

- SUBJECT:** Allowing local probation department workers in state group benefit program
- COMMITTEE:** State Health Care Expenditures — committee substitute recommended
- VOTE:** 7 ayes — Delisi, Gutierrez, Berman, Crownover, Deshotel, Harper-Brown, Truitt
- 0 nays
- 4 absent — Capelo, Miller, Uresti, Wohlgemuth
- WITNESSES:** For — Steven Henderson, Concho Valley Community Supervision and Corrections Department; Rick Zinsmeyer, William County Adult Probation
- Against — None
- On — Bonita White, Texas Department of Criminal Justice - Community Justice Assistance Division
- BACKGROUND:** Local community supervision and corrections departments (CSCDs) supervise criminal offenders placed on probation. They receive about two-thirds of their funding from the Community Justice Assistance Division (CJAD) of the Texas Department of Criminal Justice (TDCJ) and one-third from fees by paid offenders. Some 6,500 CSCD workers are employed by local judicial districts.
- Insurance Code Ch. 1551, effective June 1, 2003, describes the Texas employee group benefits program. State employees are eligible for the program under sec. 1551.101.
- DIGEST:** CSHB 725 would require the state's Uniform Group Insurance Program to be extended to active employees of local community supervision and corrections departments and their dependents and some retired CSCD employees and their dependents. Retired employees would have to have retired on or after September 1, 2004, have been employed by one or more CSCDs for at least 10 years, and meet the requirements for retirement benefits established by the Texas County and District Retirement System.

Full-time employees of CSCDs automatically would receive the basic coverage for state employees unless they opted out or were expelled from the program. Part-time employees would be eligible to participate in the group benefits program.

The Community Justice Assistance Division of TDCJ would pay the contributions to the Employees Retirement System (ERS) that the state would make if the CSCDs' employees and their dependents worked for the state. Employees would pay any cost of additional coverage they selected.

Retired employees would have to apply to ERS to participate in the plan. CJAD would pay the contributions to ERS that the state would make if the retired employees were retired state employees. Retired employees would pay the cost of any additional coverage they selected.

CJAD would make the payments from money that it otherwise would send to a department as part of its per capita and formula funding.

The bill would take effect September 1, 2003, and the coverage would become effective September 1, 2004.

**SUPPORTERS
SAY:**

CSHB 725 would help local probation departments deal with rising health insurance costs for their employees, and help employees by giving them a uniform, stable insurance system. It would be appropriate to allow these employees to receive the same health insurance benefits as state employees because they are essentially doing the work of the state by supervising probationers who are part of the statewide criminal justice system. Probation department employees already are treated as state employees for certain other purposes, such as workers' compensation and allowing the attorney general to represent them.

The bill would not be an important departure from current law. Rank and file state employees are not the only persons who can participate in the state employee benefit program. For example, persons in the Texas Municipal Retirement System and the Texas County and District Retirement System participate.

Local CSCDs get their health insurance through counties, which have a range of costs and benefits. One local department contributes 21 percent of its personnel costs for these benefits while another spends 5 percent. In addition benefits can vary widely, with some departments providing more extensive coverage than others and with some covering retirees while others do not.

CSHB 725 would allow all probation employees statewide to have the same benefits at the same cost per participant. This would help departments know how much to budget for the coverage and allow the coverage to be stable from year to year. For many departments, this bill could lead to lower costs for benefits, which would allow more funds for supervision and programs for probationers.

Probation department employees frequently move among probation departments, so placing all employees statewide under the same program would give them stability in their insurance. In addition, CSHB 725 could help reduce employee turnover that often results from dissatisfaction with pay and benefits. CSHB 725 also would apply only to persons who retired after the bill became effective.

This bill would not increase costs to ERS, TDCJ, or CSCDs. ERS would be paid for the cost of these employees' coverage. Currently, CSCDs take money for employee benefits, including retirees, out of the funds they receive from the state. Under CSHB 725, TDCJ simply would send fewer funds to the local departments while sending the contribution for the coverage directly to ERS. While departments would receive fewer funds from the state, they no longer would have to pay for benefits themselves out of the money they received from the state. This would affect counties differently because of the varying amounts they currently spend on coverage, but TDCJ has promised to develop a formula so that no department would be hurt dramatically by a reduction in funds.

The fiscal note on CSHB 725 estimates no impact through August 2005. Any administrative costs to the agency easily could be absorbed or paid by TDCJ to ERS.

OPPONENTS
SAY:

It would be unfair to allow persons who do not work for the state to participate in a state benefit program. State benefit programs should be limited to state employees who are governed and overseen directly by state agencies and who might give up other things, such as higher salaries, to receive state benefits. This bill could lead to other groups, such as teachers or all county employees, seeking to receive state employee benefits.

ERS estimates that CSHB 725 would result in start-up costs and higher on-going administrative costs to the agency. Administrative costs would be about \$172,200 in fiscal 2004 and about \$102,800 annually after that. Administrative costs would include computer costs, salaries, and printing.

While officers and employees of the Texas Municipal Retirement System and the Texas County and District Retirement System now participate in the benefit program, they do not create problems for ERS only because they account for a small number participants to cover, approximately 100. In contrast, CSHB 725 would extend coverage to about 6,500 employees and their dependents along with retirees and their dependents.

Retired CSCD employees could create special problems since they would not be receiving state retirement checks. Retired state employees that have optional coverage such as dental or life insurance or who purchase health insurance coverage for a spouse or dependent deduct those payments from their retirement checks, something that could not occur with retired CSCD employees.

CSHB 725 could lead to fewer state funds for some departments whose current costs for benefits are lower than state costs.

NOTES:

The committee substitute made numerous changes to the original bill, including requiring TDCJ, instead of local departments, to make payments to ERS and requiring certain reports on numbers of eligible participants to be sent to ERS.

The companion bill, SB 1349 by Whitmire, has been referred to the Senate State Affairs Committee.

A related bill, HB 3224 by Rose, which would allow counties with populations of less than 250,000 to participate in the state benefit program, is pending in the Pensions and Investments Committee.