



## COLLEGES PROVIDE ADDITIONAL BENEFITS

An important and often overlooked benefit provided employees at many Texas community colleges is Social Security coverage under the Federal Insurance Contributions Act (FICA).

The remaining public community college districts “elected” years ago not to participate in the Social Security program, when participation was optional for governmental entities covered by other pension plans.

“Old age, survivors, and disability” insurance is financed by a Social Security tax of 12.4 percent of compensation up to a wage base of \$97,500 in 2007. One-half of the tax (6.2 percent) is withheld from each employee’s pay, with the college contributing the remaining 6.2 percent. The employer’s Social Security tax for an employee earning \$50,000 is \$3,100, for example. Hence the benefit becomes a substantial budget item, both for colleges and for employees experiencing the reduction in take-home pay.

Based on reports from the schools, the following colleges provide Social Security coverage for their employees:

Alamo Community College  
Blinn College  
Del Mar College  
Galveston College  
Grayson County College  
Howard College  
Laredo Community College  
Lee College  
Panola College  
Paris Junior College  
South Plains College  
South Texas College  
Tarrant County College  
Temple College  
Texas State Technical College  
Trinity Valley Community College  
The Victoria College  
Wharton County Junior College

At some colleges, employees participate in private pension plans *in lieu of Social Security*. Those schools and the contribution rates are listed below:

Amarillo College (9.15%)  
Central Texas College (7%)  
Frank Phillips College (1-4%)  
Midland College (7%)  
Navarro College (6%)

College contributions to Social Security and to other retirement plans besides the state’s Teacher Retirement System and the Optional Retirement Program, while representing a significant financial commitment on the part of the employing institutions, are not factored in the salaries and ranking reported in the salary survey. Colleges are permitted to report additional benefits in the online narrative. ☆



## COLLEGES SUPPLEMENT ORP CONTRIBUTIONS

Most community college districts are supplementing state ORP contributions.

In the 1995 legislative session, the state ORP contribution rate was lowered to 6 percent, but an additional 1.31 percent was appropriated for employees hired prior to September 1, 1995, in effect continuing a state contribution rate of 7.31 percent for these employees.

From 1997 to 2007 the Legislature funded the state rate at six percent and appropriated additional funds to colleges and universities to offset a 1.31 percent local supplement to the ORP contribution (for pre-1995 employees). However, although money for the supplement is included in state appropriations, there is no mandate that the funds be used for this purpose.

Schools are also allowed since 2003 to use local funds to raise the rate up to 8.5 percent, but there is no requirement to do so.

Importantly, in 2007, the Legislature raised the base contribution to 6.58 percent for all participants, and again appropriated funds, at local discretion, to supplement the ORP rate to 7.31 percent for pre-1995 hires.

Due to the plethora of outcomes enabled by recent legislative developments, the 2007 TCCTA survey asked institutions a single question: *“Regarding the state’s Optional Retirement Program, the Legislature raised the state minimum contribution to 6.58%. Does your school supplement its contribution to ORP participants above the basic rate of 6.58% of salary? If so, for whom and by what percent? Please explain briefly.”*

Based on the responses, the following institutions pay 1.92% ORP supplements (raising the rate to 8.5%) for eligible employees hired prior to 1995:

Alamo Community College  
Alvin Community College  
Angelina College  
Austin Community College  
Blinn College  
\*Central Texas College  
Coastal Bend College  
\*Dallas Community College District  
Del Mar College  
El Paso Community College  
Galveston College  
\*Hill College  
Laredo Community College  
Navarro College  
North Harris Montgomery Comm. College  
Panola College  
San Jacinto College  
South Texas College  
Tarrant County College  
Texas State Technical College  
Trinity Valley Community College

Tyler Junior College  
The Victoria College  
Wharton County Junior College

*(“Districts reported supplementing the state’s contribution by 1.92% for all who were enrolled in ORP before 1995.”)*

The following districts reported supplements of 1.31% for those hired before 1995:

Amarillo College  
Grayson County College  
Kilgore College  
South Plains College

Two colleges reported 1.19% supplements for those hired before 1995: Collin County Community College and Lamar State College–Orange.

Three schools reported supplements of 0.73%: Brazosport College, Howard College (for those who were in ORP prior to 1995), and Midland College (for those hired before 1995).

Reports from other schools further reflect various permutations under the law.

Clarendon College: “1.31% on three employees.”

College of the Mainland: “Two employer matching rates (6.58% and 8.5%).”

Lee College: “No, except some employees are grand-fathered at 8.5%.”

McLennan Community College: “The college supplements the state contribution by 1.92%.”

North Central Texas College: “1.92% up to 8.5% for all ORP participants.”

Paris Junior College: “1.31% for all employees in ORP prior to 9-1-94.”

Southwest Texas Junior College: “.72% up to 7.3% for those hired before 1995.”

Temple College: “During 2004-05, all ORP employees were raised as follows: (1) Those at 6% were raised to 7% and (2) Those at 7.31% were raised to 8.31%.”

Texarkana College: “Our college is supplementing the state’s contribution by 1.31% and an additional 1.19% for those hired before 1995.”

Vernon College: “1.31% for all employees, both ORP and TRS.”

Weatherford College: “.73% up to 7.31% “for employees continuously employed in ORP-eligible positions prior to 1995.”

Cisco Junior College and Frank Phillips College reported no supplements for employees participating in ORP. These districts stated previously that they elected to use the appropriated revenue to augment salaries rather than direct those funds to eligible ORP participants, stating that employees desiring to do so could use a portion of their additional income to open individual retirement accounts. ☆