LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 28, 2005

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: **SB1863** by Ogden (Relating to certain fiscal matters affecting governmental entities; providing a penalty.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1863, Conference Committee Report: a positive impact of $724,973,283 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	$347,573,154
2007	$377,400,129
2008	$273,069,612
2009	$277,519,466
2010	$285,320,965

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *GR MATCH FOR MEDICAID* 758	Probable Revenue Gain/(Loss) from *Vendor Drug Rebates-Sup Rebates* 8081
2006	$321,156,000	$20,790,253	$5,626,901	$5,626,901
2007	$305,083,000	$60,382,849	$11,934,280	$11,934,280
2008	$202,400,000	$56,341,231	$14,328,381	$14,328,381
2009	$202,440,000	$57,885,408	$17,194,058	$17,194,058
2010	$202,400,000	$62,288,396	$20,632,569	$20,632,569

Fiscal Year	Probable Savings/ (Cost) from *Vendor Drug Rebates-Sup Rebates* 8081	Probable Revenue Gain/(Loss) from *COASTAL PROTECTION ACCT* 27	Probable Revenue Gain/(Loss) from *CRIME VICTIMS COMP ACCT* 469	Probable Revenue Gain/(Loss) from *PETRO STO TANK REMED ACCT* 655
2006	($5,626,901)	($9,143,000)	$1,616,725	$39,839,000
2007	($11,934,280)	$2,621,000	$7,874,350	$65,638,000
2008	($14,328,381)	$2,681,000	$9,281,800	$0
2009	($17,194,058)	($10,474,000)	$9,281,800	$0
2010	($20,632,569)	$18,478,000	$9,281,800	$0

Fiscal Year	Probable Savings/ (Cost) from *PETRO STO TANK REMED ACCT* 655	Probable Savings/ (Cost) from *EST OTH EDUC & GEN INCO* 770	Probable Savings/ (Cost) from *GR DEDICATED ACCOUNTS* 994	Probable Revenue Gain/(Loss) from *QUALITY ASSURANCE* 5080
2006	$6,200,000	($5,169,466)	($2,817,690)	$54,368,000
2007	($68,700,000)	($5,272,855)	($1,883,247)	$54,393,000
2008	($69,100,000)	($5,378,312)	($2,406,489)	$54,393,000
2009	($24,900,000)	($5,485,878)	($2,308,978)	$54,393,000
2010	($12,300,000)	($5,595,596)	($2,214,013)	$54,393,000

Fiscal Year	Probable Revenue Gain/(Loss) from *GR-D - Various*	Probable Revenue Gain/(Loss) from *New GR-D Telecommunications Infrastructure Fund*	Probable Savings/ (Cost) from *FEDERAL FUNDS* 555	Probable Savings/ (Cost) from *STATE HIGHWAY FUND* 6
2006	$3,686,275	$33,333,000	$175,616,034	($9,282,129)
2007	$17,952,650	$0	$216,931,461	($9,288,290)
2008	$21,162,200	$0	$217,200,655	($9,173,127)
2009	$21,162,200	$0	$217,549,686	($8,993,842)
2010	$21,162,200	$0	$217,874,251	($8,836,539)

Fiscal Year	Probable Revenue Gain/(Loss) from *TEXAS MOBILITY FUND* 365	Probable Revenue Gain/(Loss) from *RETIRED SCHOOL EMP GROUP INSURANCE* 989	Probable Savings/ (Cost) from *OTHER FUNDS* 997	Probable Savings/ (Cost) from *OTHER SPECIAL STATE FUNDS* 998
2006	($153,060,000)	$29,054,157	$975,000	($662,878)
2007	($101,630,000)	$30,216,323	$4,138,000	($616,222)
2008	$0	$31,424,976	$2,168,000	($561,923)
2009	$0	$32,681,975	$2,061,000	($505,675)
2010	$0	$33,989,254	$2,210,000	($450,085)

Fiscal Year	Probable Revenue Gain/(Loss) from *Other Funds - Various*	Change in Number of State Employees from FY 2005
2006	$200,000	9.0
2007	$974,000	66.0
2008	$1,148,000	103.0
2009	$1,148,000	92.0
2010	$1,148,000	62.0

Fiscal Analysis

Article 1 would increase the annual lobby registration fee to $500 from $300 for lobbyists other than those employed by a tax-exempt organization under 501(c)(3) or 501(c)(4), Internal Revenue Code. The article would take effect December 1, 2005.

