

## Decision may threaten Mo. school workers' benefits

By SAM HANANEL Associated Press Writer

WASHINGTON (AP) — A new decision from the Social Security Administration could jeopardize retirement benefits for thousands of Missouri public school employees.

The federal agency informed school districts last month that too many of their employees have been exempt from paying Social Security taxes. Those workers are covered by the Missouri Public School Retirement System, considered more generous than Social Security.

But federal officials now say that only teachers, principals and a handful of other positions can be exempt from paying into Social Security.

The new interpretation could reduce benefits for more than 10,000 employees, including guidance counselors, instructional aides and certain office administration and transportation workers.

Sen. Kit Bond, R-Mo., sent a letter this week to Social Security Commissioner Michael Astrue seeking an explanation for the change and warning that it will cause "a dire hardship" on Missouri school districts.

"It appears that the new interpretation of this section will negatively impact the retirement benefits of thousands of education employees in Missouri and impact the school districts' ability to attract quality employees," Bond said in the letter.

The Social Security Administration is asking school districts to come into compliance with its new determination beginning July 1, 2009.

School officials say their retirement system helps lure employees away from more lucrative private sector jobs. Missouri teachers currently pay 13 percent of their income into the Public School Retirement System, and their employers match that amount. Nonteachers pay 6.25 percent of their income, which is matched by employers, and also take part in the federal Social Security system.

Brian Blankenship, chief financial officer for Branson Public Schools, said the change will mean that employees forced to participate in both the state system and Social Security would receive reduced benefits than under either system individually.

"The worst thing about it is that the retirement system is really good for recruiting," Blankenship said. "Who's going to want to be a guidance counselor if you don't have the benefits you'd get as a teacher?"

Since the 1960s, Missouri's public schools have operated under a voluntary agreement with the Social Security Administration that allows teachers, supervisors, principals and certain other employees with teaching certificates to be exempt from paying into Social Security if they were covered under the state system.

In 1984, Missouri expanded the kinds of employees who were eligible for the state system and exempt from Social Security. As recently as 2006, Social Security officials went along with that interpretation, according to Alan Thompson, general counsel for the Public School Retirement System.

But the federal agency changed its position after a recent Internal Revenue Service audit of two Missouri school districts.

Thompson said in a memorandum earlier this year that a class action lawsuit is possible if Social Security officials refuse to change their position.