

**PLANNING AND BUDGET OFFICE**  
TRAVIS COUNTY, TEXAS

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**MEMORANDUM**

**TO:** Commissioners Court *Travis R. Matlin*  
**FROM:** Travis R. Gatlin, Assistant Budget Director  
**DATE:** March 19, 2013  
**SUBJECT:** Impact of HB 2899

The Planning and Budget Office has been asked to provide the Commissioners Court with a fiscal analysis of House Bill 2899. The bill is an unfunded mandate that would have an extraordinary fiscal impact to Travis County and weaken local control of taxpayer dollars through increasing the County's fiscal exposure to accumulated sick time payout at termination for Travis County Sheriff's Office (TCSO) Peace Officer Pay Scale (POPS) employees, which comprise approximately a quarter of the County's workforce.

The current policy applies to all employees and allows for the payment of one-half (1/2) of accumulated sick pay up to a maximum of 240 hours (half of 480) at the rate of pay upon termination. This means that any sick pay accumulation above 480 hours is not paid at termination and that hours at or below that amount are paid at 50%. HB 2899 would require the County to pay 100% of up to 720 hours of accumulated sick time at termination for TCSO POPS employees. Any accumulated time greater than 720 hours would not be paid at termination and any time less than or equal to 720 hours would be paid at the actual number of accumulated sick time hours. Similar bills have been filed in each of the last two legislative sessions and have been opposed by the Commissioners Court. HB 2899 is slightly different than the previous proposed bills in that HB 2899 applies only to employees on the Peace Officer Pay Scale in TCSO rather than all employees in the Sheriff's Office. HB 2899 has also been bracketed to apply only to Travis County rather than all large urban counties as was the case in the two previous versions.

The proposed change is estimated to increase the potential costs of accumulated sick time payouts at termination for TCSO POPS employees by \$9.5 million, from \$6.4 million to \$15.9 million. This is a 148% increase in costs over the current policy. If the mandated sick time payout from HB 2899 was applied to all County employees, the estimated increase to the potential payout of accumulated sick time at termination would increase by \$21.5 million, from \$16 million to \$37.5 million, which is a 134% increase. These calculated estimates are based on data as of March 7, 2013, and may also change depending on turnover, FTE changes and changes in sick time balances. The analysis and estimates provided by PBO assume that if HB 2899 passes, it would apply retroactively to sick time hours already accumulated by TCSO POPS employees. Should this not be the case and it only applies prospectively to future hours accumulated after the effective date of the bill, the short term estimated impact will be less. The long term impact should be similar to the estimates provided above. In addition, HB 2899 would result in the County treating TCSO POPS employees significantly different than all other County employees (Classified and Non-TCSO POPS) with regard to this benefit policy. The last time a similar bill was discussed, Commissioners Court requested the impact if the change was applied

to all other County employees along with the potential tax rate implications. The following tables summarize the potential impact of the HB 2899.

<b>Table I: Detailed Snapshot Impact of HB 2899 on TCSO POPS (as of March 7, 2013)</b>					
Accrued Sick Leave Hours	# of Employees	Avg. Tenure	Incremental County Cost of HB 2899 on Sick Leave Payout (Salary and Benefits)	Per Employee - Incremental Sick Leave Payout from HB 2899 (Salary and Benefits)	Per Employee - Total Sick Leave Payout. Current Policy+HB 2899 (Salary and Benefits)
<240 Hours	533	7.5 yrs	\$914,125	\$1,715	\$3,430
240-479	265	12.3 yrs	\$1,695,682	\$6,399	\$12,798
480-719	144	15.1 yrs	\$2,084,359	\$14,475	\$24,152
>=720	219	19.8 yrs	\$4,799,920	\$21,917	\$32,876
<b>Total for TCSO</b>	<b>1,161</b>	<b>11.8 yrs</b>	<b>\$9,494,086</b>	<b>\$8,178</b>	<b>\$13,693</b>

<b>Table II: Detailed Snapshot Impact of All Other Employees (Classified and Non-TCSO POPS) if Matched to HB 2899 (as of March 7, 2013)</b>					
Accrued Sick Leave Hours	# of Employees	Avg. Tenure	Incremental County Cost of HB 2899 on Sick Leave Payout (Salary and Benefits)	Per Employee - Incremental Sick Leave Payout from HB 2899 (Salary and Benefits)	Per Employee - Total Sick Leave Payout. Current Policy+HB 2899 (Salary and Benefits)
<240 Hours	2,682	7.3 yrs	\$2,907,792	\$1,084	\$2,168
240-479	546	11.2 yrs	\$3,256,198	\$5,964	\$11,927
480-719	209	15.0 yrs	\$2,725,700	\$13,042	\$22,100
>=720	162	20.4 yrs	\$3,110,335	\$19,200	\$28,800
<b>Total for All Other Departments</b>	<b>3,599</b>	<b>8.9 yrs</b>	<b>\$12,000,044</b>	<b>\$3,334</b>	<b>\$6,005</b>

<b>Table III: Combined Incremental Total if HB 2899 was Applied to All Employees (Table I and II) above Current Policy</b>				
Employee Group	# of Employees	% of Employees	Avg. Tenure	Incremental Sick Leave Payout
TCSO POPS	1,161	24.39%	11.8 yrs	\$9,494,086
All Other Employees	3,599	75.61%	8.9 yrs	\$12,000,044
<b>Combined Total</b>	<b>4,760</b>	<b>100.00%</b>	<b>9.6 yrs</b>	<b>\$21,494,130</b>

<b>Table IV: Tax Rate Implications*</b>			
	Estimated On-going Impact for Increased Sick Leave Payout.	Tax Rate Required	Estimated Annual Impact to Avg. Appraised Homestead
HB 2899 on TCSO POPS	\$1.5 - \$3 million	\$.0015 to \$.0030	\$3.30 to \$6.60
If County policy was changed to match HB 2899 so it applied to all employees	\$3 - \$6 million	\$.0030 to \$.0060	\$6.60 to \$13.20

\*Assumes additional expenses could not be absorbed within Preliminary Budget given current budget guidelines. Range given for ongoing impact given the large number of long tenured employees that would be eligible to be paid the maximum 720 hours of sick leave, and the likelihood they would terminate in the near term since they have approximately 20 years of service. The other alternative to using new tax resources would be to remove a corresponding amount of funding for services from the existing budget or a combination of both.

## **Recommendation**

Because of the extraordinary fiscal impact on the County and loss of local control over taxpayer resources, along with the disparity in sick time payout at termination that would occur internally for TCSO POPS employees and the approximately 75% of the County's remaining workforce, PBO recommends that the Commissioners Court oppose HB 2899.

If you have questions, please give me a call at 4-9065 or e-mail me at [travis.gatlin@co.travis.tx.us](mailto:travis.gatlin@co.travis.tx.us).

**CC:** Deece Eckstein, Intergovernmental Relations Coordinator  
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