

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 31, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2210 by Ritter (Relating to the indirect cost recovery program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2210, As Introduced: a negative impact of (\$8,184,172) through the biennium ending August 31, 2005.

This legislation would exempt public retirement systems like the Employees Retirement System of Texas and the Teachers Retirement System from reimbursing the General Revenue Fund for certain indirect costs.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$4,092,086)
2005	(\$4,092,086)
2006	(\$4,092,086)
2007	(\$4,092,086)
2008	(\$4,092,086)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>GR DEDICATED ACCOUNTS 994</i>	Probable Revenue Gain/ (Loss) from <i>OTHER FUNDS 997</i>
2004	(\$4,092,086)	(\$89,353)	(\$69,868)
2005	(\$4,092,086)	(\$89,353)	(\$69,868)
2006	(\$4,092,086)	(\$89,353)	(\$69,868)
2007	(\$4,092,086)	(\$89,353)	(\$69,868)
2008	(\$4,092,086)	(\$89,353)	(\$69,868)

Fiscal Analysis

This proposal would exempt the Teachers Retirement System and the Employees Retirement System from contributions to the State's Indirect Cost Recovery program, except for those indirect costs for which the system receives federal reimbursement. If adopted, the legislation would decrease the reimbursements to General Revenue by the two retirement systems for statewide allocated costs.

Methodology

Assuming the two retirement systems' share of statewide allocated costs are consistent with the amounts reported in the most recent Statewide Cost Allocation Plan, and that all indirect costs

allocated to the systems would be exempted, the revenue loss to the General Revenue Fund is \$4,092,086 per fiscal year. Of this amount, \$1,098,639 represents statewide costs allocated to the Employees Retirement System, and \$2,993,447 represents statewide costs allocated to the Teacher Retirement System.

Local Government Impact

The Texas Municipal Retirement System and the Texas County and District Retirement System both reported no fiscal implication to their systems was anticipated.

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

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