

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 23, 2003

TO: Honorable Allan Ritter, Chair, House Committee on Pensions & Investments

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2104 by Merritt (Relating to the date coverage begins under the health benefit plans provided by the Texas Employees Group Benefits Act.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2104, As Introduced: a positive impact of \$35,400,000 through the biennium ending August 31, 2005.

This legislation, which would partially implement recommendation GG9 from the Comptroller's e-Texas Report, Limited Government, Unlimited Opportunity, creates a ninety-day waiting period for newly hired employees in the Uniform Group Insurance Plan (UGIP) administered by the Employees Retirement System.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$17,700,000
2005	\$17,700,000
2006	\$17,700,000
2007	\$17,700,000
2008	\$17,700,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>GENERAL REVENUE DEDICATED ACCOUNTS 994</i>	Probable Savings/ (Cost) from <i>FEDERAL FUNDS 555</i>	Probable Savings/ (Cost) from <i>STATE HIGHWAY FUND 6</i>
2004	\$17,700,000	\$1,365,000	\$5,622,000	\$4,854,000
2005	\$17,700,000	\$1,365,000	\$5,622,000	\$4,854,000
2006	\$17,700,000	\$1,365,000	\$5,622,000	\$4,854,000
2007	\$17,700,000	\$1,365,000	\$5,622,000	\$4,854,000
2008	\$17,700,000	\$1,365,000	\$5,622,000	\$4,854,000

Fiscal Year	Probable Savings/ (Cost) from <i>OTHER SPECIAL STATE FUNDS</i> 998
2004	\$459,000
2005	\$459,000
2006	\$459,000
2007	\$459,000
2008	\$459,000

Fiscal Analysis

The estimated \$35.4 million in cost savings in the 2004-05 biennium would come from reducing the amount of General Revenue and General Revenue-Dedicated Account funds used to provide health care benefits for new state employees. The estimated cost savings in All Funds (i.e., General Revenue, General Revenue-Dedicated Accounts, federal funds, State Highway Fund No. 6 and other special state funds) is \$60.0 million for the 2004-05 biennium.

This estimated cost savings is highly dependent on the number of employees that are hired during the next and future biennia. If as expected hiring freezes and reductions in full-time equivalent positions are used by state agencies as cost containment measures in fiscal year 2003 and the 2004-05 biennium, there would be no cost savings attributable to this legislation in the 2004-05 biennium.

Methodology

This cost savings estimate is based on state government hiring activity in fiscal year 2002. To the extent that these assumptions no longer apply, the savings would change.

Technology

None.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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