



# UPDATE

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• A Publication of the All Faculty Association at Santa Rosa Junior College •

## Negotiations Update: Faculty Benefits

### Introduction:

Negotiations for the current academic year are underway. The AFA Negotiating Team met once with the District for a planning meeting prior to the end of the “sunshine” period on November 9<sup>th</sup>. We have had five negotiation sessions since then and have negotiation sessions planned every first and third Friday throughout the semester. In addition, the AFA Team meets weekly to prepare for negotiations.

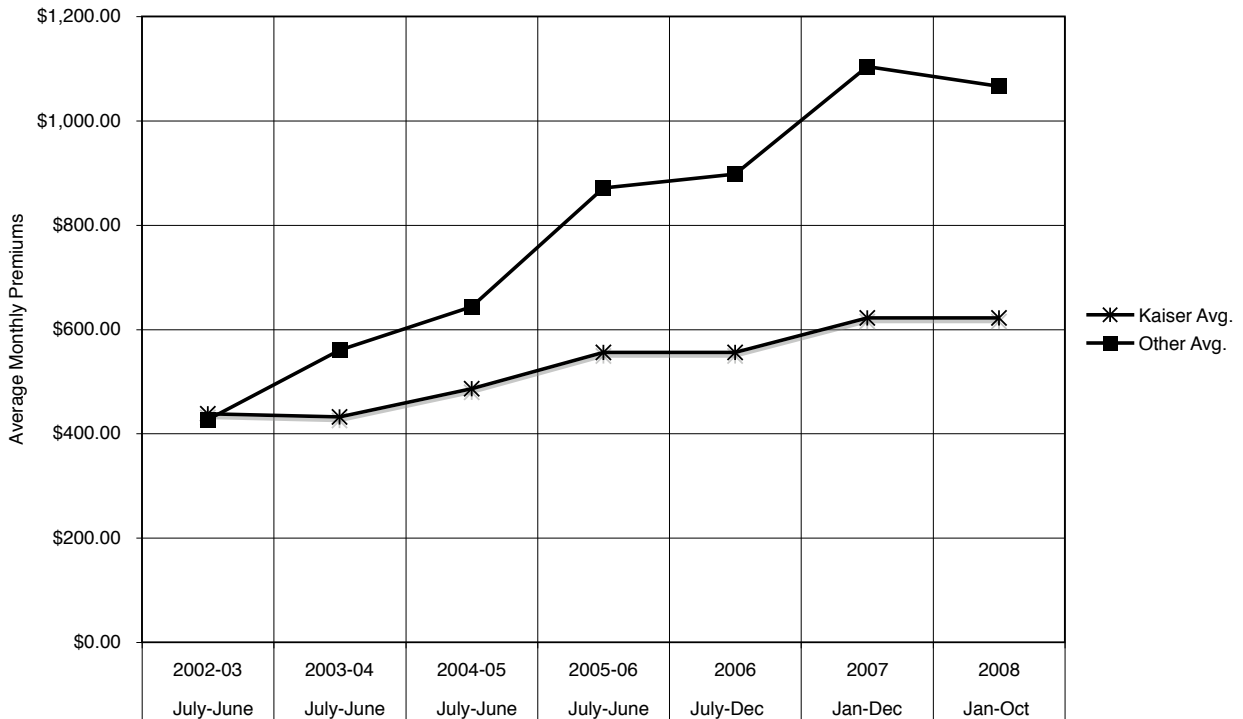
As a part of last year’s negotiations, AFA agreed to educate and survey faculty about benefit issues. This *Update* article is part of that education. The survey will follow shortly.

### Medical Insurance Costs Are UP!

The cost of medical insurance benefits has risen dramatically over the past few years. (See the chart below and the table at the top of page 2.) Since 2002-03, the average of the Kaiser costs has increased 42%. Since 2002-03, we also have had “other” coverage from Health Plan of the Redwoods, Health Net and, now, Blue Shield. The increase since 2002-03 of the average cost from these “other” providers is 149%. Both far exceed the total Cost-of-Living Adjustment (COLA) provided to the District by the State each year.

