

TITLE 34. PUBLIC FINANCE
PART 3. TEACHER RETIREMENT SYSTEM OF TEXAS
CHAPTER 29. BENEFITS
SUBCHAPTER E. DEFERRED RETIREMENT OPTION PLAN

34 TAC §29.63

The Teacher Retirement System of Texas (TRS) proposes to repeal §29.63 (relating to Deadline for Purchase of Special Service Credit) in Subchapter E of Chapter 29 in Title 34, Part 3, of the Texas Administrative Code.

BACKGROUND AND PURPOSE

In TRS' adopted four-year rule review published in the *Texas Register* on August 7, 2026 (51 TexReg 5257-5258), TRS identified §29.63 as a rule for future repeal because §29.63 contains a deadline for service credit purchases by members who elected to participate in the Deferred Retirement Option Plan (DROP) and states the service credit must be purchased before DROP is elected (with some exceptions). As TRS members have not been able to elect DROP since 2005, a rule containing this deadline is no longer necessary. Further, §29.63(b) also contains a December 31, 2001, deadline for service credit purchases by certain DROP participants, and that deadline has passed.

FISCAL NOTE

Don Green, TRS Chief Financial Officer, has determined that for each year of the first five years the proposed repeal will be in effect, there will be no foreseeable fiscal implications to state or local governments as a result of administering the proposed repeal.

PUBLIC COST/BENEFIT

For each year of the first five years the proposed repeal will be in effect, Mr. Green also has determined that the public benefit anticipated as a result of adopting the proposed repeal will be to remove unnecessary requirements from the Texas Administrative Code. Mr. Green has also determined that there is no economic cost to entities or persons required to comply with the proposed repeal. The repeal imposes no new requirements.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS

TRS has determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities as a result of the proposed repeal. Therefore, neither an economic impact statement nor a regulatory flexibility analysis is required under Government Code §2006.002.

LOCAL EMPLOYMENT IMPACT STATEMENT

TRS has determined that there will be no effect on local employment because of the proposed

repeal. Therefore, no local employment impact statement is required under Government Code §2001.022.

GOVERNMENT GROWTH IMPACT STATEMENT

TRS has determined that for the first five years the proposed repeal will be in effect the proposed repeal will not create or eliminate a government program; will not require the creation or elimination of employee positions; will not require an increase or decrease in future legislative appropriations to TRS; will not require an increase or decrease in fees paid to TRS; will not create a new regulation; will not expand or limit an existing regulation; will not increase or decrease the number of individuals subject to the rule's applicability; and will not affect the state's economy.

The proposed repeal does, however, repeal §29.63.

TAKINGS IMPACT ASSESSMENT

TRS has determined that since there are no private real property interests affected by the proposed repeal, a takings impact assessment is not required under Government Code §2007.043.

COSTS TO REGULATED PERSONS

TRS has determined that Government Code §2001.0045 does not apply to the proposed repeal because the proposed repeal does not impose a cost on regulated persons.

COMMENTS

TRS requests written comments regarding the proposed repeal. The comments may include information related to the costs, benefits, or effects of the proposed repeal, including any applicable data, research, or analysis, from any person required to comply with the proposed repeal or any other interested person.

Comments and information regarding the cost, benefit, and effect of the proposed repeal may be submitted in writing to Brian Guthrie, TRS Executive Director, PO Box 149676, Austin, Texas 78714-0185. Written comments and cost/benefit information must be received by TRS no later than 30 days after publication of this notice in the *Texas Register*.

STATUTORY AUTHORITY

The repeal of §29.63 is proposed under the authority of Government Code §825.102 which authorizes the TRS Board of Trustees to adopt rules for the eligibility for membership, the administration of the funds of the retirement system, and the transaction of business of the board.

CROSS-REFERENCE TO STATUTE

The proposed repeal of §29.63 affects Subchapter I (relating to Deferred Retirement Option Plan) of Chapter 824 of the Government Code.

[§29.63. Deadline for Purchase of Special Service Credit]

~~[(a) Except as provided in subsection (b) of this section, a member who elects to participate in the Deferred Retirement Option Plan (DROP) but also desires to purchase special service credit must purchase all special service credit eligible for purchase on or before the effective date of the member's DROP participation. Special service credit that a member would otherwise become eligible to purchase during DROP participation may not be purchased after the effective date of DROP participation. Also, an election to participate in DROP disqualifies any state personal or sick leave accumulated at the time of the effective date of the member's DROP participation as well as such leave accumulated during participation in DROP from being used in calculating the number of days or hours required to purchase state personal or sick leave at the time of actual retirement.~~

~~(b) A member participating in DROP on September 1, 2001, was permitted to elect, before December 31, 2001, to discontinue participation in DROP on a form prescribed by and filed with TRS. Additionally, a member participating in DROP on September 1, 2005, or whose period of participation in the plan expired on or before September 1, 2005, but who has not retired on or before that date may, before December 31, 2005, elect to discontinue participation in DROP on a form prescribed by and filed with TRS. If a member discontinued participation in DROP as described in this subsection, this rule shall not be deemed to bar the member from purchasing special service credit for which the requirements have been earned or met before or during the member's participation in DROP.~~

~~(c) A member who completes the period of participation in DROP and who returns to employment with a TRS-covered employer without having retired may purchase prior to retirement any special service credit for which the member is eligible and for which the requirements have been earned or met entirely after the member's participation in DROP.]~~

CERTIFICATION

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.