

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.

Presented by Mark Williams

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Before the Senate Committee on Education

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Good morning, Madam Chair and Members of the Committee. My name is Mark Williams and I am President of the Austin Independent School District Board of Trustees. I appreciate having this opportunity to appear before you in support of Senate Bill 1664. I want to thank Senator Wentworth for bringing this bill forward for your consideration.

Dr. Forgione has outlined for you the background for school districts that are required to continue to participate in the Social Security retirement program. It is clearly an expense that the school boards and administrations in these districts have no ability to control or influence.

What I wanted to do this morning is give you the perspective of a single board member on this issue and make four points.

First, like many areas of the state, the trend toward regionalization around urban centers continues. Austin ISD operates in the broader context of Central Texas, and must compete for talent against neighboring school districts like Eanes, Lake Travis, Round Rock, Leander, Pflugerville, Hays Consolidated and Del Valle. None of those districts have to pay Social Security.

Austin ISD employs over 11,000 employees, including principals, teachers, cafeteria workers, bus drivers, custodial staff, etc. We want to have high-quality staff in every job and in every classroom. Yet I think it's fair to say that K-12

education for the vast majority of our staff is not considered a lucrative profession.

For all of our employees, their base level of pay is reduced by a deduction for the employee's portion of Social Security (about 6.2% of their pay). As an example, for the average base teacher salary in Austin ISD of about \$44,500, this deduction is a real reduction of over \$2,700 annually in their take-home pay. Bottom line, the employees of Austin ISD have a net take home pay reduction that is not experienced by staff in the surrounding Central Texas school districts. The impact of this reduction is particularly significant for our younger staff that are trying to make ends meet and are likely not contemplating, what, if any, Social Security benefits they might receive 30-40 years from now.

Second, for Austin ISD, since personnel costs make up about 80% of our district's budget, paying the employers' share of Social Security consumes an additional \$37 million, or about 5.3% of the district's operating budget. In other words, similar to our employees, Austin ISD has an uncontrollable cost that the other Central Texas districts do not have to incur, leaving us significantly fewer funds to compete for, and develop, talent. Essentially, we are not able make up the difference in net take home pay lost by our employees due to social security since the district itself has less money due to the burden of matching social security costs.

Third, the cost of living in Austin continues to escalate, making it more difficult for our staff to find affordable housing within the school district's boundaries. In addition, growth in the Central Texas region has put a strain on our transportation system, increasing the gas costs and time spent commuting by our employees. These higher costs make living off a smaller take-home pay even more problematic for our staff.

Fourth, AISD's student demographics are such that we arguably have more students than the surrounding districts that have higher needs, and thus we are asking our teachers and other staff to work for less take home pay, in more challenging circumstances, often many miles from where our employees can afford to live.

Put it all together, and you have what I think is a strong case for supporting Senate Bill 1664. The accountability standards for Austin ISD are not less because the district has to pay 4.5% of its operating budget for Social Security. The community's expectations for Austin ISD are not less because our teachers' take-home pay is on average at least \$2,700 less than teachers in neighboring school districts. The reality is that Austin ISD must compete in the Central Texas marketplace. We must help all of our students reach their fullest potential. Unfortunately, because of this uncontrollable Social Security obligation, Austin ISD is in the difficult position of having fewer resources and offering a lower take-home pay package to accomplish the same results expected of all school districts in the Central Texas and in the state.

Just to be clear, Senate Bill 1664 does not fully fund the shortfall to Austin ISD and its employees resulting from Social Security. Instead, this bill is only providing funding for half of the district's obligation for Social Security, and no reimbursement to the employees for their share. In effect, it is only providing relief for about ¼ of the current year economic impact of the cost of social security to the district and its employees. However, I believe that Senate Bill 1664 is a fair and equitable investment in all the affected school districts to help each of these districts partially level the funding playing field.

Once again, I want to thank Senator Wentworth for bring this important legislation forward, and I'd like to thank Senator Shapiro for hearing this bill and each of you for giving me the opportunity to come before you today.

Comparison of Austin ISD and Neighboring Districts That Do Not Pay Social Security for Employees

District Name	County Name	2007-08 Teacher Beginning Base Salary	2007-08 Teacher Average Base Salary	Difference in salary from SS district	Difference in take-home pay once 6.2% is deducted for SS
AUSTIN ISD	TRAVIS COUNTY	\$40,967	\$44,563	\$0	\$0
DEL VALLE ISD	TRAVIS COUNTY	\$40,514	\$44,534	-\$29	\$2,734
EANES ISD	TRAVIS COUNTY	\$40,040	\$48,178	\$3,615	\$6,378
HAYS CONS ISD	HAYS COUNTY	\$37,929	\$42,263	-\$2,300	\$463
LAKE TRAVIS ISD	TRAVIS COUNTY	\$37,468	\$47,305	\$2,742	\$5,505
LEANDER ISD	WILLIAMSON COUNTY	\$35,630	\$45,264	\$701	\$3,464
PFLUGERVILLE ISD	TRAVIS COUNTY	\$40,138	\$45,457	\$894	\$3,657
ROUND ROCK ISD	WILLIAMSON COUNTY	\$40,410	\$46,405	\$1,842	\$4,604

Note: The amount paid by Austin ISD to Social Security is equal to 5.7% of the District's Target Revenue, or \$327/WADA.