

**Consider approval of sharing the retire rehire 16.5% surcharge with employees starting September 1, 2025 or later providing for the employee to pay medical insurance and 8.25% and the district to pay 8.25%
September 15, 2025**

1. Board Goal -
Domain 1: High Quality Curriculum and Effective Instruction
Domain 4: Alignment of Financial Well Being With Student Achievement
2. Background: In 2021, Texas Government Code §825.4092(f), stated that an employer was "ultimately responsible for payment" of a state surcharge for employing a retired teacher. It explicitly barred the employer from "directly or indirectly pass[ing] that cost on to the retiree through payroll deduction, by imposition of a fee, or by any other means designed to recover the cost".

With the passage of HB2, came the repeal of this subsection. Employers can now require retired teachers to cover the costs associated with their re-employment to include the group insurance program and the 16.5% surcharge.
3. Process: The Administration would like to start having the employee share in the cost of rehiring them after retirement. The cost is 16.5% of the employees gross salary and the medical insurance is \$535 per month. We would like the sharing of the surcharge to start with any new retired rehire staff joining the district after September 1, 2025. The recommendation is the district will pay 8.25% and the employee will pay 8.25% and the monthly state medical insurance contribution.
4. Fiscal Impact:
Medical Insurance saves \$6,420 annually and on a staff member earning \$75,000 it would save \$6,188 in surcharge cost.
5. Recommendation:
The Administration is recommending the sharing of the surcharge cost with employees and employees covering the state medical insurance contribution as discussed
6. Action Required:
7. Contact Person:
Pam Bendele