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**Average Cost of Medical Premiums: 2002 - 08**



## Benefits *(continued from page 1)*

### Increase in Medical Insurance Costs: 2002 - 08

(S = Single Coverage; D = Double Coverage; F = Family Coverage)

	July-June 2002-03	July-June 2003-04	July-June 2004-05	July-June 2005-06	July-Dec 2006	Jan-Dec 2007	Jan-Oct 2008	% UP 2002-08
Kaiser – S	\$225.57	\$212.00	\$239.21	\$273.19	\$273.19	\$305.90	\$305.90	
Kaiser – D	\$451.14	\$457.00	\$514.30	\$587.36	\$587.36	\$657.69	\$657.69	
Kaiser – F	\$638.36	\$627.00	\$705.67	\$805.91	\$805.91	\$902.41	\$902.41	
<b>Kaiser Avg.</b>	<b>\$438.36</b>	<b>\$432.00</b>	<b>\$486.39</b>	<b>\$555.48</b>	<b>\$555.48</b>	<b>\$622.00</b>	<b>\$622.00</b>	<b>42%</b>
Other – S	\$225.00	\$275.00	\$316.52	\$428.54	\$441.40	\$498.77	\$524.00	
Other – D	\$453.00	\$592.00	\$680.49	\$921.32	\$948.96	\$1,072.31	\$1,127.00	
Other – F	\$604.00	\$812.00	\$933.70	\$1,264.14	\$1,302.06	\$1,471.33	\$1,547.00	
<b>Other Avg.</b>	<b>\$427.33</b>	<b>\$560.00</b>	<b>\$643.57</b>	<b>\$871.33</b>	<b>\$897.47</b>	<b>\$1,104.14</b>	<b>\$1,066.00</b>	<b>149%</b>

### Now, Some Facts about Regular Faculty Benefit Costs: Total about \$6,536,800/Year

Health-related coverage includes medical, dental and vision insurance. As of January 1, 2008, the average annual cost of District-provided, health-related benefits is about \$12,000 for each regular faculty member. The District provides additional benefits, including life insurance, as well as Unemployment, Disability and Workers Compensation insurance — and, in many cases, Medicare. Also, the

District makes payments to CalSTRS, which vary depending on salary level. An 8.25% District contribution averages out to around \$7,000 per regular faculty member. The total of this additional coverage costs about \$9,800 per faculty member, bringing the total annual cost of the benefit package to about \$21,800 per regular faculty member. (See the table below.)

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### District-Paid Regular Faculty Benefit Costs for 2007-08

#### Health-Related Benefits

	Kaiser	Blue Shield	Dental	Vision
Faculty member only:	\$ 3,671	\$ 6,288	\$ 670	\$118
Faculty member & 1 dependent:	\$ 7,892	\$13,524	\$1,200	(Faculty pays for
Faculty member & 2+ dependents:	\$10,823	\$18,564	\$1,700	dependent coverage)
Annual Health-Related Benefit Costs (approx.):	\$3,200,000	+	\$370,800	+ \$35,500 = \$3,606,300

#### Additional Benefits – Employee Only

(“Other” includes: Medicare, Unemployment, Disability, and Worker’s Compensation)

	Life	“Other”	CalSTRS	
Faculty member:	\$ 108	3.09% of salary	8.25% of salary	
Annual Costs Other (approx.):	\$32,400	+ \$789,700	+ \$2,108,400	= \$2,930,500

Total Annual Cost of District-Paid Benefits for Regular Faculty: about \$6,536,800

Average Annual Cost of District-Paid Benefits per Regular Faculty Member: about \$21,800

## Benefits *(continued from page 2)*

### **Regular Faculty Retiree Benefits: Stipends and ERO Total: about \$588,000/Year**

There are also health-related benefit costs associated with regular faculty retirees. First, the annual medical and dental benefits costs for the 39 regular faculty retirees under the age of 65 who chose the Early Retirement Option totals about \$414,000. Second, the annual cost of the Medical/Dental stipend for 122 regular faculty retirees age 65 and older totals about \$174,000 (\$1,638 for two people, \$1,008 for one person). This amounts to about \$588,000 per year.

Finally, there is a new Governmental Accounting Standards Board (GASB) reporting requirement to recognize the District's liability for retiree benefits. The District has chosen to fund that liability so that retirees will be guaranteed that the District will have the money to pay for the stipend. Although GASB only requires reporting on the liability, by the end of the 2006-07 budget year, the District had funded a total of \$6,280,000 (of the projected \$20,379,000 needed). In addition, \$1 million is budgeted to be added to the GASB account this year (2007-08), although that sum will be reduced by current year expenses for retiree benefits (\$588,000).

### **Next, Some Facts about Adjunct Faculty Medical Benefits: 50%-Premium Cost: about \$454,700/Year**

The State of California originated a medical benefit program for adjunct faculty. It was originally intended that the State, through the District, would pay 50% of the medical premium costs with the adjunct faculty member paying for the other 50%.

