

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 15, 2025

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2911 by Frank (Relating to participation in the uniform group coverage program for active school employees and additional state aid for public schools that do not participate in that program.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2911, As Introduced: an impact of \$0 through the biennium ending August 31, 2027.

The fiscal implications to the Foundation School Program for additional state aid for certain group health coverage could not be determined as the cost would be dependent on future legislative appropriations that are not statutorily required.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | <i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i> |
|--------------------|---|
| 2026 | \$0 |
| 2027 | \$0 |
| 2028 | \$0 |
| 2029 | \$0 |
| 2030 | \$0 |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | <i>Probable Savings/(Cost) from School Employees UGIP Trust Fund 855</i> |
|--------------------|--|
| 2026 | \$0 |
| 2027 | (\$75,385,681) |
| 2028 | (\$8,184,762) |
| 2029 | \$0 |
| 2030 | \$0 |

Fiscal Analysis

This bill would allow certain employers to return to the Teacher Retirement System (TRS)-ActiveCare public school active employee group uniform insurance program prior to the expiration of the 5-year commitment period required under current statute.

The bill would provide additional state aid for certain school districts not participating in TRS-ActiveCare. This additional aid would be effective September 1, 2027.

Methodology

TRS estimates a cost of \$75.4 million in fiscal year 2027 and \$8.2 million in fiscal year 2028 for increased costs to TRS-ActiveCare, the School Employees UGIP Trust Fund. Due to the timeline of program pricing, TRS notes that no employers would be able to access bill provisions in fiscal year 2026. TRS indicates that there are 128 employers that would be eligible to return to TRS-ActiveCare early under provisions of the bill. Of these employers, 114 would be eligible to return to the program beginning in fiscal year 2028 under current statute; therefore the majority of the fiscal impact takes place in fiscal year 2027. Additionally, TRS estimates that the average cost of eligible public school employers would be higher than current program participants, based on observed cost trends.

This analysis assumes that the cost of additional state aid for health insurance for certain public schools cannot be determined, as the total cost of the support would be dependent on appropriations made by future Legislatures to the TRS-ActiveCare program above statutorily-required amounts.

Local Government Impact

Participating public school employers could experience changes in costs for providing health insurance under TRS-ActiveCare versus other providers; however, the fiscal implication cannot be determined.

Certain public schools not participating in TRS-ActiveCare could receive additional funding under provisions of the bill if the Legislature were to appropriate supplemental state funding for TRS-ActiveCare after fiscal year 2027.

Source Agencies: 323 Teacher Retirement System, 454 Department of Insurance, 701 Texas Education Agency

LBB Staff: JMc, NC, ASA, ENA