

# Social Security Costs at Austin ISD

Austin ISD is one of only 14 school districts in Texas that participates in the Social Security retirement program for all employees. Another 34 districts cover all employees except professional staff. In the early 1980s, districts were given the option to opt out of this system. AISD chose not to and is now prevented from doing so by the Social Security Act of 1983.

## The Problem

Austin ISD is at a competitive disadvantage in salaries when it comes to attracting and retaining new teachers and other employees.

- Austin ISD is one of only 14 Texas school districts mandated by the Social Security Act of 1983 to participate in Social Security for all employees. Thirty-four districts cover all employees except those classified as professionals.
- Austin ISD is one of only two districts subject to the Social Security mandate for all employees that is also required to send money to the state because of recapture.
- Employees of Austin ISD and the other districts that contribute to Social Security also contribute to the Teachers Retirement System, further reducing their take-home pay.

## The Legislative Solution(s)

As a matter of equity, there should be recognition of the cost associated with the unique but mandated requirement of Social Security payments.

Lawmakers should consider legislation that provides state financial assistance to school districts that make Social Security contributions on behalf of their employees.

## Why Relief is Necessary

Austin ISD contributed more than \$33.3 million in 2013 in employer's Social Security contributions, which represents more than 4 cents on the local \$1.079 Maintenance and Operations tax rate.

- This is money that could be spent on classroom education programs and/or employee compensation.
- The Cost of Education Index fails to reflect or address these Social Security costs, even though they are real, mandated costs of operating AISD.

## Unique, Compounding Effects

AISD is the **only urban Chapter 41 district** in Texas that pays Social Security.

Though AISD is considered 'property-rich'

**57.1 percent**

of the student population is low-income

AISD's 2016–17 recapture payment is projected to be

**\$406 million**

- The Dana Center of the University of Texas at Austin has validated that these costs are an uncontrollable expense that should be reflected in an updated Cost of Education Index.
- AISD serves more than 30 percent of low-income students found in all other Chapter 41 districts combined.
- AISD sends more money out of the district and to the state than any other district.

## Overcoming the Barriers

These uncontrollable costs leave Austin ISD at an equitable disadvantage relative to other districts in responding to the educational needs of its students.