

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 16, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1552 by Ashby (Relating to retirees of the Teacher Retirement System of Texas who resume certain employment with a school district.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1552, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

General Revenue-Related Funds, Five- Year Impact:

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

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989	Probable Savings/(Cost) from TRS Trust Account Fund 960
2022	(\$300,000)	(\$881,709)
2023	(\$309,000)	(\$908,160)
2024	(\$318,270)	(\$935,405)
2025	(\$327,818)	(\$963,467)
2026	(\$337,653)	(\$992,371)

Fiscal Analysis

The bill would amend the Government Code to exempt TRS-covered employers from paying the retiree surcharges for any retiree who is employed as a full-time bus driver.

The exemption would have a negative fiscal impact on TRS funds, due to the reduced amount of pension and health care surcharges being paid by employers.

Methodology

According to the Teacher Retirement System, there are currently 9,793 retirees that have returned from work and on whom the employers are paying a surcharge. Of those, 261, or 2.7%, are bus drivers and the employer

would no longer be required to pay a pension surcharge on these retirees.

Based on the analysis of the Teacher Retirement System (TRS), this analysis assumes that the provision of the bill exempting TRS-covered employers from paying the retiree surcharges for any retiree who is employed as a full-time bus driver would result in estimated additional costs of \$881,709 in 2022 and \$908,160 in 2023 to the TRS Trust Fund Account 960 and \$300,000 in 2022 and \$309,000 in 2023 to the Retired School Employee Group Insurance Fund 989 (TRS-Care). Additional costs would not increase the statutorily-required state contributions to the Retired School Employee Group Insurance Fund 989 (TRS-Care) or the TRS Trust Fund Account 960 for the 2022-23 biennium; therefore, no significant fiscal impact to the General Revenue Fund is anticipated. However, the additional costs may result in the need for higher contribution rates from the State, employers, or members to the Pension Trust Fund and TRS-Care program.

The Pension Review Board actuarial review states that TRS is currently actuarially sound, with an amortization period of 27 years, and the projected funding period would remain at 27 years if the bill were enacted.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JMc, AAL, AH, RSt, JPo