Article 2 would implement the Legislative Budget Board's Staff Performance Report, "Recover Certain State Agency Overpayments to Vendors." The bill would require agencies with total expenditures exceeding $100 million in a biennium to participate in recovery audits on expenditures to third parties. The comptroller may exempt some agencies by rule.

Article IX, Section 8.03 of the current version of the General Appropriations Bill as passed by the House and Senate directs the comptroller to deposit 50 percent of recovered General Revenue Funds, General Revenue-Dedicated Funds, and Other Funds in the state treasury. The remaining 50 percent is retained by the agency for the original purpose of the appropriations and to pay the recovery audit firm. The bill would require the Comptroller to report results to the legislature.

Article 3 would make the period of continuous coverage of certain individuals under the child health plan and Medicaid programs six months or until the individual’s 19th birthday. It would also require HHSC to request a waiver or authorization from a federal agency if needed to implement the provisions of this article.

Article 4 of the bill would implement the Legislative Budget Board's (LBB) Staff Performance Report, "Offer an Incentive to Employees Who Opt Out of the State Employee Health Insurance Program."

The bill authorizes the board to provide an incentive payment to an employee or retiree who elects to opt out of the state's health coverage. The amount of the incentive payment is to be set in the General Appropriations Act. The employee or annuitant may use the incentive only to purchase optional coverage provided under the ERS group benefits plan, including TRICARE supplemental health coverage. The bill authorizes a reduction in the state contribution for an employee or retiree who waives participation in the state's health plan. The state is authorized to appropriate the amount specified in the General Appropriations Act for the incentive payment instead of the amount of the state contribution for "member-only" health coverage.

Article 5 would amend the Texas Water Code to extend certain deadlines related to corrective actions for releases from a petroleum storage tank and extends fee rates in effect for fiscal year 2004-2005 through fiscal year 2007. The bill would extend the September 1, 2005 deadline for the Texas Commission on Environmental Quality (TCEQ) to reimburse persons conducting corrective actions for releases from a Petroleum Storage Tank (PST) site to September 2, 2007, if an applicant has made a good faith effort to complete such actions by the original September 1, 2005 deadline. In cases where an extension has been granted because of good faith efforts made, the bill also would allow such sites to be placed in the PST "state-lead" program if corrective actions cannot be completed by September 1, 2007.

The bill also would extend the deadline to file PST reimbursement claims from March 1, 2006, to March 1, 2008, and specify that the TCEQ cannot use funds from the PST Remediation Account No. 655 to pay such reimbursement claims after September 1, 2008. The bill would maintain the rate of the petroleum product delivery fee imposed at the fiscal year 2005 level of one-half of one cent per gallon for fiscal years 2006 and 2007. Under current law, the fee for 2006 would effectively drop to one quarter of one-cent per gallon; for 2007, it would effectively drop to one-tenth of one cent per gallon. Article 5 would take effect on September 1,2005.

Article 6 would implement a recommendation in the LBB Staff Performance Report, "Consider Establishing a Multi State Medicaid Drug Purchasing Pool." The bill would authorize the Health and Human Services Commission (HHSC) to enter into agreements with other states for the joint bulk purchasing of prescription drugs for the Medicaid program, children's health insurance plan, or other programs. If HHSC finds such an agreement is feasible and cost-effective, the bill would require HHSC to enter into an agreement effective March 1, 2006.

Article 7 would repeal the expiration of the assessment of the quality assurance fee to ICF-MRs. This repeal would result in the continuation of the collection of revenue in General Revenue-Dedicated Account 5080 - Quality Assurance.

Article 8 would amend Chapter 201 of the Transportation Code to transfer revenues collected in state fiscal year 2006 from the issuance and renewal of driver's licenses and personal identification cards (including reinstatement fees), and driver record fees from the Texas Mobility Fund 365 to the General Revenue Fund. The bill would also transfer revenues collected in state fiscal year 2007 from the issuance and renewal of driver's licenses and personal identification cards (including reinstatement fees) from Fund 365 to the General Revenue Fund. This section would be effective September 1, 2005.

