

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 19, 2011

TO: Honorable Joseph Pickett, Chair, House Committee on Defense & Veterans' Affairs

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

IN RE: HB83 by Flynn (Relating to compensation and employment benefits for members of the state military forces called to state active duty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB83, Committee Report 1st House, Substituted: a negative impact of (\$4,410,052) through the biennium ending August 31, 2013.

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
2012	(\$2,200,368)
2013	(\$2,209,684)
2014	(\$2,217,502)
2015	(\$2,224,671)
2016	(\$2,231,638)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2012	(\$2,200,368)
2013	(\$2,209,684)
2014	(\$2,217,502)
2015	(\$2,224,671)
2016	(\$2,231,638)

Fiscal Analysis

The bill would amend Government Code to make a member of the state military forces called to state active duty a temporary state employee while on state active duty, but would not count toward the limitation on the number of full-time equivalent (FTE) positions of the adjutant general's department. If the length of state active duty exceeds 45 consecutive days, the Adjutant General may pay the member an amount not to exceed 165 percent of the amount authorized by the General Appropriations Act. Also, if the length of state active duty exceeds 90 consecutive days, the member is, after 90 days, eligible for coverage in the Group Benefits Program, eligible for membership in the employee class of the Employees Retirement System of Texas, and otherwise eligible to receive benefits provided to temporary state employees. Finally, the bill would allow a state employee or an employee of a municipality, county, or other political subdivision of the state called to active state duty to be entitled to receive paid emergency leave without loss of military leave or annual leave.

The bill would take effect September 1, 2011, or immediately with two-thirds vote of all members of the Legislature.

Methodology

It is assumed the Adjutant General's Department would pay the eligible members 165 percent of the current rate of \$121/day, which is \$78.65 more per member per day. Based on recent natural disasters that prompted state military members to go on active duty, the Adjutant General's Department assumes that an active duty mission would last 105 days and members would be recalled in phases as the mission comes to an end. It is assumed that 600 state military members would be called to state active duty for at least 60 days, with 400 members serving at least 90 days, and 200 members serving for 105 days. The total salary increase for member service exceeding 45 days is \$1,887,600.

It is assumed that the Adjutant General's Department would have to hire two Human Resources Specialist III positions and one Account IV position due to the substantial increase in workload to hire and assign each member as they are called to state active duty. The estimated annual payroll and benefits cost for the additional 3 FTEs is \$168,775.

Based on the Adjutant General's assumption of 200 members being called to active duty for 15 days over 90 days during one mission per year, the Employees Retirement System would incur retirement and group insurance contribution costs for one month each year for these eligible service members. Using the Employees Retirement System's average state contribution per member for fiscal year 2010, and increasing it by the benefit cost trend each year, the estimated annual cost to the state for one month of health insurance coverage for these members is \$214,048. In addition, the estimated annual cost to the state for one month of retirement contributions for these members is \$87,042.

Local Government Impact

The fiscal impact of this bill on local governments cannot be estimated because it is unknown how many members of the state military forces, if any, might be called to state active duty during any specific time period.

Source Agencies: 304 Comptroller of Public Accounts, 327 Employees Retirement System, 401 Adjutant General's Department

LBB Staff: JOB, KKR, KM, MS, DEH, DH