

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 1, 2007

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

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

IN RE: SB1847 by Duncan (Relating to Employees Retirement System of Texas collection of member contributions.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1847, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.
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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 from <i>S.E.R.S. Trust Account</i> 955
2008	\$17,700,000
2009	\$18,400,000
2010	\$19,100,000
2011	\$19,900,000
2012	\$20,600,000

The provisions of the bill would increase the Employees Retirement System of Texas collection of member contributions.

Fiscal Analysis

The provisions of the bill would increase the member retirement contribution rate to the Employees Retirement System Trust Fund from 6.0 percent to 6.4 percent for each payroll period. The bill does not change the current state retirement contribution rate of 6.45 percent.

The bill would become effective September 1, 2007.

Methodology

This analysis assumes the same data, assumptions, methods and plan provisions as used for the February 28, 2007 actuarial valuation. The bill increases revenue by \$43.7 million in the 2008-09

biennium, which is offset by \$7.6 million in withdrawals for member refunds, resulting in a net revenue increase to the retirement trust fund of \$36.1 million in 2008-09. The bill would require an additional 0.16 percent to the current 6.45 percent state contribution rate to make the retirement system actuarially sound (6.4 percent for member contribution rate and 6.61 percent for state contribution rate).

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

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