

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

**FISCAL NOTE, 87th LEGISLATURE 1st CALLED SESSION 2021**

**July 9, 2021**

**TO:** Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB85** by Rogers (Relating to a one-time supplemental payment of benefits under the Teacher Retirement System of Texas.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB85, As Introduced : an impact of \$0 through the biennium ending August 31, 2023. However, there would be an impact of (\$699,352,155) to the Teacher Retirement System which could impact the actuarial soundness of the fund.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from TRS Trust Account Fund 960</b>
2022	(\$699,352,155)
2023	\$0
2024	\$0
2025	\$0
2026	\$0

**Fiscal Analysis**

The bill would provide a one-time supplemental payment to eligible Teacher Retirement System (TRS) retirees as of December 31, 2020. The payment would be the lesser of the annuitant's current monthly benefit or \$2,400 and would be payable no later than January 2022.

**Methodology**

TRS estimates the cost to provide a onetime supplemental annuity payment under the provisions of the bill

would total \$699.4 million. This analysis assumes the cost would be paid from the TRS Trust Account Fund 960.

According to the actuarial impact statement provided by the Pension Review Board, TRS is currently actuarially sound, with an amortization period of 26 years. The projected funding period of TRS would increase to 27 years following the passage of this bill.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System, 338 Pension Review Board

**LBB Staff:** JMc, LBO, SD, RSTE, AH, ASA, AAL