

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 2, 2005

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2831 by Herrero (Relating to social security coverage for employees of public school districts.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would require school districts that currently do not participate in social security to hold an employee referendum to determine whether a majority of employees favor participating. If a majority is in favor, the school district would be required to participate.

Local Government Impact

If all districts not currently participating in social security were required to participate under the provisions of the bill, school districts would incur additional costs of an estimated \$1.4 billion per year based on the 6.2 percent employer contribution rate for social security. At present, an estimated 5 percent of school districts participate in social security.

Source Agencies: 323 Teacher Retirement System, 701 Central Education Agency

LBB Staff: JOB, CT, UP, JSc