

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 9, 2005

TO: Honorable Craig Eiland, Chair, House Committee on Pensions & Investments

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB139 by Hopson (Relating to the hazardous duty performed by certain custodial officers of the Texas Department of Criminal Justice.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB139, As Introduced: a negative impact of (\$3,010,710) through the biennium ending August 31, 2007.

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
2006	\$0
2007	(\$3,010,710)
2008	(\$3,010,710)
2009	(\$3,010,710)
2010	(\$3,010,710)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6
2006	\$0	\$0	\$0	\$0
2007	(\$3,010,710)	(\$229,065)	(\$714,646)	(\$797,284)
2008	(\$3,010,710)	(\$229,065)	(\$714,646)	(\$797,284)
2009	(\$3,010,710)	(\$229,065)	(\$714,646)	(\$797,284)
2010	(\$3,010,710)	(\$229,065)	(\$714,646)	(\$797,284)

Fiscal Year	Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> 998
2006	\$0
2007	(\$48,007)
2008	(\$48,007)
2009	(\$48,007)
2010	(\$48,007)

Fiscal Analysis

The bill would add certain service at the maximum security unit of Rusk State Hospital to service that counts towards Correctional Officer Service as it applies to Hazardous Duty Pay and towards retirement eligibility for the Law Enforcement and Custodial Officers' Supplemental Retirement Fund (LECOS). The additional service would add to the normal cost and unfunded liability for the Employees Retirement System (ERS) and LECOS, which would increase the cost of an actuarially sound funding rate. The ERS actuary estimates a non-significant impact on ERS and LECOS until Fiscal Year 2007 since the Texas Department of Criminal Justice (TDCJ) would not need to determine rules to implement the proposal until January 1, 2006.

Methodology

The impact on TDCJ is not significant. The additional contribution rate for an actuarially sound contribution would rise by .083 percent of payroll for ERS and by .071 percent of payroll for LECOS. These rates were applied to the payroll bases for the two systems, and appropriate funding sources for payroll were applied to get the method of finance for the payments.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System, 696 Department of Criminal Justice

LBB Staff: JOB, SR, WP, WM