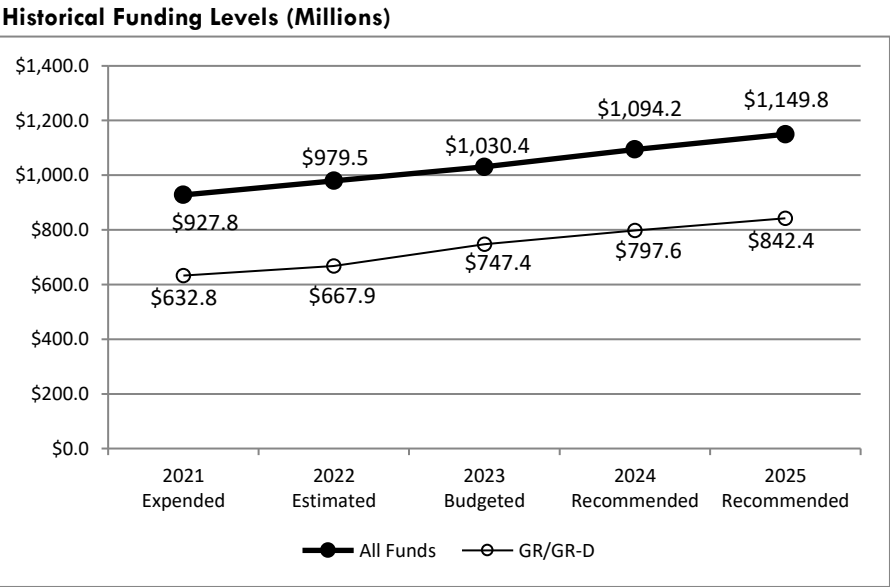


Social Security and Benefit Replacement Pay
Summary of Budget Recommendations - House

Page I-32
The Honorable Glenn Hegar, Comptroller of Public Accounts
John Posey, LBB Analyst

Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,230,924,299	\$1,443,664,678	\$212,740,379	17.3%
GR Dedicated Funds	\$184,320,749	\$196,301,896	\$11,981,147	6.5%
Total GR-Related Funds	\$1,415,245,048	\$1,639,966,574	\$224,721,526	15.9%
Federal Funds	\$450,643,198	\$442,915,589	(\$7,727,609)	(1.7%)
Other	\$143,978,571	\$161,130,996	\$17,152,425	11.9%
All Funds	\$2,009,866,817	\$2,244,013,159	\$234,146,342	11.6%



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Social Security and Benefit Replacement Pay
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Increase in state contributions for Social Security and Medicare due to payroll growth and statewide salary adjustments.	\$214.0	\$12.3	(\$6.5)	\$17.5	\$237.3	A.1.1
B)	Decrease in Benefit Replacement Pay due to attrition of employees hired before September 1, 1995.	(\$1.2)	(\$0.3)	(\$1.3)	(\$0.4)	(\$3.2)	A.1.2

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$212.8	\$12.0	(\$7.8)	\$17.1	\$234.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$214.0	\$12.3	\$0.0	\$17.5	\$237.3	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$1.2)	(\$0.3)	(\$7.8)	(\$0.4)	(\$3.2)	As Listed

NOTE: Totals may not sum due to rounding.

**Social Security and Benefit Replacement Pay
Selected Fiscal and Policy Issues - House**

1. **Social Security and Medicare.** The state pays the employer contribution of federal Social Security and Medicare payroll taxes for state agency and higher education employees. Recommendations include a net increase of \$237.3 million in All Funds (\$226.2 million in General Revenue-Related Funds) from the 2022-23 biennium based on the following assumptions:
 - Continued employer contribution rates of 6.2 percent of salary for Social Security and 1.45 percent of salary for Medicare;
 - 0.77 percent payroll growth for state agency employees in fiscal years 2023, 2024, and 2025;
 - 3.2 percent payroll growth for higher education employees in fiscal years 2023, 2024, and 2025;
 - Method of finance swaps with federal COVID-19 funds at the Texas Department of Criminal Justice, the Department of Family and Protective Services, the Department of State Health Services, and the Health and Human Services Commission;
 - FTE growth at the Permanent School Fund Corporation, the Railroad Commission, and the Texas Water Development Board. The FTE growth at the Railroad Commission and Texas Water Development Board are all federally funded as a result of the Infrastructure Investment and Jobs Act; and
 - Statewide salary adjustment.
2. **Benefit Replacement Pay.** The state currently pays certain employees a supplemental benefit to replace the amount that the state previously paid for the employee's social security contribution before September 1, 1995. Recommendations include a decrease of \$3.2 million in All Funds (\$1.5 million in General Revenue-Related Funds) from the 2022-23 biennium because of increasing turnover among these employees. Recommendations assume annual reductions of 20.1 percent in fiscal years 2023, 2024, and 2025 biennium.

**Social Security and Benefit Replacement Pay
Rider Highlights - House**

Modification of Existing Riders

1. **Informational Listing of Appropriated Funds.** Revise rider to reflect benefit recommendations for the 2024-25 biennium.

Social Security and Benefit Replacement Pay
Appendices - House

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	6
B	Summary of Federal Funds	*
C	FTE Highlights	*

* Appendix is not included - no significant information to report

Social Security and Benefit Replacement Pay
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
STATE MATCH -- EMPLOYER 1.1.1	\$2,001,124,908	\$2,238,432,318	\$237,307,410	11.9%	Recommendations reflect a net increase of \$237.3 million in All Funds based on the following assumptions: - Continued employer contribution rates of 6.2 percent of salary for Social Security and 1.45 percent of salary for Medicare; - 0.77 percent payroll growth for state agency employees in fiscal years 2023, 2024 and 2025; - 3.2 percent payroll growth for higher education employees in fiscal years 2023, 2024, and 2025; - FTE growth at the Permanent School Fund Corporation, the Railroad Commission of Texas, and the Texas Water Development Board; and - Statewide salary adjustment.
BENEFIT REPLACEMENT PAY 1.1.2	\$8,741,909	\$5,580,841	(\$3,161,068)	(36.2%)	Recommendations reflect a decrease of \$3.2 million in All Funds and assume annual reductions of 20.1 percent in fiscal years 2023, 2024, and 2025.
Total, Goal 1, SOCIAL SECURITY/BENEFIT REPLACEMENT	\$2,009,866,817	\$2,244,013,159	\$234,146,342	11.6%	
Grand Total, All Strategies	\$2,009,866,817	\$2,244,013,159	\$234,146,342	11.6%	