Not every adjunct faculty member is eligible to enroll in the medical benefits program, and not all who are eligible participate. First, the adjunct faculty member must have an average annual load of at least 40%. Next, to be eligible, the adjunct faculty member must have completed one year of

employment at SRJC. In addition, adjunct faculty members must declare that no other entity is paying any portion of their medical benefits (for example, through another employer, a spouse/partner, or Medicare). Under the terms of the State program, the adjunct faculty member is not required to participate in the District plans but may purchase whatever coverage they desire for themselves and family members, and submit proof of premium payment for 50% reimbursement. Currently, adjunct faculty are not eligible to participate in any of the other health-related benefit programs available to regular faculty.

This semester, 217 adjunct faculty (from a pool of approximately 1,100, of whom about 500 meet the 40% load eligibility requirement) and their families participate in this medical benefit program. The program pays for half the cost of medical premiums for participating adjunct faculty members (currently a total cost of \$454,700), at an average annual cost of around \$2,100 per participating faculty member. Unfortunately, the State funding for this program has never been increased above the original \$1 million allocated for the entire Community College system (109 colleges). Adjunct faculty still pay their 50% of the premium, but the State only pays about 10.2% of the remaining 50%, or about \$66,000. The remainder (about \$388,700) comes from reductions in other negotiated District funds, such as the Adjunct Faculty District Activities Fund, and AFA re-assigned time.

### **Additional Adjunct Faculty Benefit Costs: Total: about \$1,753,500/Year**

All adjunct faculty receive "other" District-paid benefits including Unemployment and Workers' Compensation insurance, and many receive District-paid Medicare coverage. This amounts to an average of 2.41% of the salary total paid for hourly assignments, or about \$578,100. If an adjunct faculty member had a 40% load, this would amount to approximately \$480 per year.

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## Benefits (continued from page 3)

Adjunct faculty also receive a District-paid retirement contribution. Rates vary depending upon the plan selected — the CalSTRS Defined Benefit Plan, the CalSTRS Cash Balance Plan, or the Fidelity Investments 403(b) plan. The

average contribution rate is 4.90% of total salary earned in hourly assignments, or \$1,175,400. If an adjunct faculty member had a 40% load, this would average approximately \$980 per year. (See the table below.)

<b>District-Paid Adjunct Faculty Benefit Costs for 2007-08</b>		
<b>Additional Benefits – Employee Only</b>		
<small>(“Other” includes: Unemployment, Worker’s Compensation, and Medicare)</small>		
	<u>“Other”</u>	<u>Retirement (CalSTRS DB, CB or Fidelity)</u>
Faculty member:	averages 2.41% of salary	Averages 4.90% of salary
Annual Costs (approx):	\$578,100	\$1,175,400
<u>Total Annual</u> Cost of District-Paid Additional Benefits for Adjunct Faculty:		about \$1,753,500
<u>Average Annual</u> Cost of District-Paid Additional Benefits <u>per</u> 40% Adjunct Load		about \$1,460

### **We’re All in This Together:**

AFA believes that faculty, regular and adjunct, are part of a greater college community, along with our classified and management co-workers, and the public that pays for our salaries and benefits, and uses our services. AFA believes that, since all faculty contribute to the benefit of the College, all are entitled to some peace of mind regarding the potential tragedies of life, and should be protected from ruin due to a major medical catastrophe. AFA is concerned that the District, specifically the Board of Trustees, does not share that belief when it comes to medical insurance and adjunct faculty. Originally, they told AFA, through negotiations, that they had “no interest” in providing medical insurance for adjunct faculty. Now they say that they are “interested,” but not interested in paying for it, so it has fallen to AFA to negotiate reductions in other worthy programs to keep the Adjunct Faculty Medical Benefits Program going; furthermore, the Board, through negotiations, has said that they are no longer interested in providing fully-paid medical benefits for regular faculty. This is a major departure from the SRJC tradition of excellence.

(Note: The CalSTRS retirement plan is not part of the benefits discussion since it is regulated by the State with required contributions from both employer and employee.)

### **Questions To Think About:**

This *Update* with the benefit information is provided to allow faculty to evaluate and discuss this vital information with their families and colleagues. In the upcoming AFA Benefits Survey, which will be distributed soon, regular and adjunct faculty members of AFA will be asked to consider several alternatives. In the meantime, please be thinking about these questions and how you would evaluate your responses to them based on these concepts and ideas. Are we all in this together? For example:

- Does it benefit everyone when adjunct faculty have medical insurance?
- Does it benefit everyone when families of faculty have medical insurance?
- Does it benefit the recruitment effort for quality regular and adjunct faculty to offer comprehensive medical benefits?