LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 24, 2003

TO: Honorable Helen Giddings, Chair, House Committee on Business & Industry

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB322** by Noriega (Relating to the use of sick and annual leave benefits by a state employee who sustains a compensable injury.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB322, As Introduced: an impact of $0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$0
2005	$0
2006	$0
2007	$0
2008	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *INTERAGENCY CONTRACTS* 777
2004	($775,000)
2005	($775,000)
2006	($775,000)
2007	($775,000)
2008	($775,000)

The bill would allow employees to use previously accrued sick and annual leave benefits in an amount equal to the difference between temporary income benefits and the weekly compensation that the employee was receiving prior to the injury that resulted in the claim.

Fiscal Analysis

The bill would require the State Office of Risk Management to pay temporary income benefits to claimants earlier than usual which would result in annual costs of approximately $775,000 per year. Prior to introduction of this bill, claimants could elect to use annual and sick leave before they started to receive temporary income benefits from the State Office of Risk Management. The bill would allow claimants to exercise the option of utilizing sick or annual leave to provide supplemental income to temporary income benefits, resulting in the claimant receiving 100% of their weekly compensation.

Additional costs to each member agency within the Workers' Compensation Program may increase. Agencies would incur administrative costs (which would vary by agency and could either be very significant or not significant at all) in the calculation of the amount of sick or annual leave that would be necessary to supplement the temporary income benefits to make up the difference between the benefits and the claimant's weekly compensation.

The annual costs could fluctuate depending on the number of workers' compensation claims incurred by each agency.

Although the bill would have no direct impact to General Revenue, member agencies pay portions of Interagency Contracts to the State Office of Risk Management for Workers' Compensation payments out of General Revenue, General Revenue-Dedicated and other funds, such as Fund 006 and trust accounts. Therefore, if an agency's workers' compensation claims increase in any fiscal year, the assessment amount that the member agency has to pay to the State Office of Risk Management would be affected in subsequent fiscal years.

Methodology

Figures were calculated by using the number of weeks of available sick and annual leave of the claimants that received temporary income benefits, 2089, and multiplying that figure by the average weekly compensation rate for the claimants that started receiving temporary income benefits in fiscal year 2002, estimated to be approximately $371 per week.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System, 479 State Office of Risk Management

LBB Staff: JK, JRO, MS, RG