

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 24, 2015

TO: Honorable Dan Flynn, Chair, House Committee on Pensions

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1278 by Hughes (Relating to financial assistance paid to the survivors of certain law enforcement officers, firefighters, and other public employees killed in the line of duty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1278, Committee Report 1st House, Substituted: a negative impact of (\$6,686,663) through the biennium ending August 31, 2017.

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
2016	(\$3,312,221)
2017	(\$3,374,442)
2018	(\$3,436,664)
2019	(\$3,498,885)
2020	(\$3,561,106)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Crime Victims Comp Acct</i> 469
2016	(\$3,312,221)	(\$1,500,000)
2017	(\$3,374,442)	(\$1,500,000)
2018	(\$3,436,664)	(\$1,500,000)
2019	(\$3,498,885)	(\$1,500,000)
2020	(\$3,561,106)	(\$1,500,000)

Fiscal Analysis

The bill would amend Government Code to increase the amount of financial assistance paid to the survivors of certain law enforcement officers, firefighters, and other public employees killed in the line of duty. The bill would increase the amount paid to a surviving spouse from \$250,000 to \$500,000 and double the monthly amount paid to the legal representative of an eligible surviving minor child(ren).

The bill would take effect September 1, 2015, and would apply to the deaths of certain public servants that occur on or after the effective date.

Methodology

Based on LBB analysis using certain assumptions from ERS, the total cost related to implementing the provisions of the bill would be \$4,812,221 in FY 2016, increasing slightly over time for \$24,683,318 in All Funds (\$17,183,318 from General Revenue and \$7,500,000 from the Crime Victims Compensation Account No. 469) over five years.

For the increase of \$250,000 for the lump sum payment, it is assumed that new claims would remain constant at 19 each year (13 out of General Revenue and six out of Crime Victims Compensation Account No. 469), resulting in an increased annual payout of \$4,750,000 in All Funds each fiscal year in the 2016-17 biennium.

For the increase of the payments to guardians, it is assumed that that an additional 18 guardians would be added each year at the new rate, and the number at the old rate will decline by the same number, with the total annual number of claimants remaining constant at 112. Using ERS' blended rate, which increases the ratio of guardians under the new rate by approximately 16.1 percent in each year, the provisions of the bill would increase the annual payments from the estimated current annual payment of \$386,990, by \$62,221 in fiscal year 2016 and by \$124,442 in fiscal year 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: UP, AG, EP, EMo, KFa, EK