

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 11, 2007**

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

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

**IN RE: HB2358** by Otto (Relating to the deposit of certain employer contributions to the Teacher Retirement System of Texas.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2358, As Engrossed: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$280,822,611)	\$280,822,611
2009	(\$307,476,901)	\$307,476,901
2010	(\$322,850,746)	\$322,850,746
2011	(\$338,993,283)	\$338,993,283
2012	(\$355,942,948)	\$355,942,948

**Fiscal Analysis**

Currently, if a salary is paid to a public school employee from an unappropriated federal grant, the Teacher Retirement System (TRS) retirement contribution and TRS Care contribution must be paid from the same source. However, these locally generated amounts are currently deposited into the General Revenue Fund and the state appropriates an equal amount of General Revenue which is deposited into the TRS trust funds. A similar situation exists with TRS contributions for institutions of higher education for salaries paid from unappropriated federal and local sources. The bill would have these locally generated funds deposited directly into the appropriate TRS trust fund. Appropriations of General Revenue to cover local contributions would no longer be needed and could be reduced. Revenues to the General Revenue Fund would decrease by equal amounts.

## **Methodology**

The Teacher Retirement System estimated 2008 and 2009 General Revenue reimbursements from the various sources assuming a 6.4 percent state retirement contribution rate and a 1.0 percent state contribution rate for TRS Care. Other years are calculated by assuming a 5 percent annual growth after 2009. The amounts would differ from those in the tables if either contribution rate were changed, though the estimated revenue and appropriation reductions in any given year would always be equal.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System

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