

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

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

**April 1, 2013**

**TO:** Honorable Jim Pitts, Chair, House Committee on Appropriations

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

**IN RE: HB2253** by Geren (Relating to compensation and benefits for commissioned peace officers employed by the attorney general.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2253, As Introduced: a negative impact of (\$2,223,134) 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	(\$1,093,083)
2015	(\$1,130,051)
2016	(\$1,192,707)
2017	(\$1,267,397)
2018	(\$1,330,557)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Probable Savings/(Cost) from <i>Interagency Contracts - CJG</i> 444
2014	(\$1,093,083)	(\$384,743)	(\$39,348)
2015	(\$1,130,051)	(\$486,368)	(\$39,508)
2016	(\$1,192,707)	(\$512,989)	(\$41,739)
2017	(\$1,267,397)	(\$546,446)	(\$46,681)
2018	(\$1,330,557)	(\$586,952)	(\$50,270)

**Fiscal Analysis**

The bill would amend the Government Code to require the Office of the Attorney General (OAG) to compensate all commissioned law enforcement officers employed at the OAG at the same amount as provided in Article IX, Section 2, Position Classification Plan, Schedule C

Classification Salary Schedule of the General Appropriations Act. In addition, the bill would include commissioned peace officers employed at the OAG be included in the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund, which is administered by the Employees Retirement System (ERS).

### **Methodology**

To pay current commissioned law enforcement officers within Schedule C as required by the bill, the OAG indicates that it would require additional funding associated with an increase in salary and wages, longevity pay, and stipends, for law enforcement officers employed with the agency. Currently, commissioned law enforcement officers employed at the OAG are within Schedule B Classification Salary Schedule. For fiscal year 2014, the agency indicates that it would require \$1,093,083 in General Revenue, \$384,743 in Federal Funds, and \$39,348 in Criminal Justice Grants for the Office the Governor. For fiscal year 2015, the agency would require \$1,130,051 in General Revenue, \$486,368 in Federal Funds, and \$39,508 in Criminal Justice Grants for the Office the Governor. For fiscal year 2016, \$1,192,707 in General Revenue, \$512,989 in Federal Funds, and \$41,739 in Criminal Justice Grants for the Office the Governor would be required. For fiscal year 2017, \$1,267,397 in General Revenue, \$546,446 in Federal Funds, and \$46,681 in Criminal Justice Grants for the Office the Governor would be needed. For fiscal year 2018, \$1,330,557 in General Revenue, \$586,952 in Federal Funds, and \$50,270 in Criminal Justice Grants for the Office the Governor would be required.

ERS anticipates that 157 OAG law enforcement officers would qualify for LECOS under the bill, and assumes the same demographic characteristics (age, years of service, gender, salary, etc.) as the current LECOS population. ERS estimates that the bill would increase the actuarially sound contribution rate for the ERS Retirement fund by 0.01 percent, from 18.94 percent to 18.95 percent, due to an increase in payroll for the OAG. This would require an increase in the state contribution rate totaling \$365,175 in General Revenue and \$572,357 in All Funds each year. Additionally, the bill would increase the actuarially sound contribution rate for the LECOS Retirement Fund by 0.01 percent, from 3.09 percent to 3.10 percent due to increased payroll and eligible employees. This would require an increase in the state contribution totaling \$133,968 in General Revenue and \$150,407 in All Funds each year of the 2014-15 biennium. It is anticipated that these costs could be absorbed within existing resources and are not included in the table above.

Government Code, Section 811.006, requires that legislation providing additional benefits that increase the actuarial cost of ERS will require a state contribution at least equal to the normal cost plus an amount necessary to amortize the unfunded liabilities of the new benefits structure over a 31-year period. Because the bill would increase benefits for the LECOS fund, ERS estimates the state contribution would need to increase to 12.45 percent of payroll for the ERS Retirement fund and to 2.60 percent of payroll for the LECOS fund. ERS estimates additional costs to comply with statute totaling approximately \$383,500,000 in fiscal year 2014 and \$396,900,000 in fiscal year 2015. These amounts are also not included in the tables above.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 327 Employees Retirement System, 405 Department of Public Safety

**LBB Staff:** UP, KK, EP, JM, JJO

