

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 20, 2005**

**TO:** Honorable Harold V. Dutton, Jr., Chair, House Committee on Juvenile Justice & Family Issues

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

**IN RE: HB2743** by Deshotel (Relating to the overtime compensation of employees of the Texas Youth Commission.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2743, As Introduced: a negative impact of (\$9,012,737) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	(\$4,446,410)
2007	(\$4,566,327)
2008	(\$4,662,261)
2009	(\$4,739,009)
2010	(\$4,800,406)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>
2006	(\$4,446,410)
2007	(\$4,566,327)
2008	(\$4,662,261)
2009	(\$4,739,009)
2010	(\$4,800,406)

**Fiscal Analysis**

The bill would amend the Government Code to exempt Texas Youth Commission employee compensatory time from lapsing 12 months after the time was accrued and to require the agency to pay employees for all compensatory time accumulated up to the employee's separation from employment. The bill would allow employees compensatory time off at the rate of 1 ½ hours up to 5 hours in a workweek and require the Texas Youth Commission to pay employees for compensatory time earned in excess of 5 hours in a workweek. The rate of compensation would be 1 ½ times the employee's regular rate of pay for each hour of state compensatory time accrued. The bill would take effect immediately if receiving a vote of two-thirds of all members of each house, or September 1, 2005.

## **Methodology**

The bill would result in additional salary payments for overtime compensation earned in excess of 5 hours in a workweek. The agency estimates approximately 312,465 hours of compensation time are earned each fiscal year. The agency also assumed that 38 percent of the hours earned will be paid for in the year earned totaling 118,737 overtime hours that the agency would be required to pay to comply with the bill. The annual estimated cost to the state for overtime compensation equals \$2,739,256 (118,737 overtime hours X 1.5 compensation rate X \$15.38 average hourly rate per employee).

The bill would also result in additional salary payments to employees for compensatory time balances accumulated up to the employee's separation of employment. The agency estimates approximately 369,994 hours in fiscal year 2006 of average compensatory time balances during the year. The agency assumes the average compensatory time balances to increase each year because of additional compensatory time balances forwarded each year. The agency also assumed that 20 percent of the hours would be paid for at separation during the year, totaling 73,999 compensatory time balance hours that the agency would be required to pay to comply with the bill. The estimated cost to the state for compensation balance hours equals \$1,707,154 in fiscal year 2006 (73,999 compensation balance hours X 1.5 compensation rate X \$15.38 average hourly rate per employee). The amount is estimated to increase in subsequent fiscal years. The estimated cost per year to implement the provisions of the bill would be \$4,446,410 in fiscal year 2006 (\$2,739,256 for overtime compensation + \$1,707,154 for compensation balance hours), \$4,566,327 in fiscal year 2007, \$4,662,261 in fiscal year 2008, \$4,739,009 in fiscal year 2009, and \$4,800,406 in fiscal year 2010.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 694 Youth Commission

**LBB Staff:** JOB, LB, VDS, LG