

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 29, 2003

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB820 by Grusendorf (Relating to the eligibility of certain appellate judges to retire with full benefits.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB820, As Passed 2nd House: a negative impact of (\$247,680) 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	(\$247,680)
2006	(\$257,090)
2007	(\$272,600)
2008	(\$289,050)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	\$0
2005	(\$247,680)
2006	(\$257,090)
2007	(\$272,600)
2008	(\$289,050)

Fiscal Analysis

The bill would change the eligibility requirements for service retirement for appellate judges in the Judicial Retirement System - Plan II (JRS II) at the earliest of:

- (1) age 65 with at least 10 years of service if currently holding judicial office,
- (2) age 65 with at least 12 years of service, regardless of whether currently holding judicial office,
- (3) age 55 with at least 20 years of service, regardless of whether currently holding judicial office, or
- (4) the sum of age and years of service credit equals at least 70 and served at least two full terms on an appellate court, regardless of whether currently holding judicial office.

At present, JRS II members are eligible for retirement at the earliest of:

- (1) age 65 with at least 10 years of service if currently holding judicial office,

- (2) age 65 with at least 12 years of service, regardless of whether currently holding judicial office, or
- (3) any age with at least 20 years of service, regardless of whether currently holding judicial office.

Methodology

State law (Section 811.006 of the Texas Government Code) provides that benefit changes may not be implemented if the result is a period to amortize the unfunded liability of state retirement systems by more than 31 years. Based on an Employee Retirement System (ERS) actuarial analysis of JRS II, the state contribution rate required to achieve a 30-year funding period would increase from 17.03 percent of payroll, as determined by the February 28, 2003 actuarial valuation, to 17.51 percent of payroll as a result of passage of this bill.

The current state contribution rate for JRS II is 16.83 percent. The biennial General Revenue cost to increase the state contribution rate from 16.83 percent to 17.03 percent is estimated to be \$349,680. The portion of the biennial General Revenue cost attributable to the bill, and associated with a contribution rate increase from 17.03 percent to 17.51 percent of payroll, is estimated to be \$247,680 (as reflected in the Fiscal Impact table).

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System, 304 Comptroller of Public Accounts

LBB Staff: JK, GO, RR, MS, ZS