Exception position and a different position in the same calendar month, at the same RE, then two ER20 records would be reported. For example, if a retiree works in a substitute position and a Surge Personnel Exception position in the month of September, then 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. The calculation of time worked must exclude the time worked in the Surge Personnel Exception Position. The following table describes whether surcharges are due for an employee working in a Surge Personnel Exception position (employment type code E).

| Determining whether surcharges are due for Surge Personnel Exception position | | |
|--|---|---|
| Employment Type | Surcharges due? | Notes |
| Substitute | No | |
| Half-Time or Less | No surcharges due if the retiree works a total of 92 hours or less in all positions, regardless of how many half-time or less positions they hold | |
| Full-Time | Yes | Pension surcharge must exclude compensation paid for the Surge Personnel Exception position |
| Combined | No surcharges due if the retiree works a total of 11 days or less in the calendar month | |

Non-Profit Tutor

Senate Bill (SB) 1356 allows service and disability retirees to perform work for an RE, through a non-profit organization, in a tutoring position that meets the requirements of [Texas Education Code Section 33.913](#). If non-profit tutoring is the retiree’s only employment for the calendar month, then they may work more than one-half time without forfeiting their monthly annuity payment.

If non-profit tutoring work is combined with other work performed at the RE, then use the following table to determine whether surcharges are due. Report each Non-Profit Tutor employment on an ER record separate from any other work performed in the same calendar month.

| | Non-Profit Tutor Substitute (code B) | Non-Profit Tutor Half-Time or Less (code N) | Non-Profit Tutor Full-Time (code T) |
|----------------------------------|--|---|---|
| Substitute | No surcharges due | Surcharges are due if the retiree works more than 11 days in the calendar month. | |
| Half-Time or Less | Surcharges are due if the retiree works more than 11 days in the calendar month. | Surcharges are due if the retiree works more than 92 hours in the calendar month. | – Surcharges are due on all positions |
| Full-Time | Surcharges are due on all positions | | |
| Surge Personnel Exception | No surcharges due | | Surcharges are due on the Non-Profit Tutor Full-Time Position only if the retiree works more than more than 92 hours in that position |

Disability Retirees

Disability retirees must be reported, regardless of their retirement date. A disability retiree is allowed to work up to 90 days per school year (September through August) as a substitute or on a half-time or less basis. Report the number of days worked regardless of the retiree's employment type.

A disability retiree can use the three-month trial exception to work full-time. This is a one-time exception and requires the retiree to submit the [Employment After Retirement Disability Election form](#) (TRS118D) to TRS. The three months listed on the 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, then the disability retiree will revoke their retirement and become an active employee.

Differentiating RE Employees, Volunteers, Independent Contractors, Employees of Third-Party Entities

The following rule applies to retirees who retired after September 1st, 2017, and retirees who on September 1st, 2017, were within the first 12 consecutive calendar months following their effective retirement date:

A retiree who is working as a volunteer or an independent contractor for a TRS-covered employer is considered an employee of the reporting employer (RE) during the first 12 consecutive calendar months following their retirement if they are performing duties or providing services for the RE that an employee of the RE would otherwise perform—even if the retiree is waiving, deferring, or foregoing compensation for those duties or services. The rule also applies to a retiree who has an agreement to perform those duties or provide those services after the first 12 consecutive months following their retirement. REs must report such a retiree as if they were an employee for each of the first 12 calendar months after the retiree's effective retirement date—meaning the retiree's work will be subject to EAR limits until the retiree stops working for the RE and completes a 12-month break in service.

Definition of Volunteering

Volunteering is an altruistic activity intended to promote good or help others with no immediate financial gain for the volunteer. Volunteering to perform services or waiving payment for services that are normally provided by paid employees may be considered work that must be reported to TRS, as described in the introductory paragraph of this section of the manual. A TRS retiree who volunteers during the first calendar month after their retirement date may be providing service that revokes their retirement. A May 31st retiree who works in June and volunteers during the first two months after their retirement date may be providing service that revokes their retirement.

Definition of Independent Contractor

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

- under the day-to-day control of the RE (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)
- required to keep “office hours” or “work hours” as does an employee (teaching a class or meeting with students at an established time is considered keeping “work hours”)
- utilizing the RE's facilities, equipment, or materials to perform the service

- marketing their services to only one RE

Superintendents, principals, assistant principals, teachers, administrators, and coaches are the positions most frequently misidentified as independent contractors. However, there are more positions that should not be considered independent contractors. Furthermore, changing a position's title to "independent contractor" is not sufficient; there must be a true termination of the retiree's employment.

