

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 13, 2007

TO: Honorable Warren Chisum, Chair, House Committee on Appropriations

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

IN RE: HB832 by Dukes (Relating to state financial assistance to school districts that make contributions for social security coverage.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB832, As Introduced: a negative impact of (\$72,349,715) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$35,292,544)
2009	(\$37,057,171)
2010	(\$38,910,030)
2011	(\$40,855,531)
2012	(\$42,898,308)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	(\$35,292,544)
2009	(\$37,057,171)
2010	(\$38,910,030)
2011	(\$40,855,531)
2012	(\$42,898,308)

Fiscal Analysis

The bill would provide funding to school districts equal to 50 percent of the total cost to the school district of making contributions on behalf of employees to the federal social security system. In order to be eligible for funding under the provisions of the bill, a school district must have covered employees under the social security system prior to January 1, 2007, and funding would apply only to classes of employees covered by the district under social security prior to January 1, 2007.

Methodology

According to the Texas Education Agency (TEA), fifty-five school districts would be eligible for funding under the provisions of the bill. The estimated social security-related expenditures of those districts in the 2006-07 school year is \$67.2 million. Assuming 5 percent annual growth in social

security-related expenditures, the estimated state cost of funding 50 percent of those costs would be \$35.9 million in fiscal year 2008 and \$37.1 million in fiscal year 2009.

Local Government Impact

Eligible districts would receive additional state funding to offset 50 percent of local expenditures for social security.

Source Agencies: 701 Central Education Agency

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