

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 6, 2005

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

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

IN RE: HB2747 by McClendon (Relating to the administration of a retirement health care plan for firefighters and police officers in certain municipalities.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would make changes to the statutes governing the city of San Antonio's Fire and Police Retiree Health Plan. The bill would take effect October 1, 2005.

Local Government Impact

The current statute determines contributions as those agreed to in collective bargaining agreements. The bill would set member contributions as a monthly dollar amount, while city contributions would be a percentage of pay, ranging from 11.24 percent in plan year 2006 to 20.62 percent in plan year 2020. Current city contributions are roughly 9.4 percent for police and 8.7 percent for firefighters. The city has estimated additional annual costs from the bill, compared to the current contribution rates, to vary from \$2.8 million in plan year 2006 to \$10.5 million in 2010, and to \$49.7 million in 2020. However, if the city is to pay two-thirds of the cost of the plan (a guideline set in the current collective bargaining agreement), their costs would rise well above the current rates, though likely by significantly less than those in the bill. Therefore, the fiscal impact of the bill would be lower than the amounts listed above. If medical inflation is greater than expected, the fiscal impact relating to city contributions would be less (since they would face more of these costs due to the two-thirds cost sharing), but there would likely be shortfalls in the plan from member contributions not keeping up.

Source Agencies: 338 Pension Review Board

LBB Staff: JOB, SR, DLBa, WP, WM