REs should seek advice from their own attorneys to determine whether a work arrangement is one of an independent contractor, and a retiree and employer should carefully consider whether a work arrangement with an independent contractor meets all the legal stipulations for this type of relationship. Laws governing federal income tax and Social Security are also involved in determining whether a retiree is an independent contractor. If the RE has doubt about the work arrangement, then contact TRS. TRS is the governmental agency with the legal authority to decide the type of relationship.

Third-Party Entities

A third-party entity is an employer retained by a reporting employer (RE) to provide personnel to the RE to perform duties or provide services that employees of the RE would normally perform or provide. If the RE does not outsource 100% of the duties or services of a position, then the employment of a third-party entity to perform duties or provide services associated with that position is considered employment by a Texas public educational institution and subject to the employment after retirement laws and rules. If an RE outsources 100% of the duties of a position, then the employment by the third-party entity is not subject to the employment after retirement laws and rules.

Retirees who were first employed by a third-party entity prior to May 24th, 2003, are not considered employees of the TRS reporting employer and should not be reported on the ER report, regardless of the capacity in which they work. Only report retirees who were first employed by a third-party entity on or after May 24, 2003. Retirees who retired prior to January 1, 2021, are not subject to limits on employment after retirement, but must be included on the ER Report.

If you would like to have a determination from TRS regarding your specific arrangement with a company, then contact your RE 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.

Educational Independent Contractors, LLC

There are companies, such as Educational Independent Contractors, LLC, that provide services to reporting employers. These companies often market themselves to TRS retirees by offering retirees an opportunity to become shareholders in the company. Retirees are advised by these entities that they may contract with a TRS reporting employer as independent contractors in their capacity as shareholders of the company and avoid the limits on employment after retirement. Retirees are led to believe that they are working as independent contractors while they perform the same duties that they had performed before retiring, including duties associated with teachers, coaches, principals, and superintendents. These duties are often described in the contract as “consulting services.”

Following an investigation in 2010 into Educational Independent Contractors, LLC’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 a shareholder and a TRS reporting 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 reporting employers and that the retirees providing the services are employees of these third-party entities. Retirees employed by a third-party entity are subject to TRS laws and rules governing employment after retirement. Therefore, if the RE does not outsource 100% of the duties or services of a position, the retirees performing such duties or providing such services must be reported each month on the Employment after Retirement (ER) report. Educational Independent Contractors, LLC and similar companies are aware of TRS’s determination but continue to market themselves to retirees.

When TRS learns of these work arrangements, it must collect the annuity payments from retirees serving in these arrangements for the months that the retiree worked more than half-time and collect surcharges from the TRS reporting employers for which the retirees performed services. The financial consequences can be staggering when TRS does not learn of the arrangement for months or years after the work has been performed and must collect several overpayments from the retirees. If a retiree cannot repay the money owed with a lump sum, then TRS must actuarially reduce the amount of future annuity payments to collect the overpayments. The reductions continue for as long as the annuity is payable (i.e., for the life of the retiree).

Do not rely on the name of the company or the work contract to determine whether the TRS 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, then

contact your RE 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.

ER and ER Adjustment Report Signatures and Statuses

ER and ER Adjustment reports require the detailed records for each TRS retired employee in the report and an electronic signature for the report status to show “Completed” in the RE Portal. The signature can only be submitted by a user with administration or signature authority in the RE Portal. The signature is used to certify that the data sent are accurate and complete for all employees for the report month. If signature totals are incorrect, then reject the signature page and correct the report. After sending ER and ER Adjustment reports via the RE Portal, one of the following statuses will appear:

| Status | Meaning |
|------------------|--|
| Loaded | The report has been created, but it has not gone through the TRS validation process yet. |
| Rejected | At least one ER record in the report has errors. Records with errors will show a “Suspended” record status. Use the edit function to correct the errors or delete and resubmit the corrected report. |
| Pending | All the ER records are free of errors and in a “Valid” status. If the totals are correct, then the report is ready for the signature page to be reviewed and accepted. |
| Pending Complete | The ER records are being validated and posting to the TRS database. |
| Completed | The ER records have posted to the TRS database. A report with a “Completed” status cannot be deleted. |

REs may not remove records from the report for the sole purpose of bringing the report to “Completed” status. When a payroll reporting official accepts a signature certifying the report is correct, but records have been removed from that report to bring the report to “Completed” status to avoid penalties, that reporting official is engaging in fraudulent reporting (see [Texas Government Code Sec. 821.101\(b\)](#)). If records are preventing a report from showing a “Completed” status, then the reporting official should use the [Error Resolution Guide](#), the [Error and Warning list](#), and work with their RE coach to resolve the issues.

If an RE has no TRS retiree information to send in a report period (meaning no TRS retiree worked, took paid leave, or received compensation), then send a report without any detailed records. The submission button appears as follows:



Refer to the [RE Portal User Guide](#) for additional information.