Article 9 would amend Chapter 57 of the Utilities Code to continue GR Account 345 - Telecommunications Infrastructure Fund until September 1, 2011. The bill would repeal portions of the statute imposing a ceiling on the assessment. Certificated telecommunications utilities would be allowed to recover the assessment from the utilities' customers once the balance in the account exceeded $1.5 billion from assessment deposits. The bill would require the assessment to be deposited to the General Revenue Fund. This section would take effect July 1, 2005, if sufficient votes were received; otherwise, it would take effect September 1, 2005.

Article 10 would require counties with a population of 50,000 or greater and municipalities with a population of 100,000 or greater to implement a program to improve the collection of court costs, fees, and fines imposed in criminal cases in accordance with guidelines and a prioritized implementation schedule developed by the Office of Court Administration (OCA). Counties and cities must report at least annually to the OCA and the comptroller regarding the program. The comptroller would determine a collection rate for counties and municipalities prior to program implementation as well as audit counties and municipalities after program implementation to determine compliance with major program components.

OCA and the comptroller would be required to help local court jurisdictions implement a collection program. OCA estimates that programs would be phased in over several years period and this prioritized schedule would result in approximately 33 programs being implemented in fiscal year 2006 and 38 programs in fiscal year

2007. The bill would authorize counties and municipalities to keep a percentage of state court costs, fees, and fines as a service fee if they are compliant with the program criteria and forfeit the fee if they are out of compliance.

Article 11 would implement the recommendation entitled “Reduce the Interest Rate Paid on Tax Refunds” from the LBB Staff Performance Report. Under current law, the state pays interest on refunds of taxes paid for a report period on or after January 1, 2000. The interest rate is set annually at the prime rate plus one percent. The bill would change the rate of interest paid on certain tax refunds claimed after September 1, 2005 for any report period due on or after January 1, 2000. The rate would be the lesser of: 1) the prime rate plus one percent, or 2) the annual rate of interest earned on state treasury deposits during December of the previous year.

Article 12 would change the eligibility for the Existing Debt Allotment by rolling forward by two years the school year in which bonds are paid for a school district to be eligible for the allotment.

Article 13 of the bill would implement concepts in the LBB Staff Performance Reports, “Change Policies Governing Return to Work Retirees” and “Reduce the 12 Month Benefit Replacement Pay Eligibility Grace Period.” The bill would modify the amount of longevity pay retirees returning to state service after June 1, 2005 would earn. The bill would also exclude future return to work retirees from earning longevity pay and benefit replacement pay and reduce the amount of vacation hours they would accrue each month. The bill would also make any state employee who leaves state employment for at least 30 consecutive days ineligible to receive benefit replacement pay. The bill includes an exception for employees on leave without pay and certain employees whose positions typically include a break in service.

Article 13 would increase longevity pay and hazardous duty pay for state employees and employees of institutions of higher education. Currently longevity pay is $20 per month for every 3 years of service. The bill would increase this to $20 per month for every 2 years of service. Currently hazardous duty pay is $7 per month for every year of service. The bill would increase this to $10 per month for every year of service. This article would take effect September 1, 2005.

Article 14 would amend the Utilities Code to allow the Public Utilities Commission to set the low income electric customer discount level less than 10 percent if the Commission determines that appropriations are insufficient to fund a 10 percent rate reduction.

Article 15 would allow the legislature to appropriate funds in excess of interest earned in the Coastal Protection Fund. This section would expire September 1, 2007. This provision would also decrease the fee from 2 cents per barrel to 1 1/3 cent per barrel. The ceiling on the fund would decrease from $25 million to $20 million, and the floor would decrease from $14 million to $10 million.

Article 16 provides for the reimbursement, plus interest, on excessive or unfairly discriminatory rates charged by certain insurers.

Article 17 would change the 8 percent state contribution rate for retirement established in statute to reflect the 6 to 10 percent range established in the Texas Constitution. This article would also increase the rate at which active public education employees contribute to TRS-Care to 0.65 percent from 0.50 percent. This provision would take effect on September 1, 2005.

Article 18 would direct the Texas Education Agency (TEA) to provide funding to TRS-participating school districts, participating charter schools, and regional education service centers for the purpose of providing supplemental compensation (the “pass-through”) to district employees in an amount established in the General Appropriations Act.

This article would also establish a 90-day waiting period before new employees would be eligible to receive supplemental compensation and would be effective on September 1, 2005.

Article 19 would require employers to contribute an amount equal to the state contribution to TRS on behalf of new TRS members first employed as of September 1, 2005, for the first 90 days of employment.

