

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 12, 2003

TO: Honorable Robert Talton, Chair, House Committee on Urban Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3161 by Capelo (Relating to the benefits provided to certain firefighters and peace officers or their eligible survivors as a result of a disability or death from certain causes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3161, As Introduced: a negative impact of (\$5,236,000) 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	(\$2,600,000)
2005	(\$2,636,000)
2006	(\$2,672,000)
2007	(\$2,708,000)
2008	(\$2,708,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	(\$2,600,000)
2005	(\$2,636,000)
2006	(\$2,672,000)
2007	(\$2,708,000)
2008	(\$2,708,000)

Fiscal Analysis

The bill could have a significant fiscal impact on the public safety benefits program administered by the Employees Retirement System (ERS). If public safety benefits are to be paid to the survivors of firefighters and police officers who die from hypertension or heart attacks, the number of benefits could increase significantly. For all eligible deaths under Section 615 of the Government Code, the following benefits are payable from the General Revenue Fund:

- A lump sum payment of \$250,000 to an eligible surviving spouse, surviving children, or surviving parents.
- Monthly payments of \$200 for a surviving minor child, \$300 for two surviving minor children, or

\$400 for three or more minor surviving children. These payments continue until the child reaches the age of 18.

In addition, if the deceased was either a peace officer or an employee of the institutional division or the state jail division of the Texas Department of Criminal Justice (TDCJ) who was killed in the line of duty and had not qualified for an annuity under an employee's retirement plan, the following payments could apply:

- Funeral expenses – lesser of \$6,000 or actual costs (maximum set by Board rule).
- Monthly annuity payments to the surviving spouse.

Methodology

The number of firefighters and peace officers who would be affected by the bill cannot be readily determined, but only estimated using assumptions regarding the number of eligible deaths. For purposes of this analysis, it is assumed that at least ten (10) claims for public safety death benefits related to deaths from hypertension and heart disease would be paid each fiscal year. This represents one-half of the claims currently paid by ERS.

The lump-sum benefit paid for eligible deaths in the first year would average \$260,000. The average monthly payment to surviving spouses and children is \$300. This results in an estimated biennial cost to General Revenue of \$5,236,000. Beginning in fiscal year 2008, it is assumed that monthly payments for surviving children would remain constant as the number of surviving children reaching 18 offset the increase in surviving children from new death benefit claims.

Local Government Impact

The Texas Association of Counties (TAC), which handles workers compensation for about 50 percent of the county employees in Texas, has about 10 hypertension or heart disease claims each year that they currently do not pay, but that would be eligible under the bill. TAC estimates that those 10 claims would cost about \$300,000 to \$500,000 each, depending on the specific medical claim and survivor benefits. This would total to approximately \$3 million a year. Assuming the remaining 50 percent would have the same number of claims, the combined yearly figure could reach \$6 million.

According to the Texas Municipal League, limited data is available to arrive at a fiscal impact for municipalities, but based on the effects other states have experienced, implementation of the bill would significantly increase the costs to political subdivisions. The Tarrant County Fire Marshal's Office reported that the fiscal impact to their budget would be "tremendous and hard to figure."

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

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