

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 30, 2009**

**TO:** Honorable Florence Shapiro, Chair, Senate Committee on Education

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

**IN RE: SB1664** by Wentworth (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 SB1664, As Introduced: a negative impact of (\$73,410,030) through the biennium ending August 31, 2011.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$35,809,771)
2011	(\$37,600,259)
2012	(\$39,480,272)
2013	(\$41,454,286)
2014	(\$43,527,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>
2010	(\$35,809,771)
2011	(\$37,600,259)
2012	(\$39,480,272)
2013	(\$41,454,286)
2014	(\$43,527,000)

**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, 2009, and funding would apply only to classes of employees covered by the district under social security prior to January 1, 2009.

**Methodology**

Based on information previously received from the Texas Education Agency (TEA), about 50 school districts would be eligible for funding under the provisions of the bill. The estimated social security-related expenditures of those districts in FY2008 is nearly \$65 million. Assuming 5 percent annual

growth in social security-related expenditures, the estimated state cost of funding 50 percent of those expenditures would be \$35.8 million in fiscal year 2010 and \$37.6 million in fiscal year 2011.

### **Local Government Impact**

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

### **Source Agencies:**

**LBB Staff:** JOB, JSp, JGM