The bill would take effect immediately if sufficient votes were obtained. Otherwise, the bill would be effective on the 91st day after the last day of the legislative session.

Methodology

Article 1 related to lobby fees is based on information provided by the Ethics Commission. The Commission estimates that 1,400 lobbyists would register at the $500 level during each year in which a regular session of the Texas Legislature is held, and 1,200 lobbyists would register at the $500 level in nonsession years. This change would result in a General Revenue Fund gain of $520,000 for the 2006- 2007 biennium.

For **Article 2,** it is assumed that the recovery audit firm would produce a 0.04 percent recovery rate on all expenditures. It is assumed that recoveries from fiscal years 2003 to 2005 would be collected in fiscal year 2007, but subsequent years would recover expenditures from a single prior fiscal year. As each Federal Funds program has its own rules regarding recovered expenditures, it is estimated that there would be no savings or revenue gain from Federal Funds. Per Article IX, Section 8.03 of the General Appropriations Bill passed by the House, half of recovered funds would be returned to the state treasury for each fiscal year that is audited. In fiscal year 2007, recovered funds returned to the state treasury would be for three years, thus saving $9.6 million in General Revenue, $0.9 million in GR-Dedicated Funds and $3.0 million in Other Funds. It is assumed that the CPA could absorb the cost of administering this program within current appropriations.

The estimated savings in **Article 3** for six-months continuous eligibility in CHIP is $73.2 million in All Funds, including $28.0 million General Revenue for 2006 and 2007. The estimate of savings related to six-month continuous eligibility in Medicaid is $605.1 million in All Funds, including $238.6 million General Revenue for 2006 and 2007. These savings are currently reflected in both the Senate and House version of the General Appropriations Bill.

Article 4 of the bill authorizes a reduction in the state contribution for an employee or annuitant who waives participation in the state’s health plan. Article IX, Section 13.16, of the General Appropriations Bill passed by the House provides a $60 per month state contribution for each employee or annuitant who opt out of the state's health coverage. The savings estimate assumes: 2,992 employees/annuitants currently enrolled in the state’s health plan would opt out; the HealthSelect premium will increase each year; the employee/annuitant population will remain constant; and savings are reduced 20 percent for adverse selection. The total anticipated 2006-07 All Funds savings is $16,100,751; including General Revenue Related savings of $10,143,473.

Article 5 would result in a savings in fiscal year 2006 of $6.2 million to the PST Remediation Account No. 655 because extending the program would make it less imperative that cleanup sites be closed out as quickly as under current law. Extending the PST program through fiscal year 2008 and providing for applicants demonstrating good faith to move to the state-lead program would result in increased costs to the PST program in fiscal years 2007-2010.

Costs for the PST program in fiscal year 2007 would include costs to continue the reimbursement program of $54.3 million and costs for the state lead program established by the bill of $7.0 million. Administrative costs related to the program in fiscal year 2007 would be $7.4 million and would be paid out of funds transferred from the Waste Management Account No. 549. For purposes of this estimate, all costs are shown out of the PST Remediation Account No. 655. Costs of the PST program in fiscal year 2008 would include $42.0 million for the reimbursement program, $19.7 million for the state lead program, and $7.4 million for administration. Costs in fiscal year 2009 would include $17.7 million for the state lead program and $7.2 million in administrative costs. In fiscal year 2010, costs of the program would include $9.2 million for state lead and $3.0 million for administration.

Under current law, the number of FTEs required to operate the PST reimbursement program would begin to decline significantly in fiscal year 2007. Because the bill would continue the PST program, this estimate assumes that this decline would not occur, and that a significant number of FTEs would be required to operate the program through fiscal year 2010, as indicated in the table above. The provisions of the bill relating to extending the current rate of the petroleum products delivery fee at one-half of one cent per gallon would result in an increase in revenues to the PST Remediation Account No. 655 of $39.8 million in fiscal year 2006 and $65.6 million in fiscal year 2007. The comptroller provided this revenue estimate.

