

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 5, 2007

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions & Investments

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

IN RE: HB468 by Phillips (Relating to supplemental payments of a retirement or death benefit by the Teacher Retirement System of Texas; making an appropriation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB468, As Introduced: a negative impact of (\$680,000,000) through the biennium ending August 31, 2009.

The bill makes an estimated appropriation of General Revenue equal to the amount required to meet the provisions of the bill.

Appropriations:

Fiscal Year	Appropriation out of <i>GENERAL REVENUE FUND</i> 1
2008	\$330,000,000
2009	\$350,000,000

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$330,000,000)
2009	(\$350,000,000)
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$330,000,000)
2009	(\$350,000,000)
2010	\$0
2011	\$0
2012	\$0

Fiscal Analysis

The bill would direct the Teacher Retirement System (TRS) to make a supplemental payment of retirement or death benefits not to exceed \$1,600 in January of each year of the 2008-2009 biennium, in addition to the regular monthly annuity payments to which an eligible annuitant or beneficiary is entitled.

The bill would make an estimated appropriation of general revenue to TRS for the purpose of funding the supplemental payments required by the bill in each year of the 2008-2009 biennium.

Methodology

The cost of the 2008 supplemental payment is estimated at \$330 million. The cost of the 2009 supplemental payment is estimated at \$350 million. Since the bill contemplates funding the payments with general revenue, no actuarial impact to the Retirement Trust Fund is anticipated, and the provisions of the bill do not violate statutory funding requirements so long as amounts appropriated fully fund the cost of the supplemental payments.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

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