

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 24, 2019

TO: Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB3983** by Leach (Relating to service retirement benefits payable by the Employees Retirement System of Texas to commissioned peace officers employed by the attorney general.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3983, As Introduced: a negative impact of (\$900,000) through the biennium ending August 31, 2021.

The Employees Retirement System is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Employees Retirement System may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$400,000)
2021	(\$500,000)
2022	(\$500,000)
2023	(\$500,000)
2024	(\$600,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2020	(\$400,000)
2021	(\$500,000)
2022	(\$500,000)
2023	(\$500,000)
2024	(\$600,000)

Fiscal Analysis

The bill would amend Government Code to include peace officers at the Office of the Attorney General (OAG) in the definition of "law enforcement officers" who are eligible for the Law Enforcement and Custodial Officers Supplemental Retirement Fund (LECOS). The bill would affect approximately 187 OAG employees at the OAG and provide them credit for past service. These employees are currently, and would remain, members of the Employees Retirement System (ERS) as well.

Methodology

Currently the state contributes 0.5 percent of salary to LECOS; the bill would require additional state contributions to the LECOS fund due to increased membership, related salaries, and related obligations. This amount is reflected in the table above. Any additional state contributions to the ERS Retirement Fund would be negligible.

The provisions of the bill would increase benefits, and Government Code 811.006 requires that legislation increasing the amortization period or actuarial cost of a state retirement system only be implemented if the system is actuarially sound. While the bill contains an exception to Government Code 811.006, actuarial analysis indicates that the additional All Funds annual state contribution to comply with existing statute averages, between fiscal years 2020 and 2024, approximately \$287.4 million for ERS and \$39.9 million for LECOS.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 327 Employees Retirement System

LBB Staff: WP, CMa, NV, KFB