

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 11, 2009**

**TO:** Honorable Jim McReynolds, Chair, House Committee on Corrections

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

**IN RE: HB479** by Heflin (Relating to additional sick leave for certain peace officers and corrections officers who work overtime.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB479, As Introduced: a negative impact of (\$3,303,349) through the biennium ending August 31, 2011.

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
2010	(\$1,638,821)
2011	(\$1,664,528)
2012	(\$1,688,618)
2013	(\$1,713,059)
2014	(\$1,737,855)

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

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> <b>1</b>	Probable Savings/ (Cost) from <i>GR Dedicated Accounts</i> <b>994</b>	Probable Savings/ (Cost) from <i>Federal Funds</i> <b>555</b>	Probable Savings/ (Cost) from <i>State Highway Fund</i> <b>6</b>
2010	(\$1,638,821)	(\$93,582)	(\$437,027)	(\$48,740)
2011	(\$1,664,528)	(\$95,111)	(\$444,251)	(\$49,412)
2012	(\$1,688,618)	(\$96,526)	(\$450,912)	(\$50,070)
2013	(\$1,713,059)	(\$97,962)	(\$457,673)	(\$50,736)
2014	(\$1,737,855)	(\$99,419)	(\$464,535)	(\$51,411)

Fiscal Year	Probable Savings/ (Cost) from <i>Other Special State Funds</i> <b>998</b>
2010	(\$391,393)
2011	(\$397,867)
2012	(\$403,835)
2013	(\$409,893)
2014	(\$416,041)

**Fiscal Analysis**

The bill would allow certain peace officers and correctional officers employed by the state to accrue additional sick leave in months the employee works overtime. The sick leave accrues proportional to hours of overtime worked. Employees who work up to 20 hours of overtime in a month would earn one hour of additional sick leave that month increasing to a maximum of five hours a month in a month the employee works 80 hours or more of overtime.

### **Methodology**

The bill would increase sick leave an average of three days per year for certain state employees who are peace officers and correctional officers at the Texas Department of Criminal Justice. Sick leave counts toward retirement resulting in additional service credit toward retirement for employees who accrue sick leave at a higher rate.

The increase in sick leave would result in an incremental contribution increase of .04 percent for the ERS main fund and .03 percent for the Law Enforcement and Custodial Officers Supplemental Retirement Fund. The Employees Retirement System anticipates the Actuarial Valuation as of February 28, 2009 will result in higher costs.

Government Code Chapter 811.006 prohibits a retirement benefit increase if the time required to amortize the unfunded actuarial liabilities of the retirement fund is increased to a period that exceeds 30 years. Before providing a benefit increase, the state is required to make the fund actuarially sound. Based on the Employees Retirement System Actuarial Valuation as of August 31, 2008 the actuarially sound contribution rate is 9.45 percent or 3.0 greater than the bill as introduced. A 3.0 percent increase would cost \$158.9 million a year in All Funds.

Based on estimated asset returns through February 28, 2009, the Employees Retirement System estimates that the actuarially sound total contribution rate for the 2010-11 biennium is 19.41 percent. The Constitution limits the state's contribution to 10 percent. Given the current member contribution rate of 6.0 percent, the amount needed to make the fund actuarially sound exceeds the constitutional cap.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 327 Employees Retirement System, 308 State Auditor's Office, 405 Department of Public Safety, 407 Commission on Law Enforcement Officer Standards and Education, 458 Alcoholic Beverage Commission, 504 Texas State Board of Dental Examiners, 665 Juvenile Probation Commission, 694 Youth Commission, 696 Department of Criminal Justice, 697 Board of Pardons and Paroles, 802 Parks and Wildlife Department

**LBB Staff:** JOB, ESi, GG, DH, SDO