



College-Wide Benefits Committee

Minutes of the Meeting

May 22, 2014

I. Call to Order

The meeting was called to order at 2:08 pm.

II. Committee Members

<u>CSEA</u>	<u>Faculty Association</u>	<u>Management Association</u>
Barton, Willis	Fran Chandler, Co-Chair	Marcy Wade, Co-Chair
Lauer, LeRoy	Sinclair, Linda	Lee-Lewis, Sherri
Rojas, Anna	Zehr, David	Vasquez, Al

Guests: Charlie Yen (on behalf of Management Association)

Resource Staff: Laurie Heyman, Recording Staff Assistant

III. Review and Approval of Minutes from Prior Meeting

Minutes of November 14, 2013.

Motion to Approve: Linda Sinclair

Seconded: Willis Barton.

Note: Handouts from meeting to be included in minutes

Aye: 8

No: 0

Abstain: 1

Absent from vote: 1

IV. Old Business

1. Protocol - Discussion completed.
2. Resource Staff – Resource to entire committee.
3. Minutes –
 - a. Recording of committee meetings to be available to Co-Chairs.
 - b. Destruction of recorded tape upon approval of minutes.
4. First meeting of year:
 - a. Review committee mission/function

V. New Business

1. Welcome to new committee member, LeRoy Lauer.
2. Dental plan & meeting in August 2014
 - a. Straw poll vote of committee on whether to bring ASCIP to the meeting in August to discuss the dental plan options:
 - i. Aye: 4
 - ii. No: 4

Result: Meetings in August 2014 to discuss dental plan options are cancelled.

3. Brown Act – Discussion of relevance.
4. Presented - Information about proposed rates for employer and employee contributions regarding CalSTRS retirement plans (Academic personnel).

VI. Proposed Meeting Schedule

- | | |
|---------------------|--------------|
| a. Sept. 18, 2014 | 2:00-3:30 pm |
| b. Oct. 23, 2014 | 2:00-3:30 pm |
| c. Nov. 20, 2014 | 2:00-3:30 pm |
| d. December meeting | No Meeting |

VII. Adjournment

Meeting adjourned at 3:26 pm.

WADE_MARCIA

From: Scott Lay [scottlay@cleague.org]
Sent: Tuesday, May 13, 2014 3:41 PM
To: WADE_MARCIA
Subject: Budget update part 2 - CalSTRS rate increases



May 13, 2014 - Second Message

Dear Marcia,

In addition to the community college-specific items discussed in my e-mail earlier today, the summary of the May Revise discussed a plan to make the California State Teachers Retirement System actuarially funded over the next 30 years. This is different from the Governor's January Budget, which proposed tackling STRS underfunding in 2015-16.

We have now obtained details of the proposal, which identifies an unfunded STRS liability of \$74 billion. The Governor proposes **raising combined contributions from 19.3% to 35.7%** of payroll.

The plan would share the responsibility of the unfunded liability by the three partners that currently fund STRS--the state, education employers, and the employee members. Under the proposal, all would share some of the pain of the STRS solution. CalPERS members are not affected by this proposal, as CalPERS has been adjusting rates upward on employers in recent years.

Here is the proposed solution:

- Address the "state share" as \$20 billion, by increasing the state's contribution from 3% to 6.3%.
- Address the "employer share" as \$42 billion--including those of community college districts--by increasing the employer rate **from 8.25% to 9.50% in 2014-15**, and by an additional 1.6% increase each year between 2015-16 and 2021-22 (to 19.1%).
- Address the "employee share" as \$12 billion, increasing the employee rate from **8.0% to 9.2% in 2015-16**, and to 10.25% each year after. Newer and future employees subject to the pension reform measures of 2013 (Public Employees Pension Reform Act, or PEPR) would pay an employee contribution of 9.21%.

Obviously, we are deeply concerned that the proposal would largely (or completely) wipe out the 0.85% cost-of-living adjustment on apportionments included in the budget. Further, categorical programs with CalSTRS employees (such as EOPS, DSPS, and the Student Success and Support Act/Matriculation) are not proposed to have a COLA, and thus will have to cut programs and services to students to pay the additional benefit costs.

We agree that it is time to address the longstanding underfunding of STRS, although are concerned that the implementation might be too fast, particularly considering that community colleges still have a 16% deficit from missed COLAs during the recession. We may need to better consider our program increases and pace of enrollment growth, unless additional resources can be found to address this new state mandate on community college districts.

Stay tuned as we learn more about this proposal and the impacts on our community colleges.

Sincerely,



Scott Lay
President and Chief Executive Officer, The League
Orange Coast College '94

Effective July 1, 2014 – CalSTRS Employers’ contribution will increase from 8.25% to 9.5%

Every year thereafter, the CalSTRS rate will increase by an additional 1.6% until the employers’ total contribution will reach 19.1% in 2020/21.

CalSTRS employees’ contributions will increase from the current 8% to 10.25% over the next 3 years. (Slight nuances with the “new” CalSTRS members hired under the new pension rules – they increase to 9.2%.)

The Governor proposes a plan that would provide full funding in about 30 years. The state’s contribution rate would increase from 3.041% to 6.3% over three years. He proposes phasing in higher contribution levels for employers over seven years and for employees over three years:

	Current	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer Contribution Rate	8.25%	9.5%	11.1%	12.7%	14.3%	15.9%	17.5%	19.1%
Employee Contribution Rate (2% at 60 members)*	8.00%	8.15%	9.2%	10.25%	10.25%	10.25%	10.25%	10.25%

*The maximum contribution rate for new members (2% at 62 members) will be 9.21%, phased in over the same three-year timeframe

Full Text at: <http://www.accca.org/files/CFLA/2014-15%20May%20Revision%20Special%20-%20ACCCA.pdf>

They are looking at a 32 year funding plan to address this unfunded liability. Working with the legislature over the next month to address other details.

CalPERS already has their projected rates pretty much in place and will be increasing employer contributions rates over the next 7 to 8 years to 20+% (see CalPERS circular excerpt below):

Below is a table showing the projected future employer contribution rates for Schools for the next six fiscal years. These rates are based on the 7.5 percent long-term assumed rate of return.

Category	Projected Future Employer Contribution Rates						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Schools	11.7%	12.6%	15.0%	16.6%	18.2%	19.9%	20.4%

Full info: <http://www.calpers.ca.gov/eip-docs/employer/cir-ltrs/2014/200-012-14.pdf>