Related to the drug purchasing pool in **Article 6**, HHSC's Medicaid Preferred Drug List consultants estimated that the Texas Medicaid Vendor Drug Program would receive 3 percent of the Average Manufactured Price (AMP) in additional supplemental rebates. To estimate the savings from the additional 3 percent rebate, Medicaid drug utilization from the 2nd quarter of the fiscal year 2004 was used. Expenditures for fiscal year 2006 were reduced to reflect the impact from federal Medicare Modernization Act, which establishes Medicare Part D coverage for beneficiaries eligible for both programs - Medicaid and Medicare. Estimated savings for fiscal year 2006 are adjusted to reflect that the bulk-purchasing program would be in operation only for 6 months.

The state share of the additional supplemental rebates anticipated to receive from the bulk purchasing agreements with other states in fiscal year 2006 is estimated to be $5,626,901, and $11,934,280 in fiscal year

2007. Federal share of the additional supplemental rebates would be returned to the federal government. It is assumed that HHSC would absorb the cost of administering this program within current appropriations. It is assumed that the increase in supplemental rebates would be appropriated and spent in lieu of GR Match for Medicaid, resulting in a net positive impact to General Revenue Related Funds.

Repealing the expiration of the quality assurance fee on ICF-MRs in **Article 7** would result in a gain to the General Revenue-Dedicated Account 5080 - Quality Assurance of $108.8 million for the biennium. The comptroller’s estimate of revenues was obtained from the Department of Aging and Disability Services' (DADS) legislative appropriations request. The comptroller's revenue estimates for fiscal years 2008 through 2010 were based on fiscal year 2007 figures. The comptroller's estimate does not appear to include interest earned on collected revenue.

The estimate for **Article 8** is based on the comptroller’s estimate of driver's licenses, personal identification cards, and driver record fees.

The estimates for the Telecommunication Infrastructure Fund and assessment in **Article 9** were based on data from assessment returns paid by telecommunication utilities and the 2006-07 Biennial Revenue Estimate.

The revenue and cost estimates for the **Article 10** related to Model Fines Collections were based on data provided by the OCA and comptroller. This data includes information about projected collection programs implemented from fiscal years 2006-2010 as well as the associated costs to staff this function at both agencies. Based on the estimates from the two agencies, 16 of the 17 funds affected would experience a revenue gain. Only the General Revenue Fund (001) would experience a cost; however, this cost would be offset by revenue gains to the fund in all years listed except fiscal year 2006. The comptroller estimates a total revenue gain of $34,513,000 for the 2006-07 biennium.

The estimate for **Article 10** assumes OCA would need four additional full-time equivalents (FTEs) at a cost of $218,000 for salaries and $64,833 for related employee benefits in General Revenue Funds each fiscal year. In addition, $38,668 would be needed for travel costs and $12,000 for operational costs in General Revenue each fiscal year. One-time expenditures of $30,920 in General Revenue Funds would be needed for telephone equipment and furniture for fiscal year 2006. Computer equipment and technology costs would include $11,000 in General Revenue Funds for fiscal year 2006 for one desktop PCs, three laptops, docking stations, one printer, and network drops.

The comptroller estimates that the agency would need eight additional FTEs at a cost to the General Revenue Fund of $244,500 for salaries in fiscal year 2006, when five of the new FTEs would be hired, and $391,200 for the following years, when all eight FTEs would be employed. For related employee benefits, there would be a cost to the General Revenue Fund of $72,714 in fiscal year 2006 and $116,342 in the following years.

The distribution of estimated revenue from collection programs expansion at local court jurisdictions is based on the average percentage of revenue deposited into each of the 17 funds. This average was determined using 2004 actual cash receipts listed in the 2004 Cash Report and 2005 estimates in the 2006-2007 Biennial Revenue Estimate. For revenue estimate purposes, the comptroller removed the revenue from the state traffic fine, which is deposited to the General Revenue Fund and the General Revenue-Dedicated Account No. 5111, Trauma Facility and EMS. Since this fine has only been in effect for a short period and the available revenue data is not as comprehensive, the CPA reallocated this revenue among the other affected funds.

Article 11 is based on the comptroller's forecast of the prime rate and the comptroller's estimate of the rate of interest earned on state deposits.

The provisions in **Article 12** relating to rolling the eligibility date forward two years for the Existing Debt Allotment entails a state general revenue cost of $75.0 million annually. The General Appropriations Bill as passed by the Senate includes appropriations to pay for this increase.

Provisions in **Article 13** relating to benefit replacement pay and return to work retirees would result in 2006-07 All Funds savings of $2,770,837, which includes General Revenue savings of $1,579,376. The article 3 savings are assumed in Article IX of the current General Appropriations Bill as passed by the House, however, limiting the changes to policies governing return to work retirees who retire on or after June 1, 2005 reduce savings by $16.3 million in All Funds in 2006-07.

