

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 31, 2005

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB1567 by Williams (Relating to the amount of longevity and hazardous duty pay for certain state employees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1567, As Introduced: a negative impact of (\$97,588,916) 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:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2006 | (\$48,282,729) |
| 2007 | (\$49,306,187) |
| 2008 | (\$50,164,174) |
| 2009 | (\$51,040,459) |
| 2010 | (\$51,935,491) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994 | Probable (Cost) from <i>EST OTH EDUC &</i> <i>GEN INCO</i> 770 | Probable (Cost) from <i>FEDERAL FUNDS</i> 555 |
|-------------|---|--|--|--|
| 2006 | (\$48,282,729) | (\$3,362,354) | (\$5,169,466) | (\$11,606,103) |
| 2007 | (\$49,306,187) | (\$3,422,879) | (\$5,272,855) | (\$11,408,918) |
| 2008 | (\$50,164,174) | (\$3,462,633) | (\$5,378,312) | (\$11,524,766) |
| 2009 | (\$51,040,459) | (\$3,502,950) | (\$5,485,878) | (\$11,641,826) |
| 2010 | (\$51,935,491) | (\$3,543,840) | (\$5,595,596) | (\$11,760,111) |

| Fiscal Year | Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> 998 | Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6 |
|-------------|--|---|
| 2006 | (\$758,660) | (\$10,616,562) |
| 2007 | (\$771,977) | (\$10,865,491) |
| 2008 | (\$779,697) | (\$11,015,594) |
| 2009 | (\$787,494) | (\$11,168,442) |
| 2010 | (\$795,368) | (\$11,324,098) |

Fiscal Analysis

The bill would increase longevity pay and hazardous duty pay for state employees and employees of institutions of higher education. Currently longevity pay is at the rate of \$20 per month for every 3 years of service, the bill would increase this to the rate of \$20 per month for every 2 years of service. Currently hazardous duty pay is at the rate of \$7 per month for every year of service, the bill would increase this to the rate of \$10 per month for every year of service.

The bill takes effect September 1, 2005.

Methodology

Length of service tables for longevity pay and hazardous duty pay for state employees were used with the increased monthly amounts to estimate the cost increase for state employees. Based on historic trends, these amounts were increased by 1 percent and 3 percent annually. A similar increase was applied to current expenditure amounts shown in the Uniform Statewide Accounting System for higher education employees, and this was grown at the historic trend of 2 percent. A method of finance was applied to each of these pieces based on the current funds used to pay appropriated employee benefit payments. Institutions of higher education would face some additional costs based on unappropriated funds held outside the treasury.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 308 State Auditor's Office, 327 Employees Retirement System, 329 Real Estate Commission, 405 Department of Public Safety, 456 Board of Plumbing Examiners, 529 Health and Human Services Commission, 530 Department of Family and Protective Services, 538 Department of Assistive and Rehabilitative Services, 539 Department of Aging and Disability Services, 551 Department of Agriculture, 601 Department of Transportation, 720 The University of Texas System Administration, 768 Texas Tech University System Administration

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