

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 9, 2005

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB751 by Van de Putte (Relating to service and disability retirement benefits and death benefits for rescue specialists.), **Committee Report 1st House, Substituted**

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. Using typical LECOS demographics, the bill is estimated by the ERS actuary to add \$0.1 million to the unfunded actuarial accrued liability of ERS, and add \$0.5 million to the actuarial liability of LECOS. However, the population under consideration is better compensated than the typical LECOS participant, and is likely to have demographics similar to the Law Enforcement members of LECOS, which could double the costs to ERS and LECOS. Regardless, the annual increased costs to the state for paying these amounts are not estimated to be significant.

Government Code 811.006 states that if the amortization period of the system is over 30 years (which is currently the case), a proposal to make a type of service creditable in ERS may not be adopted if it would increase the amortization period. The bill proposes amending this provision so that it would not apply when the service credit is granted only to ERS members paid from only federal funds, which is currently the case for the personnel affected by the proposal. Additionally, the bill would require the federal government to pay the applicable retirement system benefits. So long as the federal government paid the full amount of any additional benefits attributable to a benefit improvement as they occurred, there would be no impact to the system. If they wound up not paying the benefits, the state would be liable for any additional costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JOB, SR, WM