

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 20, 2005

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

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

IN RE: HB3160 by Noriega, Melissa (Relating to service and disability retirement benefits and death benefits for rescue specialists.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill defines a "rescue specialist" as a member of the Employees Retirement System who is employed by the adjutant general to fight fires at a Texas National Guard installation. Rescue specialists would be covered by the same benefits and retirement eligibility provisions as law enforcement and custodial officers under both the Employees Retirement System (ERS) and the Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOS).

ERS estimates that 31 current employees would qualify as rescue specialists under the bill, and would thereby receive improved retirement benefits. The bill would add \$0.1 million to the unfunded actuarial accrued liability of ERS, and add \$0.5 million to the actuarial liability of LECOS. The annual increased costs to the state for paying these amounts would not be significant.

However, Government Code 811.006 states that if the amortization period of the system is over 30 years, a proposal to make a type of service creditable in ERS may not be adopted if it would increase the amortization period. The ERS actuary estimates that unless the state contribution to ERS is raised to 7.045 percent in 2006 and 7.071 percent in 2007, passage of this bill would violate that provision. The cost of such increased contribution rates would be approximately \$50 million per year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JOB, SR, WM