

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 28, 2003**

**TO:** Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB725** by Haggerty (Relating to the participation of community supervision and corrections department employees, retired employees, and dependents of employees and retired employees in the group benefits program for state employees.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB725, As Engrossed: 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:**

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

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from OTHER FUNDS 997</b>
2004	(\$172,200)
2005	(\$102,800)
2006	(\$102,800)
2007	(\$102,800)
2008	(\$102,800)

**Fiscal Analysis**

The bill extends the state's Uniform Group Insurance Program (UGIP) to active and retired employees of community supervision and corrections departments (CSCDs). The substitute makes the Community Justice Assistance Division of the Texas Department of Criminal Justice (TDCJ) responsible for payment of the employer contribution. However, funding of the employer contribution would still be provided by the local CSCD.

## Methodology

The Employees Retirement System (ERS) expects to some additional administrative expense to result from adding CSCD employees to the UGIP. According to the agency, they would have to direct bill either the local CSCD or the CSCD employee, and all CSCD retirees for any employee contributions. As a result, ERS would incur additional administrative costs. These costs, which are made up of software licensing and programming costs, are expected to be \$172,200 in fiscal year 2004, and \$102,800 in subsequent fiscal years.

## Technology

Additional software licensing fees associated with adding 6,700 new participants to the UGIP, one-time programming costs and recurring computer maintenance costs.

## Local Government Impact

Currently, CSCD employees obtain health benefits and other types of coverage from the Texas Association of Counties or through the individual county plans. Based on this substitute, the CSCDs would be responsible for paying 100 percent of the premium for an employee's basic coverage, and based on current policy, 50 percent of the cost of dependent coverage. In addition, the CSCDs would be responsible for funding similar coverage for all employees that retire after September 1, 2004. According to the Texas Department of Criminal Justice, there are approximately 6,400 full-time CSCD employees and 301 part-time CSCD employees in the state's 121 CSCDs. CSCD employees obtain health benefits and other types of coverage from the Texas Association of Counties or through the individual county plans.

The monthly state contribution for employees and retirees enrolled in the UGIP currently averages \$393 per month. This average is based on the current enrollment in plans available through the UGIP, and the current mix of active employees, dependents, and retirees. Based on the UGIP average monthly cost and the estimated number of active employees, the cost to the CSCDs of UGIP enrollment would be approximately \$2.6 million per month or \$31.6 million per year.

CSCDs that are paying higher costs for insurance than what the costs would be under the state's UGIP would experience a savings. The amount of the savings would vary by department, depending on what their existing costs would be in comparison to what the costs for UGIP would be. For example, Williamson County currently pays a monthly premium of \$450 for employee-only coverage. Based on the comparison to UGIP, Williamson County would experience a savings.

No effort has been made to estimate the impact of retirees on the cost to CSCDs of participating in the UGIP. However, to the extent the CSCDs are already providing health insurance coverage for retired employees, whatever savings or costs in health care premiums they experience for active employees from participating in UGIP would apply to retired employees as well.

**Source Agencies:** 327 Employees Retirement System, 304 Comptroller of Public Accounts, 696 Department of Criminal Justice

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