

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 14, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB2298 by Watson (Relating to compensation of certain state employees.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2298, As Passed 2nd House: a negative impact of (\$511,841) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$50,710)
2011	(\$461,131)
2012	(\$628,957)
2013	(\$829,957)
2014	(\$1,049,957)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$50,710)	0.0
2011	(\$461,131)	1.0
2012	(\$628,957)	1.0
2013	(\$829,957)	1.0
2014	(\$1,049,957)	1.0

Fiscal Analysis

The bill would amend the Government Code relating to compensation and benefits received by a multidistrict litigation (MDL) pretrial judge under Chapter 90 of the Civil Practice and Remedies Code relating to MDL claims involving asbestos and silica cases. The bill would provide that a retired judge serving as a MDL pretrial judge in Chapter 90 claims receive the same compensation as an active judge serving as a MDL judge in Chapter 90 claims.

The bill would authorize state agencies to pay state employees who are exempt from earning overtime for compensatory time accrued by the employee during a declared disaster or emergency, or if the employee is employed by a state mental health or mental retardation facility and the agency determines that taking regular time off would be disruptive to normal business. The bill would remove the six month waiting period required between one-time merit payments for state and higher education employees who are paid a one-time merit for performance during a disaster. The bill would authorize state employees to earn compensatory time for hours worked at home if they obtain approval in advance.

The bill would create a loan repayment assistance program for certain employees of the legislative branch administered by the Higher Education Coordinating Board. Legislative employees would include employees of the senate and the house of representatives, as well as other legislative branches of state government. Employees of an individual senator or representative, or of a legislative committee would be included, but not senators or representatives.

The bill sets out criteria to receive loan repayment assistance as well as exceptions to the consecutive years of employment requirement. Under provisions of the bill, an eligible person can receive loan repayment assistance for up to five years. The board may provide repayment assistance for the repayment of any student loan for education at an institution of higher education or a private or independent institution of higher education in this state, including loans for undergraduate education, received by an eligible person through any lender. The total amount of repayment assistance distributed by the Board could not exceed the total amount of gifts and grants accepted by the board for repayment assistance, legislative appropriations for repayment assistance, and other funds available to the board for purposes of the program.

Methodology

Retired Judges Compensation

Under current law, retired judges serving in such cases receive the same compensation as an active judge (a prorated daily rate computed from an annual salary ranging from \$125,000 to \$140,000 depending upon the county in which the retired judge serves), but is not eligible to receive an additional annual salary supplement of \$33,000 received by active judges serving as MDL judges in Chapter 90 claims. This analysis assumes that up to one retired judge serving full-time as a MDL judge in Chapter 90 claims statewide would be eligible to receive an additional salary supplement up to \$33,000 in fiscal year 2010 and each year thereafter.

Pay for Compensatory Time

The Department of State Health Services and the Department of Aging and Disability Services currently have authority to pay state employees for compensatory time accrued by the employee during a declared disaster or emergency, or if the employee is employed by a state mental health or mental retardation facility and the agency determines that taking regular time off would be disruptive to normal business. Any costs associated with this provision would only affect other agencies with employees who earn compensatory time during a declared disaster or emergency. The number of hours of compensatory time earned by employees during an emergency would vary based on the emergency. It is unknown if another emergency requiring extended work hours will occur in the next five years, therefore, it is unknown if any additional cost will result from this authority. During Hurricane Ike, FLSA exempt-employees at the Animal Health Commission earned 987 hours of compensatory time and at the Texas Department of Criminal Justice 8,734 hours of compensatory time. It is assumed that the provision allowing employees to earn compensatory time from home would have no significant fiscal impact.

Loan Repayment Administrative Costs

The Higher Education Coordinating Board indicated that the only costs in fiscal year 2010 are \$17,710 in technology costs for establishing the new program. In fiscal year 2011, the board would need to hire one FTE, an administrative specialist, to implement the loan program. The total costs for this FTE, including salaries and benefits is \$68,131 in fiscal year 2011 and \$56,958 in fiscal year 2012 and subsequent years.

Loan Repayment Awards

The Higher Education Coordinating Board assumes the first cohort of applicants will receive loan repayment beginning in fiscal year 2011. Their estimate is based on graduated repayment award amounts to provide an incentive to hold legislative positions for five years as follows: \$3,000 for 1st year, \$4,000 for second year, \$5,000 for third year, \$6,000 for fourth year, and \$7,000 for fifth year. They assumed that 120 legislative employees will receive loan repayment awards in the amount of \$3,000 in fiscal year 2011. That same cohort will receive \$4,000 awards in fiscal year 2012, plus an additional 20 new legislative employees receiving \$3,000 awards. In fiscal year 2013, 120 third-year employees will receive \$5,000, 20 second-year employees will receive \$4,000, and 20 new employees will receive \$3,000. In fiscal year 2014, 120 fourth-year employees will receive \$6,000, while 20

third-year employees will receive \$5,000, 20 second-year employees will receive \$4,000, and 20 new employees will receive \$3,000 in loan repayments. Based on these assumptions, the cost to the state for the loan repayment awards would be \$0 in fiscal year 2010, \$360,000 in fiscal year 2011, \$540,000 in fiscal year 2012, \$740,000 in fiscal year 2013, and \$960,000 in fiscal year 2014.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 554 Animal Health Commission, 696 Department of Criminal Justice, 529 Health and Human Services Commission, 212 Office of Court Administration, Texas Judicial Council, 781 Higher Education Coordinating Board

LBB Staff: JOB, KK, SD, DH, KJG, JI, MN, ZS, TB, RT, GO