

BILL ANALYSIS

Senate Research Center
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S.B. 1664
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Education
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Forty-nine school districts in Texas pay Social Security taxes for some or all employees covered by the federal Social Security retirement program. Because school employees also pay into the Teacher's Retirement System pension, they are not eligible for full Social Security retirement benefits unless they contribute to Social Security for 30 years or more. The Social Security Act of 1983 does not allow a district to "opt out" of this federal mandate, and the funds are not reimbursed by the state. This creates an uncontrollable cost burden for these school districts that are at a competitive disadvantage with salaries when it comes to attracting and retaining teachers and employees.

As proposed, S.B. 1664 entitles a school district to state revenue necessary to provide the district with the sum of an amount equal to 50 percent of any annual district expenditure for the employer's share of Social Security taxes paid for employees if the district made the payments for coverage of a class of employees before January 1, 2009.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 42.2516(b), Education Code, to entitle a school district, subject to Subsections (b-1) (regarding the procedure used in determining whether the amount of state revenue for a school district is increased or reduced), (b-2) (regarding the procedure used in determining whether the amount of state revenue for a school district is increased or reduced), (f-1) (regarding the requirement that the commissioner of education has the ability to adjust the amount of a school district's local revenue), (g) (regarding the requirement that the commissioner reduce a district's entitlement for a certain proportion if certain criteria is met), and (h) (regarding the actions the commissioner is required to undertake when a school district exceeds the allotted amount of state revenue), but notwithstanding any other provision of this title, to state revenue necessary to provide the district with the sum of an amount equal to 50 percent of any annual district expenditure for the employer's share of social security taxes paid under 26 U.S.C. Section 3111(a), for employees covered by the federal social security retirement program if the district made payments for coverage of a class of employees before January 1, 2009. Makes nonsubstantive changes.

SECTION 2. Effective date: upon passage or September 1, 2009.