

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 31, 2003

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1369 by Duncan (Relating to certain group benefits for retired school employees.),
Conference Committee Report

Estimated Two-year Net Impact to General Revenue Related Funds for SB1369, Conference Committee Report: 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.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency "building block" funding requests.

General Revenue-Related Funds, Five-Year Impact:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from OTHER FUNDS 997
2004	\$155,210,629
2005	\$162,971,162
2006	\$171,119,720
2007	\$179,675,706
2008	\$188,659,491

Fiscal Analysis

The bill would amend the statutes governing the Teacher Retirement System's group insurance program for public education retired employees. The provisions in the bill that would have a direct fiscal impact relate to contributions to the retired school district employees' group insurance program.

Methodology

Increasing the active public education employees' contribution to 0.50 percent from 0.25 percent would generate \$106 million to the TRS-Care retiree insurance program over the 2004-2005 biennium.

Increasing the state's contribution rate to the TRS-Care program from 0.50 percent to 1.0 percent would cost the General Revenue fund \$212 million over the 2004-2005 biennium. Under current law, the 0.50 state contribution rate results in a need for a solvency supplement of \$1.1 billion. To the extent that the state contribution is increased, the solvency supplement is reduced. Therefore, the result of this provision is that the supplemental appropriation to TRS-Care would be reduced in the General Appropriations Act to show no net cost to the state.

The new revenue associated with these provisions is reflected as a gain to "Other Funds" in the fiscal impact table above.

The bill would also transfer \$42 million from the TRS insurance fund for active school district employees to the TRS retiree insurance program. Because this would be an inter-fund transfer, it has no fiscal impact to the state.

Local Government Impact

School districts would contribute \$203.4 million during the 2004-2005 biennium to the TRS-Care insurance fund.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JK, EB, WP, JO, SD, UP, RN