

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3270** by Bohac (Relating to criminal background checks for persons employed by certain public school contractors.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Education Code to require fingerprinting and criminal background checks for contractors and subcontractors hired to provide construction or maintenance work on public works projects for school districts, open-enrollment charter schools, and shared services arrangements. The bill would also establish certain conditions and exceptions under which fingerprinting and criminal background checks would not apply to a contractor or subcontractor engaged in public works projects for schools or shared services arrangements. It is assumed that the provisions of the bill pertaining to fingerprinting and criminal background checks would result in no significant fiscal impact, and could be absorbed utilizing existing staff and resources, based on information provided by the Texas Education Agency (TEA) and the Department of Public Safety (DPS).

The bill would require DPS to process information on contractors and subcontractors needed to obtain national criminal history record information, including fingerprints and photographs. DPS estimates that the bill would generate a minimal amount of revenue for the agency associated with fees for criminal background checks.

In addition, the provisions of the bill would amend the Government Code to revoke eligibility for full pension annuity payments from the Employees Retirement System (ERS) and the Teacher Retirement System (TRS) if a person who is a member is convicted of certain offenses arising from the person's employment as described in the bill, or if the offense is punishable as a felony. The retirement system would resume making full annuity payments if the person made ineligible for a full annuity is subsequently found not guilty of the offense, or if the person meets other requirements for innocence under the provisions of the Civil Practice and Remedies Code. A person not eligible to receive a full annuity would be entitled to request and receive a refund of the member's retirement contributions, not including interest earned on those contributions. A person who accepts a refund would terminate membership in the retirement system. Benefits payable to an alternate recipient, including a spouse or dependent child, would not be affected by a conviction of the member.

The bill would require the Boards of Trustees at the Employees Retirement System of Texas and Teacher Retirement System of Texas to adopt rules related to the provisions of the bill by December 31, 2017.

This analysis assumes the Texas Education Agency, Department of Family and Protective Services, the State Office of Administrative Hearings, and the Juvenile Justice Department could implement the provisions of the bill within existing resources. The Employees Retirement System (ERS) and Teacher Retirement System (TRS) anticipate no significant fiscal implication to the state in relation to the loss of retirement eligibility. In addition, TRS and ERS anticipate no significant fiscal impact on the actuarial soundness of the funds, including the unfunded actuarial accrued liability, the funded ratio of the retirement funds, or the amortization period of each retirement system's unfunded actuarial accrued liability. The value of future benefits paid by TRS and ERS could only decrease under the proposed bill, but any savings are anticipated to be insignificant.

Local Government Impact

School districts and open-enrollment charter schools may incur some administrative costs related to the requirement that schools report to the retirement system following an employee's conviction of a qualifying felony. However, these costs would be minimal due to the low number of relevant convictions of former school employees on a per school basis.

Source Agencies: 405 Department of Public Safety, 701 Texas Education Agency

LBB Staff: UP, TSI, THo, AM, SL