LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 28, 2007

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

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

IN RE: **SB1898** by Van de Putte (Relating to the participation of certain retired employees of juvenile probation departments in the group benefits plan for state employees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1898, As Introduced: a negative impact of ($4,300,000) 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	($2,000,000)
2009	($2,300,000)
2010	($2,600,000)
2011	($2,900,000)
2012	($3,300,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *GENERAL REVENUE FUND* 1
2008	($2,000,000)
2009	($2,300,000)
2010	($2,600,000)
2011	($2,900,000)
2012	($3,300,000)

Fiscal Analysis

The bill would amend Subchapter C, Chapter 1551, Insurance Code by adding Section 1551.115 to provide Group Benefits Program coverage for retired juvenile probation officers from counties with a population less than 500,000. The bill also would provide that retired officers are eligible only if their department does not provide retiree health insurance or does not provide coverage that is comparable to the Group Benefits Program.

The bill takes effect on September 1, 2007.

Methodology

Based on the analysis by the Employees Retirement System, 714 juvenile probation departments would enroll in the Group Benefit Program at the state's expense. The assumptions are based on the 2006 state share of the cost, which is approximately $5,160 per retiree and includes dependent coverage costs.

Based on the analysis by the Employees Retirement System, costs identified in the table assume $2 million in 2008 and $2.3 million in 2009. The calculation assumes 10 percent of 7,138 employees would be eligible (714 employees). Of this amount, 45 percent would reside in counties with less than 500,000 residents, which would equate to an estimated 321 employees. The cost for fiscal year 2008 is calculated using 321 employees times $5,160 times two years' cost trend of 9.1 percent each year. For fiscal years 2009 and beyond, the calculation includes a 5 percent increase in retirees, plus a 9.1 percent cost trend.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System, 454 Department of Insurance

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