

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 4, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1369 by Duncan (Relating to certain group benefit plans provided to certain school employees and retirees and their dependents.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1369, As Introduced: a positive impact of \$176,902,907 through the biennium ending August 31, 2005.

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	\$85,708,773
2005	\$91,194,134
2006	\$97,030,559
2007	\$103,240,515
2008	\$109,847,908

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>OTHER FUNDS</i> 997
2004	\$85,708,773	\$53,567,983
2005	\$91,194,134	\$56,996,334
2006	\$97,030,559	\$60,644,099
2007	\$103,240,515	\$64,525,322
2008	\$109,847,908	\$68,654,943

Fiscal Analysis

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

Methodology

The bill would reduce the state contribution rate to the Teacher Retirement System's retired public education employees' group insurance program. The rate would be reduced from 0.50 percent to 0.10 percent. This reduction would result in a general revenue savings of \$176.9 million for the

2004-2005 biennium.

The bill would increase the active public education employees' contribution rate to the retiree insurance program from 0.25 percent to 0.50 percent. This increase would generate \$110.6 million to the Teacher Retirement System' trust fund, shown as "Other Funds" above, for the retired public education employees' insurance program.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

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