

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 13, 2005

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

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

IN RE: HB346 by Escobar (Relating to the amounts to be appropriated for the state contribution to the teacher retirement program for fiscal years 2006 and 2007.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB346, As Introduced: a negative impact of (\$3,445,931,899) through the biennium ending August 31, 2007.

Appropriations:

| Fiscal Year | Appropriation out of <i>GENERAL REVENUE FUND</i> 1 | Appropriation out of <i>EST OTH EDUC & GEN INCO</i> 770 |
|-------------|--|---|
| 2006 | \$1,575,054,037 | \$85,269,975 |
| 2007 | \$1,870,877,862 | \$106,772,838 |

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2006 | (\$1,575,054,037) |
| 2007 | (\$1,870,877,862) |
| 2008 | \$0 |
| 2009 | \$0 |
| 2010 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable Savings/(Cost) from <i>EST OTH EDUC & GEN</i> <i>INCO</i> 770 | Probable Revenue Gain/ (Loss) from <i>TRS TRUST ACCOUNT</i> <i>FUND</i> 960 |
|-------------|---|--|---|
| 2006 | (\$1,575,054,037) | (\$85,269,975) | \$1,660,324,012 |
| 2007 | (\$1,870,877,862) | (\$106,772,838) | \$1,977,650,700 |
| 2008 | \$0 | \$0 | \$0 |
| 2009 | \$0 | \$0 | \$0 |
| 2010 | \$0 | \$0 | \$0 |

Fiscal Analysis

The bill would appropriate \$1.6 billion in fiscal year 2006 and \$1.9 billion in fiscal year 2007 to the Teacher Retirement System (TRS) for the purpose of making contributions to the TRS pension fund on behalf of public education and higher education employees.

Methodology

The bill would increase the state contribution to the TRS pension fund by \$1.6 billion in fiscal year 2006 and \$1.9 billion in fiscal year 2007. The bill does not specify a state contribution rate, makes no changes to the member contribution rate, and makes no changes to the pension benefit structure. Analysis by the TRS actuary indicates that the provisions of the bill would have no impact on the normal cost or the Unfunded Actuarial Accrued Liability of the pension fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

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