

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 30, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB20 by Ashby (relating to an appropriation of money from the economic stabilization fund to decrease participants ' health insurance costs for certain health benefit plans administered by the Teacher Retirement System of Texas.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB20, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2019.
--

Appropriations:

Fiscal Year	Appropriation out of <i>Economic Stabilization Fund</i> 599
2017	\$212,700,000
2018	\$0
2019	\$0

General Revenue-Related Funds, Six-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	\$0
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Six-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Economic Stabilization Fund</i> 599	Probable Revenue (Loss) from <i>Economic Stabilization Fund</i> 599
2017	(\$212,700,000)	(\$142,000)
2018	\$0	(\$2,783,000)
2019	\$0	(\$3,913,000)
2020	\$0	(\$3,984,000)
2021	\$0	(\$4,057,000)
2022	\$0	(\$4,130,000)

Fiscal Analysis

The bill would appropriate \$212.7 million from the Economic Stabilization Fund to reduce costs for participants in the retired school employees group insurance fund established under Chapter 1575 of the Texas Insurance Code (TRS-Care). The bill directs TRS to use the appropriation to (a) decrease premiums and deductibles during the 2018 and 2019 plan years that would otherwise be paid by both non-Medicare and Medicare-eligible retirees; and (b) reduce costs for an enrolled adult child with a mental disability or physical incapacity during the 2018 and 2019 plan years.

The appropriation from the Economic Stabilization Fund prescribed by the bill would take effect only if it receives a vote of two-thirds of the members present in each chamber of the Legislature, as provided by Section 49-g (m), Article III, Texas Constitution.

Methodology

This analysis assumes that the funds appropriated by the bill would be one-time funding for the 2018-19 biennium only and would not be used to offset or increase the statutory state contribution rate established in Chapter 1575 of the Texas Insurance Code.

It is anticipated that the appropriation would result in a loss of interest and investment income revenue for the Economic Stabilization Fund of approximately \$142,000 in fiscal year 2017 and \$2.8 million in fiscal year 2018, rising gradually thereafter to a probable loss of \$4.1 million of interest and investment revenue in fiscal year 2022, based on information provided by the Comptroller of Public Accounts. Similar fiscal implications would continue after fiscal year 2022.

As an appropriations bill, this legislation is subject to certification by the Comptroller of Public Accounts.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 304 Comptroller of Public Accounts

LBB Staff: UP, KK, AM, TSI