

Initiative R6. The Retiree Medical/Dental Stipend Program should be eliminated for faculty hired in the future in order to provide a potential funding source for salary or benefits.

A. Yes B. No

Background

Since 1996 Article 24.03.B & C has provided a medical/dental benefit package for those regular faculty retirees who retire at or beyond age 65. Under this provision the retiree receives \$84.00 per month or \$136.50 for the retiree and spouse or dependents. This benefit also accrues to those eligible regular faculty members who retire under the Early Retirement Option (ERO). The original intent of the language was to provide a lifetime benefit that could be used to pay for Medicare—Part B coverage.

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.

There have been numerous legal cases regarding the termination of retiree benefits, and most of the decisions have made it clear that districts cannot terminate benefits for those who were employed with the expectation of receiving them. It is, however, possible to negotiate the elimination of those benefits for future employees. AFA has no intention of negotiating away existing 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 Negotiating Team will be directed by the AFA Executive Council to explore the possibility of eliminating this benefit for faculty hired in future years. The negotiating team will ask the District to include specific questions about elimination of the retiree stipend in the actuarial study. If there is cost-savings from the elimination, 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

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*.