

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 2017

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB653 by Taylor, Van (Relating to the eligibility of certain employees or annuitants convicted of certain felony offenses.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

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. The bill would take effect on September 1, 2018.

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 reporting requirements; 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: 644 Juvenile Justice Department, 701 Texas Education Agency, 323 Teacher Retirement System, 327 Employees Retirement System, 360 State Office of Administrative Hearings, 530 Family and Protective Services, Department of

LBB Staff: UP, THo, AM, AW, TSI, JPo, JGA, JLi, KFa, EK