



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 \$106,800 in 2009. 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
Del Mar College
Galveston College
Grayson County College
Howard College
Laredo Community College
Lee College
Odessa 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%)
Angeline College (1.92%)
Central Texas College (7%)
Frank Phillips College (1-4%)
Midland College (7%)
Navarro College (6.58%)
South Plains College ("S300")
Vernon College (1.31%)

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
College of the Mainland
Dallas Community College District
Del Mar College
El Paso Community College
Hill College
Laredo Community College
Lee College
Lone Star College System
Navarro College
Northeast Texas Community 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

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

Amarillo College
Grayson County College
Houston Community College
South Plains College
Southwest Texas Junior College

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."

Collin County Community College: "1.19% for those hired before 1995."

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

North Central Texas College and Temple College: "1.92% up to 8.5% for all ORP participants."

Paris Junior College: "1.31% for all employees in higher education prior to 9-1-94."

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

Texarkana College: "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."

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

The following colleges stated that they do not currently supplement the state's ORP contribution:

Cisco Junior College
Frank Phillips College
Kilgore College
Odessa College
Western Texas College

Most of 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. ☆