

Initiative R5. The qualifications for the Early Retirement Option should be adjusted to provide a potential funding source for salary or benefits.

A. Yes B. No

Background

Article 24.01 currently provides an Early Retirement Option (ERO) for regular faculty members who meet the criteria outlined in 24.01A. The primary criteria are: 1) the equivalent of a minimum of fifteen years of full-time employment with the District, five of which must have been as a regular faculty member; and 2) the applicant must have attained a minimum age of fifty-five (55) years or a maximum age of sixty-four (64) years on, or before, June 30 of the final year of service (or January 31 in the event of mid-year retirement).

With the institution of GASB (Governmental Account Standards Board) Regulation 45, districts must do two things: 1) commission an actuarial study every two years to ascertain the liability for retiree benefit plans; and 2) show that liability on the district's balance sheet. The intention of the regulation is to force government entities to plan for the future both by acknowledging potential costs and by creating mechanisms to assure that those benefits can be paid for.

The District's current projected liability for both the ERO and the Retiree Medical/Dental Stipend is projected at approximately \$22 million. The next actuarial study will be performed beginning in January of 2011. The study itself costs \$60-70,000 depending on the number and kinds of questions that the District asks about the potential liability.

Modification to the age and/or years of service requirements would reduce that liability, potentially freeing up funds for salary and benefits.

The issue

This question will direct negotiations most likely in 2011-12, not before.

If a majority of the faculty votes yes on this referendum, then the AFA Executive Council will direct the AFA Negotiating Team to explore the possibility of modifying this benefit for faculty retiring in future years. The negotiating team will ask the District to include specific questions about modification of the age and/or years of service requirements in the actuarial study. If there is cost-savings from the modification, the negotiating team will redirect that savings to other salary or benefits.

References

www.santarosa.edu/afa/Contract/Articles/art24.pdf

www.santarosa.edu/afa/Contract/MOU/mou_24_retirement.pdf

www.santarosa.edu/afa/0910/Publications/Update/update_091109-1.pdf

Discussion

Read the comments of your colleagues at www.santarosa.edu/afa/Fa09Referendum.shtml .

You may contribute to this discussion by emailing your comments to afa@santarosa.edu using your College email and *SUBJECT: Referendum*.