

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 25, 2013

TO: Honorable Bill Callegari, Chair, House Committee On Pensions

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 Introduced**

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

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 also 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. Additionally, 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 meet long-term obligations. 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) does not believe the bill would impose a significant cost to its system to implement the provisions of the bill.

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

LBB Staff: UP, RB, EP, PFe, TP