Glossary of Terms

The following is a list of defined terms that are commonly used in this Payroll Reporting Manual and TRS communications to reporting employers (REs).

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 (RE) 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 of which include only those directly related to instructing students.

Adjustment/Correction: A change to a member's account data made via the Employee Demographic Report using an ED25 or ED45 record, the Regular Payroll Report using an RP25 record, or the Employment After Retirement Report using an ER25 or ER27 record.

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 of a portion of a retiree's monthly retirement benefit payment under a QDRO (Qualified Domestic Relations Order) to an alternate payee.

Assault leave: The number of days of leave necessary to recuperate from all physical injuries resulting from an 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 Texas Education Code Section 22.003. Assault leave pay is eligible compensation for TRS purposes. If the employee receives worker's compensation paid as temporary wage replacement pay and compensation from the employer, then 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 TRS22W (Verification of Worker's Compensation Payments) and 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 was received, then 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 was received. If the worker's compensation is not verified, then the employee may establish

the additional service credit and compensation by purchasing it as unreported service and compensation and paying the lump sum contributions in the period provided.

Authority level: There are four levels of authority in the Reporting Employer (RE) Portal, which are assigned by the RE's web administrator. They are listed here in order from highest authority to lowest authority levels.

- Administration
This level of authority is only available to the designated web administrator at each reporting employer (RE). 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.
- 1. 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.
- 2. 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* screen.
- 3. 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* screen.

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

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.

Current month: The month for which a report is currently due.

Date of employment: The date on which an employee begins to perform service for a reporting employer.

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): Pre-tax 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. This term can also refer to the remittance of any contribution submitted by the reporting employer through any of the various monthly reports.

Detailed records: The individual employee records (e.g., ED40, RP20, etc.) included in an ED, RP, or ER report. The “detail component” is the data file submitted to TRS that contains detailed records.

Eligible TRS gross compensation: Salary and wages paid to a TRS-eligible employee for services rendered. The compensation must be earned or accrued proportionately as service is rendered, paid at fixed intervals, and not excluded by law or rule. The compensation is applied toward the member’s retirement benefit calculation. See [Texas Government Code Section 822.201](#) and [Texas Administrative Code Rule 25.21](#).

Full-time employment/equivalent: 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 full-time equivalent position for a given position, then the minimum number of hours required per week that will qualify a position for TRS membership is 15 (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 responsible for the completeness, accuracy, and timeliness of reports submitted to TRS.

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

- under the day-to-day control of the RE (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)
- required to keep “office hours” or “work hours” as does an employee (teaching a class or meeting with students at an established time is considered keeping “work hours”)
- utilizing the RE’s facilities, equipment, or materials to perform the service
- marketing their services to only one RE

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

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

Member contributions: Members can make three types of contributions:

- The amount of member compensation withheld by the reporting employer before taxes and applied to the member’s account. Contribution rates are set by the Texas State Legislature and subject to change. 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: not tax-sheltered, not applied to the member’s account, not included in the amounts shown on the member’s annual statement of account, and never refunded to the member.
- Payments by a member toward an installment agreement to purchase years of service in the retirement system through payroll deduction at the employer (also known as Special Service Buyback or SSBB). SSBB is not a pre-tax deduction.

Name of employee: The name of the participant as reflected on the member's Social Security card and as reported by the reporting employer through the ED20 and RP20 records.

Non-OASDI: OASDI is an acronym that stands for old age, survivor, and disability insurance. It is more commonly referred to as Social Security. A Non-OASDI member is a TRS member for who does not pay into Social Security per the reporting employer's rules.

Optional Retirement Program (ORP): A program available that is only for certain employees working for higher education institutions. Additional information is on the [Important ORP Information](#) page.

Part-time employment: 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 reporting 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/Withdrawal: A refund of a member's account balance that is issued at the member's request and in accordance with TRS laws and rules. Membership in TRS is terminated and all the member's pension contributions and interest credited to the account are refunded. All service credit associated with the contributions is 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 reporting employers (REs), 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 another TRS RE. The only exception to the requirement that all employment with REs must cease is when a member is serving only as a substitute. See the TRS definition of substitute.

If an employee has earned a year of service credit for the school year and then begins employment in a position that is not eligible for membership, then the employee is not eligible for a refund, and the RE is required to continue to report and make contributions for the employee for the remainder of that school year. For more information, See TRS rules [27.2](#), [27.3](#), and [27.4](#).

Reporting employer (RE) number: The unique four-digit number assigned by TRS to each TRS-covered employer.

Reports: The TRS reports that are the subject of this manual, submitted monthly, and certified by a contact with signature level authority in the RE Portal.

Reporting employer (RE): A Texas public educational institution required to submit reports and contributions to TRS.

