

Austin Independent School District

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Testimony on Senate Bill 1664

Relating to state financial assistance to school districts that make contributions for social security coverage.

Before the Senate Committee on Education
March 31, 2009

Good morning Madam Chair, members of the Committee. My name is Pat Forgione and I am Superintendent of the Austin Independent School District. I appreciate having this opportunity to appear before you in support of Senate Bill 1664. I want to thank Senator Wentworth for bringing this proposal forward.

With me today is Mr. Mark Williams, who serves as President of the Board of Trustees of the Austin Independent School District. I am going to provide you with some background related to the need for SB 1664. Mr. Williams will address the impact of this measure on Austin ISD from his perspective as Board President.

Austin ISD is one of fourteen school districts that cover all of their employees under the Social Security retirement program. We have identified 34 other school districts that cover all of their classified employees under the Social Security retirement program. A list of these 48 districts is attached for your consideration (see Attached list).

Austin ISD employees voted to be covered by the Social Security retirement program back in the 1960's and the AISD Board of Trustees approved this action. As the payroll tax rate and covered salary amounts increased over the years, in the early 1980's AISD employees and the Board took formal action to begin to withdraw from the Social Security retirement program, which required a two-year notice to the Social Security Administration. During the two-year notice period, Congress passed major reform legislation in 1983 that, among other measures, prohibited local governments currently participating in the Social Security retirement program from withdrawing from the system. Thus, despite the desires of our employees and the Board of Trustees, we are required to remain in the

Social Security program and absorb the significant costs of doing so. Specifically, the significant uncontrollable Social Security costs to each district, at 6.2% of payroll expenses and a matching 6.2% by the employee, represents an uncontrollable expense that places our district and the other participating districts at a severe financial disadvantage. This is the situation all of the 48 districts cited above face today.

Austin ISD paid \$37 million in Social Security retirement payroll taxes during the previous school year. Our employees pay an identical matching amount of \$37 million. Given the constraints on our overall local budget, this uncontrollable expense makes AISD less competitive than our neighboring school districts in the teacher compensation arena. In addition, for our starting teachers the typical payroll tax matching requirement can run as much as \$200 a month, which is not an insignificant sum for someone recently out of college. Many younger teachers are not thinking in terms of retirement or that they will ever be able to avail themselves of Social Security in the future. The reduction in a new teacher's monthly take home pay is a negative factor that puts our urban district at a severe disadvantage in our efforts to recruit talented, young teachers to Austin ISD.

Under the provisions of SB 1664 (and in the committee substitute before you today), a school district currently enrolled in the Social Security retirement program would be eligible for reimbursement of 50 percent of the district's payroll tax cost. While this does not eliminate the entire uncontrollable cost faced by these districts, it would give us access to additional resources to be more competitive in attracting and retaining qualified teachers for our classrooms.

In response to those who say that SB 1664 would fund a benefit program in some districts that others do not receive, I would offer this: unless an employee contributes to Social Security for 30 years or more, they will not be eligible for full Social Security retirement benefits. An employee who has paid Social Security taxes for 25 years and receives a pension from the Teacher Retirement System is eligible for only 65 percent of the Social Security benefit that they would have received working for a private-sector employer. If the employee has 20 years or less, the benefit is reduced to 40 percent of the full benefit to which they would otherwise be entitled. Employees in Austin ISD have an average tenure of 8 years with the District. We are not paying for a benefit the majority of our employees will ever see, but we are required by the federal government to pay nonetheless.

The bottom line is that this is an issue of equity. We ask your understanding and positive response to SB 1664 which will create a more level playing field for the 48 districts statewide that are at a financial and uncontrollable disadvantage in meeting the educational needs of our students.

Thank you for your consideration. I would be happy to answer any questions you may have.

Texas School Districts Paying Social Security

District Name	District County	Student Enrollment as of Oct 2007	SS Payroll Taxes 07-08	Senator(s)
Anahuac ISD	Chambers	1,424	\$454,091	Huffman, Williams
Aransas County ISD	Aransas	3,162	\$204,000	Hegar
Archer City ISD	Archer	460	\$75,000	Estes
Austin ISD	Travis	81,763	\$37,346,959	Watson, Wentworth
Baird ISD	Callahan	304	\$59,229	Fraser
Banquete ISD	Nueces	874	\$82,425	Hinojosa
Belton ISD	Bell	8,314	\$550,000	Fraser
Big Sandy ISD	Polk	525	\$202,494	Eltife, Nichols
Brookeland ISD	Jasper	350	\$142,549	Nichols
Brownwood ISD	Brown	3,491	\$1,057,413	Fraser
Calhoun County ISD	Calhoun	4,267	\$746,586	Hegar
Canyon ISD	Randall	8,318	\$347,911	Seliger
Christoval ISD	Tom Green	379	\$34,755	Duncan
Coleman ISD	Coleman	991	\$82,500	Fraser
Cooper ISD	Delta	858	\$60,968	Deuell
Denver City ISD	Yoakum	1,484	\$130,401	Seliger
Fredericksburg ISD	Gillespie	2,823	\$504,593	Fraser, Wentworth
Ft. Davis ISD	Jeff Davis	347	\$196,126	Uresti
Glen Rose ISD	Somervell	1,678	\$36,853	Averitt
Gonzales ISD	Gonzales	2,553	\$200,771	Hegar
Goodrich ISD	Polk	256	\$86,138	Nichols
Grady ISD	Martin	215	\$22,552	Seliger
Granbury ISD	Hood	6,834	\$164,691	Averitt, Estes
Hidalgo ISD	Hidalgo	3,396	\$312,058	Hinojosa, Lucio
Hudson ISD	Angelina	2,504	\$175,000	Nichols
Hunt ISD	Kerr	205	\$13,118	Fraser
Iraan-Sheffield ISD	Pecos	506	\$272,658	Uresti
Kilgore ISD	Gregg	3,754	\$257,525	Eltife
La Gloria ISD	Jim Wells	103	\$24,740	Hinojosa
Lackland ISD	Bexar	860	\$425,144	Uresti
Lindale ISD	Smith	3,491	\$108,607	Eltife, Deuell
Lubbock ISD	Lubbock	27,949	\$1,482,781	Duncan
Lufkin ISD	Angelina	8,557	\$597,710	Nichols
Nocona ISD	Montague	895	\$151,000	Estes
Pharr-San Juan-Alamo ISD	Hidalgo	29,999	\$1,810,671	Hinojosa, Lucio
Ponder ISD	Denton	1,114	\$186,323	Estes, Nelson
Port Arthur ISD	Jefferson	9,235	\$2,823,258	Huffman, Williams
Premont ISD	Jim Wells	714	\$306,982	Hinojosa, Zaffirini
Randolph Field ISD	Bexar	1,161	\$463,403	Zaffirini
San Antonio ISD	Bexar	52,507	\$25,100,000	Uresti, Van de Putte, Wentworth
San Saba ISD	San Saba	730	\$65,330	Fraser
Somerville ISD	Burleson	512	\$53,263	Odgen
Stephenville ISD	Erath	3,524	\$193,647	Fraser
Sweeny ISD	Brazoria	1,978	\$656,452	Jackson, Huffman
Tidehaven ISD	Matagorda	860	\$63,582	Hegar
West ISD	McLennan	1,520	\$243,000	Averitt
West Rusk ISD	Rusk	876	\$295,010	Eltife
Yoakum ISD	Dewitt	1,550	\$103,881	Hegar
		TOTAL:	\$78,974,148	