The savings assumes a growth in state retirees that return to work of 358 per year. The trend is based on the number of return-to-work retirees employed from 1999 to 2003. The saving estimate also assumes that 89 percent of return-to-work retirees are eligible for benefit replacement pay and 66 percent are eligible for longevity pay.

Reducing the benefit replacement pay grace period to 30 days would create an additional 2006-07 All Funds savings of $264,933. These savings are based on a sample of data from the first half of fiscal year 2004.

Article 13 would also increase monthly longevity payments and hazardous duty payments 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. The current distribution of funds used to pay appropriated employee benefits payments was used to determine the method of finance. Institutions of higher education would incur some additional costs based on unappropriated funds held outside the treasury.

The cost of these increases would be paid by agencies and institutions of higher education from funds already appropriated to them in the General Appropriations Bill as passed by the House and Senate. Therefore, this change would not add cost to the bill. In addition, the tables above do
not reflect a cost avoidance of approximately $3 million per year from freezing longevity payments to employees who have retired and returned to work before September 1, 2005.

There is no significant fiscal impact from **Article 14.**

The comptroller estimates a $6.5 million loss in the 2006-2007 biennium in the Coastal Protection Account from changes to the fee, ceiling, and floor in **Article 15.**

There is no fiscal impact from **Article 16**.

Under **Article 17**, changing the state contribution rate of 8 percent established in statute to reflect the range established in the Texas Constitution of between six and 10 percent has no significant fiscal impact**.**

Article 17 also increases the rate at which active public education employees contribute to TRS-Care to 0.65 percent. The associated additional revenue to TRS-Care would be about $29 million in fiscal year 2006 and $30 million in fiscal year 2007 statewide.

Article 18 transfers the supplemental compensation program defined by Chapter 1580, Insurance Code, from TRS to TEA and stipulates that the rate of payment be established in the General Appropriations Act. For purposes of this estimate, it is assumed that the amount set in the General Appropriations Act would be equivalent to that stipulated in current law. To the extent that the amount set in the General Appropriations Act differs from the amount stipulated in current law, there could be state costs or savings. It is assumed that any administrative costs associated with transferring this function to TEA could be absorbed within the existing full-time equivalent (FTE) cap and administrative budget.

The provision that establishes a 90-day waiting period before new employees could receive supplemental compensation would result in savings to the state of $10 million in fiscal year 2006 and $11.6 million in fiscal year 2007.

Article 19, which would require local employers to make a contribution for the first 90 days of employment for new members, would provide an actuarial gain to the retirement fund, but would not result in direct savings to the state relating to the retirement contributions for these members. The Texas Constitution requires that the state contribute 6 percent for all members of TRS, and the 90-day delay in eligibility for TRS membership for new employees in place under current law expires at the end of fiscal year 2005.

Technology

Implementation of **Article 10** would result in a total cost of $108,450 during fiscal years 2006-10. During the initial implementation there would be $11,000 in technology costs to the state in fiscal year 2006 to equip additional staff at OCA with desktop PCs, laptops, docking stations, one printer, and network drops and another $7,900 in 2009 to replace computers.

The CPA estimates a technology cost of $21,785 in fiscal year 2006 and $22,501 in 2007. From 2008-10, replacement costs would total $15,088 per year. For the purposes of this fiscal note it is assumed that these costs can be absorbed by the agency.

Local Government Impact

As required by **Article 10**, implementing a model fine collection program based on OCA's criteria could help local court jurisdictions improve the collection rate of both state court costs, fees, and fines as well as local ones. Typically, countywide programs participating in OCA's court collection program have improved their collection rates from 56 percent to 72 percent, and municipal courts have improved collection rates from 60 percent to 73 percent.

Local governments would incur costs to implement the program, which would vary depending on the size of the jurisdiction and caseload volume. Costs incurred would include dedicated staff to run the court collection program and related operational expenses; however, it is anticipated that local governments could recoup program costs within the first year provided they are in compliance with program requirements and therefore would experience a positive revenue gain. Counties and municipalities generally may retain 10 percent of the state fee amounts collected as a service fee.

Source Agencies:

LBB Staff: JOB, SD, WP, JI