Reporting employer (RE) contributions: Payments (also referred to as deposits) sent by the reporting employer for employer contributions due to TRS on monthly reports as mandated by the Texas State Legislature. Required employer contribution types are on the [TRS Contributions to be Submitted](#) page.

Reporting official: The primary reporting contact responsible for certifying the accuracy and completeness of all data reported to TRS. The Reporting official may authorize others to report data 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.

School year/Fiscal year: A 12-month period beginning September 1st and ending August 31st 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 TRS membership.

Settlement pay: Payment in resolution of an employee's claim against an employer and usually in lieu of the 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 TRS-eligible compensation before reporting such amounts to TRS as TRS-eligible compensation. In the absence of the written determination from TRS, amounts paid pursuant to a settlement agreement are not TRS-eligible compensation for TRS purposes. Amounts of on-going compensation while an employee is on paid administrative leave is not considered settlement pay.

Settlement date: The date that the CPA drafts the TEXNET deposit from the 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 that 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.

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

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

Student employment: Employment at a Texas public college or university in which being enrolled as a student is a condition of the employment. Student employment is not eligible for TRS membership. The definition of student employment does not apply to positions filled by students if being enrolled is not a condition of the employment.

State contribution: Funds paid to TRS by the State of Texas at the rate set by the Texas State Legislature.

State contribution rate: The state contribution rate for the TRS is set by the Texas State Legislature. The state contribution rate is set by the legislature and is used to establish the rate of employer contributions owed on amounts paid above the statutory minimum salary on compensation paid from private and/or federal grants, paid in the first 90 days of employment for new members, and for pension surcharges. Current contribution rates are on the [Reporting Contribution Rates FY2017-Present](#) page.

State minimum salary: The state minimum salary published by the Texas Education Agency (TEA).

Substitute: An employee who is serving on a temporary basis in the place of a current employee and is paid at the substitute daily rate of pay set by the employer. The position being filled cannot be vacant and the job cannot be posted to be filled. Determining whether to report someone as a substitute can depend on several factors. See the [Reporting Tips – Substitutes online learning module](#) for more information.

Substitute – retired members only: Retirees may serve in vacant positions for no more than 20 days per vacant position and be considered a substitute for employment after retirement purposes only, provided the retiree is not serving in the vacant position that

was created by their own retirement and the retiree is being paid the substitute daily rate of pay. See the [Reporting Tips – Substitutes online learning module](#) for more information.

Temporary employment: Employment that is expected to last less than four and one-half (4 1/2) months. Employment for an indefinite period (e.g., at-will employment) is not temporary employment.

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

TEXNET deposit: The monthly deposits (contributions, i.e., the actual funds) required to be 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 compensation: Salary and wages paid to a TRS-eligible employee for services rendered. The compensation must be earned or accrued proportionately as service is rendered, paid at fixed intervals, and not excluded by law or rule. The compensation is applied toward the member's retirement benefit calculation. See [Texas Government Code Section 822.201](#) and [Texas Administrative Code Rule 25.21](#).

TRS laws: The laws adopted by the Texas State Legislature governing the Teacher Retirement System. See the [Laws, Rules and Legislation](#) page for links to TRS laws and TRS rules.

TRS monthly reports: Reports from TRS-covered employers that are required by law or rule to be sent monthly and certified by a contact with Signature authority. The reports are titled Employee Demographic (ED), Regular Payroll (RP), and Employment After Retirement (ER).

TRS rules: The rules adopted by the TRS Board of Trustees to implement TRS laws and administer TRS benefits. TRS rules are codified in [Texas Administrative Code Title 34, Part 3](#).

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 (e.g., superintendent, principal, administrative officer, instructional officer, diagnostician). (Section 16.056 was repealed by the 74th Legislature (1995). It is only valid for the purpose of this report.)

and

- supplemental pay for duties required of a position that is subject to the state minimum salary.

Note: Subtract salary docks from the TRS salary and the state minimum salary.

Payments for duties that constitute a “wholly separate” job are excluded from the TRS salary (for details, see the section of this manual titled, Wholly Separate Positions Not Subject to the Statutory Minimum Contribution). Annual TRS salaries and annual state minimum salaries are divided by the appropriate number of months in the term of payment of the contract (usually 10, 11, or 12 months).

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 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 workdays from September 1 through August 31 (the TRS school year); or
- serve in a TRS-eligible position and be regularly scheduled to work fewer than 5 days per week for at least 4 1/2 months, provided the 4 1/2 month period includes 4 full calendar months in which the member renders service and is paid or uses paid leave for at least 8 days plus another calendar month or months in which the member renders service and is paid or uses paid leave for at least 5 days.

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 or salary docks.

Web administrator: The person authorized by the Head of Institution to be responsible for updating and maintaining contacts in the Reporting Employer (RE) Portal.

Work agreement: See Contract/Work Agreement.

Workday: Monday through Friday