Initiative R2 *The District should continue to fund increases in regular faculty medical benefits, potentially causing reductions in regular faculty salary schedules and retirement benefits of current regular faculty members, or potentially causing changes in the medical benefits program.*

A. Yes *B. No*

Background

For more than forty years, the District has provided fully funded medical benefits for regular faculty. Most years, the insurance carriers who provide the medical coverage make increases to the premiums charged, and the ongoing District funding for the premiums is increased by the State according to the legislated Cost-of-Living Adjustment (COLA).

Over the last seven years, the premium costs have grown approximately 97%. Over the same period, increases in funding determined by the cumulative COLA have been approximately 26%. The accumulating gap between these two increases has been an issue for negotiation each year.

For 2009-10, faculty premium costs increased by 6% ($180 thousand), and COLA was 0%. By comparison, 1% of annual regular faculty salary is approximately $300 thousand. For 2010-11, the anticipated increase in premium costs is 8%-15% ($240 to $450 thousand), with similar increases expected in each of the following three or four years. COLA most likely will be 0% for the duration of the State budget crisis, which is projected to continue through 2014-15.

To cover benefit increases over recent years, the District has redirected financial resources that could have been used to support instructional programs and "Rank 10" salaries. In future years, the District may no longer be in a position to absorb these premium cost increases and still maintain quality programs and competitive salaries.

Future annual increases in premium costs could be mitigated by adjustments to the current benefits program — increases in office visit co-pays, increases in prescription co-pays, or decreases in services.

The agreement ratified by the AFA membership last month provides the necessary funding for cost increases for 2009-10 and will provide the funding for moderate premium cost increases in 2010-11. Increases in premium costs for 2011-12 and future academic years are not completely provided for under current agreements with the District.

The issue

If the initiative is approved, then the AFA Negotiating Team will be directed by the AFA Executive Council to negotiate (a) reductions in regular faculty salary, as necessary, to redirect ongoing State funding to pay for the benefit increases in future years as necessary, or (b) adjustments to the current medical benefits programs to reduce its costs as necessary.

If the initiative is not approved, then the AFA Negotiating Team will be directed by the AFA Executive Council, based on the results of Initiative R3, to negotiate premium cost sharing as required in future academic years to cover its negotiated portion of the cost increases in regular faculty medical benefits.

References

www.santarosa.edu/afa/Contract/Articles/art10.pdf

www.santarosa.edu/afa/Contract/MOU/mou_10_benefits.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.*