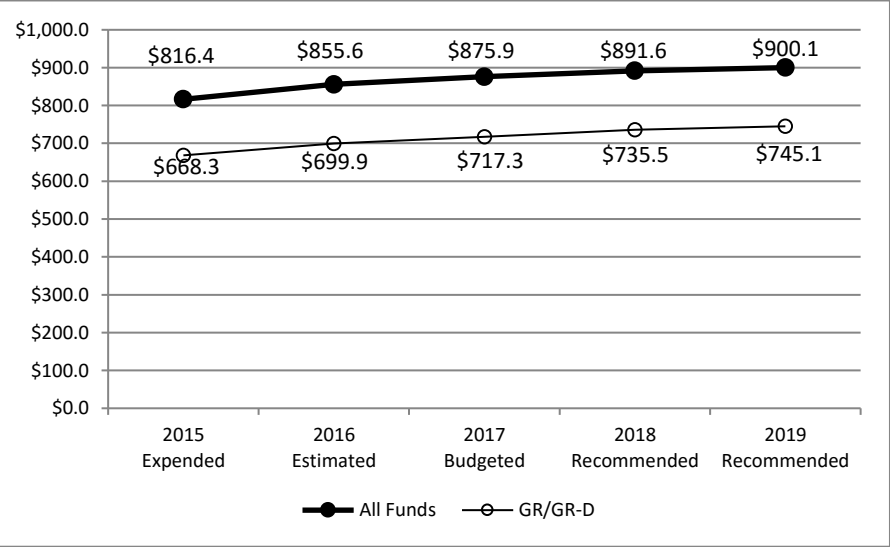


Social Security and Benefit Replacement Pay
Summary of Recommendations - Senate

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The Honorable Glenn Hegar, Comptroller of Public Accounts
Katy Fallon, LBB Analyst

Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,241,095,699	\$1,301,632,839	\$60,537,140	4.9%
GR Dedicated Funds	\$176,139,381	\$178,982,774	\$2,843,393	1.6%
Total GR-Related Funds	\$1,417,235,080	\$1,480,615,613	\$63,380,533	4.5%
Federal Funds	\$175,784,598	\$172,601,090	(\$3,183,508)	(1.8%)
Other	\$138,462,184	\$138,517,077	\$54,893	0.0%
All Funds	\$1,731,481,862	\$1,791,733,780	\$60,251,918	3.5%

Historical Funding Levels (Millions)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

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

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Net increase in funding for Social Security and Medicare employer contributions due primarily to an increase in payroll.	\$63.9	\$3.6	(\$1.9)	\$1.2	\$66.9	A..1.1
B)	Decreases to Benefit Replacement Pay due to a decrease in the number of employees who were hired before September 1, 1995	(\$3.4)	(\$0.8)	(\$1.3)	(\$1.2)	(\$6.6)	A.1.2
TOTAL Funding Changes and Recommendations (in millions)		\$60.5	\$2.8	(\$3.2)	\$0.1	\$60.3	As Listed
<i>Funding Increases</i>		\$63.9	\$3.6	(\$1.9)	\$1.2	\$66.9	As Listed
<i>Funding Decreases</i>		(\$3.4)	(\$0.8)	(\$1.3)	(\$1.2)	(\$6.6)	As Listed

NOTE: Totals may not sum due to rounding.

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

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 \$66.9 million in All Funds (\$63.9 million in General Revenue) from the 2016-17 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;
 - 0.5 percent payroll growth for state agency employees in fiscal year 2017 to biennialize the fiscal year 2016 statewide salary increase;
 - No payroll growth for state agency employees in fiscal years 2018 and 2019;
 - 4.0, 2.88, and 3.01 percent payroll growth for higher education employees in fiscal years 2017, 2018, and 2019, respectively; and
 - FTE growth at the Department of Public Safety and FTE growth and transfers among health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.
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 \$6.6 million in All Funds (\$3.4 million in General Revenue) from the 2016-17 biennium because of increasing turnover among these employees. Recommendations assume annual reductions of 14 percent based upon recent expenditure trends and incorporate FTE growth and transfers mentioned above.

**Social Security and Benefit Replacement Pay
Appendices - Senate**

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* Appendix is not included - no significant information to report

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

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
STATE MATCH -- EMPLOYER A.1.1	\$1,696,909,157	\$1,763,806,893	\$66,897,736	3.9%	Recommendations reflect an increase of \$66.9 million in All Funds from the 2016-17 biennium based upon the following assumptions: - Continued employer contribution rates of 6.2 percent of salary for Social Security and 1.45 percent of salary for Medicare; - 0.5 percent payroll growth for state agency employees in fiscal year 2017 to biennialize the fiscal year 2016 statewide salary increase; - No payroll growth for state agency employees in fiscal years 2018 and 2019; - 4.0, 2.88, and 3.01 percent payroll growth for higher education employees in fiscal years 2017, 2018, and 2019, respectively; and - FTE growth at the Department of Public Safety and FTE growth and transfers among health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.
BENEFIT REPLACEMENT PAY A.1.2	\$34,572,705	\$27,926,887	(\$6,645,818)	(19.2%)	Recommendations reflect a decrease of \$6.6 million in All Funds from the 2016-17 biennium. Recommendations assume annual reductions of 14 percent based upon recent expenditure trends and incorporate FTE growth and transfers mentioned above.
Total, Goal A, SOCIAL SECURITY/BENEFIT REPLACEMENT	\$1,731,481,862	\$1,791,733,780	\$60,251,918	3.5%	
Grand Total, All Strategies	\$1,731,481,862	\$1,791,733,780	\$60,251,918	3.5%	