

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1298, Committee Report 1st House, Substituted: a negative impact of (\$500,000) 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	(\$200,000)
2009	(\$300,000)
2010	(\$400,000)
2011	(\$500,000)
2012	(\$600,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$200,000)
2009	(\$300,000)
2010	(\$400,000)
2011	(\$500,000)
2012	(\$600,000)

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 2.3 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 applies only to members who retire on or after the effective date. A member who retires prior to September 1, 2007 is governed by the former law in effect.

Methodology

The amounts listed in the above table reflect increased annuity payments for the JRS-1 plan members and are based on a 0.03 percent increase in payroll for 43 active judges and 486 retired judges who would receive the increased benefits. For purpose of determining the impact, it is assumed that the size of the active member workforce would continue to be 498 in the future.

ERS' analysis assumes 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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