

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 26, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB13** by Callegari (Relating to the State Pension Review Board and public retirement systems; authorizing a fee.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB13, As Engrossed: a negative impact of (\$139,188) through the biennium ending August 31, 2015.

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
2014	(\$90,844)
2015	(\$48,344)
2016	(\$48,344)
2017	(\$48,344)
2018	(\$48,344)

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

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Appropriated Receipts</i> 666	Probable Revenue Gain from <i>Appropriated Receipts</i> 666	Change in Number of State Employees from FY 2013
2014	(\$90,844)	\$0	\$0	1.0
2015	(\$48,344)	(\$30,000)	\$30,000	1.0
2016	(\$48,344)	(\$30,000)	\$30,000	1.0
2017	(\$48,344)	(\$30,000)	\$30,000	1.0
2018	(\$48,344)	(\$30,000)	\$30,000	1.0

The bill would amend the Government Code to require new duties of the Pension Review Board (PRB). The bill would require PRB to post online the most recent financial data received from public retirement systems, and to notify either state leadership or local officials of noncompliance, depending on the reporting system. The bill would require PRB to develop model ethical standards and conflict-of-interest policies and make these accessible online by December 31, 2013. The bill would require PRB to develop and administer educational training for trustees and administrators of public retirement systems, setting minimum training requirements, and tracking compliance to be reported in the agency's biennial report; training must begin by September 1, 2014, with evaluation of compliance on or after January 1, 2015. The bill would authorize PRB to charge fees to administer the training program but would limit the fee to what is reasonable to cover actual costs to conduct the classes. It would also allow a system to provide its own educational training if PRB determines it meets or exceeds the minimum requirements established by the board. The bill would require PRB to conduct a study of public retirement systems, determining the financial health of each system and reporting findings by September 1, 2014 with recommendations to mitigate risk to meeting long-term obligations; a final report is due to the legislature by December 31, 2014, including system responses. The bill would take effect immediately with a two-thirds vote of each house; otherwise, the bill would take effect September 1, 2013.

### **Fiscal Analysis**

The Pension Review Board estimates the need for an additional Program Specialist II at a cost of \$78,344 per fiscal year to implement the provisions of the requirement to develop and administer educational training for trustees and administrators. PRB estimates an additional \$500 cost in each fiscal year for other operating expenses. The bill would authorize the agency to collect fees to administer and provide educational training programs. The estimated cost of one Program Specialist II is \$60,000 per fiscal year plus \$17,844 per fiscal year for associated employee benefits.

### **Methodology**

Legislative Budget Board staff estimates that Appropriated Receipts for PRB could increase by \$30,000 per year to offset the total cost of the additional educational program; and, could therefore, reduce the cost to General Revenue by the same amount. This assumes that PRB would collect a fee in the amount of \$100 per attendee for the educational training for trustees and administrators and attendance of 300 participants per fiscal year.

### **Technology**

The Pension Review Board estimates a one-time cost in fiscal year 2014 of \$10,000 for professional services and \$2,500 for equipment to implement the necessary enhancements to its existing technology, specifically the agency website and pension database. The enhancements would allow the agency to modify existing technologies to track compliance with minimum training requirements and provide the education training through the agency website.

## **Local Government Impact**

The Texas County and District Retirement Systems (TCDRS) reported there would be no fiscal impact to TCERS or their employers to implement the provisions of the bill. The Texas Municipal Retirement System (TMRS) already complies with nearly all the components of the bill and does not believe the additional requirements or fees would impose a significant cost on TMRS. Also note that TMRS does not receive state funds.

**Source Agencies:** 323 Teacher Retirement System, 327 Employees Retirement System, 304 Comptroller of Public Accounts, 338 Pension Review Board

**LBB Staff:** UP, AG, RB, EP, PFe, WM, TP