

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

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

**April 11, 2007**

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

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

**IN RE: HB3380** by Cook, Robby (Relating to retirement benefits for retired Texas Rangers.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3380, As Introduced: a negative impact of (\$3,515,804) 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	(\$1,724,873)
2009	(\$1,790,931)
2010	(\$1,864,330)
2011	(\$1,937,729)
2012	(\$2,011,128)

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

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> <b>994</b>	Probable (Cost) from <i>FEDERAL FUNDS</i> <b>555</b>	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> <b>6</b>
2008	(\$1,724,873)	(\$20,919)	(\$5,705)	(\$150,237)
2009	(\$1,790,931)	(\$21,720)	(\$5,924)	(\$155,991)
2010	(\$1,864,330)	(\$22,610)	(\$6,166)	(\$162,384)
2011	(\$1,937,729)	(\$23,501)	(\$6,409)	(\$168,777)
2012	(\$2,011,128)	(\$24,391)	(\$6,652)	(\$175,170)

**Fiscal Analysis**

The bill would increase Law Enforcement and Custodial Officers (LECOS) retirement benefits for employees of the Department of Public Safety who retire on or after September 1, 2007 and meet other eligibility requirements.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority vote in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

## **Methodology**

The bill would increase the Law Enforcement and Custodial Officers Supplemental Retirement (LECOS) unfunded actuarial accrued liabilities by \$28.4 million and would increase the contribution rate required to achieve a 31-year funding period stipulated in statute by 0.14 percent. Enactment of this bill without sufficient funding to achieve the 31-year funding period would violate statutory funding requirements.

Assuming the state would fund the contribution rate required to achieve the 31-year funding period, the cost of the additional 0.14 percent contribution is estimated at \$19.6 million in General Revenue in fiscal year 2008 and \$20.3 million in General Revenue in fiscal year 2009.

ERS funding statutes prevent increases to benefits unless the system's liabilities are funded within 31 years. Based on the February, 2007 actuarial valuation, the annual required contribution rate exclusive of the provisions of the bill would be 1.73 percent. It is also assumed that the bill would not apply to members who retired prior to September 1, 2007, or who are no longer actively employed as of September 1, 2007.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 327 Employees Retirement System

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