

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

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

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

IN RE: SB1298 by Wentworth (Relating to the service retirement annuity of certain members of the Judicial Retirement System of Texas Plan One and the Judicial Retirement System of Texas Plan Two.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1298, As Introduced: a negative impact of (\$1,220,000) 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	(\$600,000)
2009	(\$620,000)
2010	(\$650,000)
2011	(\$680,000)
2012	(\$690,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$600,000)
2009	(\$620,000)
2010	(\$650,000)
2011	(\$680,000)
2012	(\$690,000)

Fiscal Analysis

The bill changes the formula relating to benefits payable by the Judicial Retirement System Plan-One (JRS-1) and Judicial Retirement System Plan-Two (JRS-2) by increasing the accrual rate for the extra years of contributing service from 2 percent to 3 percent for members reaching the Rule of 70 with 12 years on an appellate court. The bill also increases the maximum benefit from 80 percent to 90 percent of the state salary.

The bill takes effect September 1, 2007 and provides annuity payments made on or after September 1, 2007, regardless of a member's retirement date.

Methodology

Based on the analysis by ERS, there are 43 active judges in the JRS-1 plan who would receive the increased benefits and out of the 486 retired judges, 128 would meet the criteria for having a recomputed benefit. Since JRS-1 plan is not advanced funded, the fiscal impact of the increase is reflected in the tables above.

According to ERs, there are 498 active judges in the JRS-2 plan who would qualify for the increased benefits. For purposes of the determining the impact, it is assumed that the size of the active member workforce would continue to be 498 in the future. Based on the analysis by ERS, the JRS-2 plan would remain actuarially sound under the current contribution rate of 22.78 percent with no further increase in funding.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

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