

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

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

**August 12, 2017**

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

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

**IN RE:** SB19 by Nelson (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 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB19, Committee Report 2nd 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:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>Economic Stabilization Fund</i> 599</b>	<b>Probable Revenue (Loss) from <i>Economic Stabilization Fund</i> 599</b>
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