



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.

The 2011 tax rate is 4.2 percent for employees and 6.2 percent for employers. These rates apply to earnings up to the maximum taxable amount (\$106,800 in 2011). The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduced 2011 Social Security tax rates for employees by two percentage points, from 6.2 percent to 4.2 percent for employees. Without further changes in the law, these tax rates will return to 6.2 percent and 12.4 percent, respectively, beginning in 2012.

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:

Blinn 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%)
Angelina College (2.5%)
Central Texas College (7%)
Midland College (7%)
Ranger College (6%)
South Plains College (“\$300”)
Vernon College (1.31%)

College contributions to Social Security and to other retirement plans besides TRS and ORP, while representing a significant financial commitment, are not factored in the salaries and ranking reported in the salary survey. Colleges are asked 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, there was no mandate that the funds be used for this purpose.

Schools have been 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 2011, the Legislature lowered the base contribution to 6.0 percent for all participants and drastically reduced revenue to community colleges for their retirement plans. In 2009, the Legislature had set the state contribution at 6.4 percent.

Due to the plethora of outcomes enabled by various legislative developments, the 2011 TCCTA survey asked institutions a single question: *“Regarding the state’s Optional Retirement Program, the Legislature lowered the state minimum contribution to 6.0%. Does your school supplement its contribution to ORP participants above the basic rate? If so, for whom and by what percent? Please explain briefly.”*

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

Alvin Community College
Angelina College
Blinn College
Central Texas College
Coastal Bend College
Dallas Community College District
El Paso Community College
Galveston College
Lee College
McLennan Community College
Navarro College
North Central Texas College
Northeast Texas Community College
Panola College
San Jacinto College
South Texas College
Tarrant County College
Texas State Technical College
Tyler Junior College
Wharton County Junior College

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

Amarillo College
Brazosport College
Clarendon College
Grayson County College

Howard College
Kilgore College
Midland College
Paris Junior College
South Plains College
Southwest Texas Junior College
Vernon College
Weatherford College

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

Austin Community College: “We supplement the state’s 6% contribution by 2.1% for those hired prior to 9/1/95.

Alamo Colleges: “Beginning FY 2012, Alamo Colleges does not contribute any supplemental contribution.”

College of the Mainland: “We supplement 2.25% above the basic rate.”

Collin College: “All ORP participants receive a 1.75% supplement.”

Dallas County Community College District: “For those enrolled before 9/1/95, 2.1%. For those enrolled after 9/1/95, 0.58%.”

Del Mar College: “Contributes an additional 1.92% for those hired as of 9/1/95.”

Hill College: “1% supplement for all ORP participants.”

Howard College: “7.31% for those hired before 9/1/95; employees hired after 9/1/95 are supplemented to 6.58%.”

Laredo Community College: “Some employees are grandfathered in at higher rate. The rate is approximately 2.1% above the prescribed rate.”

Lone Star College: “2.1% for grandfathered ORP participants only.”

Midland College: “1.31% for grandfathered. .4% for non-grandfathered.”

Northeast Texas Community College: “8.5% for grandfathered. 6.4% for others.”

Vernon College: “All by 1.31%.”

Weatherford College: “6.58% if enrolled after 9/1/95. 7.31% if enrolled prior to 9/1/95.”

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

Cisco College
Frank Phillips College
Houston Community College
Odessa College
Ranger College
Temple College
The Victoria 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. ☆