MEETING NOTES

Ed Derman welcomed everyone to the meeting and briefly spoke about the purpose of the task force
- Identify the problems that faculty face with retirement and that CalSTRS and employers face with administering the plan

Introductions
- Everyone introduced him/herself and the organization being represented

Ed spoke again about the purpose of the task force and future meetings
- Fix problems associated with part-time community college employment within the context of the Defined Benefit or Cash Balance Benefit programs or develop other options to best meet the needs of faculty
  - New plan, or changes to existing plan, could apply to all community college faculty, part-time or full-time
  - New plan could be mandatory for part-time community college employees
  - The keys for any new plan is that it appropriately reflects the service performed by the employees, is easier for them to understand, and is relatively easier for CalSTRS and employers to administer. Task force will not get into issues around employers or pay differences; task force is limited to issues within CalSTRS’ control
- CalSTRS is committed to fixing these problems, providing it does not present the same difficulties as have been faced previously, i.e. high cost to implement
- Carolyn Widener confirmed that one of the goals of any new plan that is developed is to accommodate people who are not currently in CalSTRS, as well as the part-time employees who are already CalSTRS members
  - There are about twice as many adjunct faculty as full-time faculty in California’s community colleges (as of 2008: approximately 18,000 full time, 48,000 adjunct)
  - Historically, about half of all adjuncts are members of CalSTRS (mostly in the DB Program)
- Bulk of today’s discussion is the “laundry list” of DB problems
- Additional meetings
  - Timing is difficult
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- Prefer to stay away from furlough Fridays due to the lack of staff and amenities in the building
- Parking in the garage is validated for CalSTRS members only

Julie Gallego provided a history of CalSTRS’ previous efforts to increase the equity of CalSTRS’ benefits for adjunct faculty
- Prior legislation made changes to the structure of the DB Program
- Legislation established the CB Program
  - CalSTRS had intended the CB Program to be the retirement plan for adjunct faculty
  - CB is limited because employers are not required to offer it
  - Mandating CB is politically very difficult and prior efforts have not been successful
- Part-time employment and vesting under the old structure of the DB Program
  - Prior to 1996, part-time employment was compared to the full-time requirement of 1,050 hours
  - Members told CalSTRS they were unable to vest for benefits, service credit accrual was too slow to be meaningful
  - Post-1996, part-time employment compared to full-time equivalent of 525 hours
  - AB 1586 (Mullin, 2003), authorized CalSTRS to compare benefits under the pre-1996 plan design and the post-1996 plan design and grant the better of the two benefits
  - The further from 1996 date, the better the benefit
  - Members who work their entire careers under one FTE scheme receive an appropriate benefit (all under 1,050 hours or all under 525 hours)
  - As a result of AB 1586 comparison calculation, identified only 4 members who would not have vested for benefits under pre-1996 benefit structure
  - 33% of members receive a better benefit under the pre-1996 benefit structure

Discussion: Why the structure of the DB Program is problematic for adjunct faculty
Problems with the minimum requirements for “full time”
- Gary Estrada spoke about the efforts CalSTRS has made to educate employers about calculating full-time equivalents and to improve employer reporting of FTEs
  - Employers are getting better at calculating FTEs and report accuracy is improving
- CalSTRS established a minimum but across the state teachers don’t know what the FTE is for their particular position
  - The number of hours required for an assignment varies by the load taught
  - A teachers’ load doesn’t reflect their FTE
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- There is no uniformity among districts, no statewide agreement about how to calculate an FTE
  - Statewide agreement of how much an adjunct can teach, used to be limited to 60% now limited to 67%
  - Schools calculate and know the load their part-timers are teaching
  - No excuse for districts making up the number they use for FTE
  - Julie noted that AB 3076\(^1\) (which is not included in the history of legislative efforts) established that mandatory membership in the DB Program is dependent upon the classification that the district gives the employee
    - Classified as part-time or temporary = not mandatory member
    - Classified as more than temporary = mandatory member

Full-time vs. part-time workload

- State law specifies that an adjunct teacher cannot teach more than 67% of a full-time load
  - The “full-time load” is characterized as hours per week
- If there is standardization in how load is reported, it solves half of the problems
  - Load differs by each community college and by each discipline
  - The threshold of 67% may be a different number of hours depending on the discipline but the percentage is absolute, regardless of the number of hours that go into it

Full time loads in different disciplines

- Despite the fact that different disciplines require a different number of hours of work, some districts use the same number of hours for all
  - Rudy Lopez explained the approach used by the LA Community College District
    - 6 hours a day, 10 pay periods = full time, whether the teacher does more or less
- Ed observed that the discussion indicates the approach formerly used by the DB Program may be the best approach
  - If a person teaches a part-time assignment of 67% and completes it, he/she would get .67 of a year of service credit and this is proportional to the full-time load
  - Julie provided information that this is the approach used by the University of California Retirement Plan for university faculty, as well as CalPERS for state university faculty

Service credit for office hours and other ancillary duties

- Office hours can be (a) required as part of the teaching assignment, not reported or paid separately, (b) voluntary and paid separately but not reported as a load, or (c) reported and paid as a load separate from the teaching load
  - These are sometimes contract issues
Duties that are not reported as a separate load do not receive service credit
  - Contributions for these ancillary duties go to the DBS Program

Get feedback from employers about what is the easiest way to calculate service credit
  - Any change needs to be easily implemented by CalSTRS and the employers

Full time or part-time instructors get released from a portion of their teaching duties to participate in negotiating activities
  - At some schools, they pay a stipend for the negotiating activities instead of getting released

Service credit is critical to the DB Program
  - This problem is the biggest argument against using the DB Program for part-time faculty
    - Service Credit calculations for adjunct faculty will always generate a disproportionate number of problems for staff and the system unless there is a uniform, simple method
  - Full time service credit is based on all of the things that are required of the full-time assignment
  - A part-time assignment will not generate service credit for activities that are not reported as a separate assignment
    - If ancillary activities are paid, it’s included in the earnable but the member doesn’t get service credit
    - Districts could be required to calculate a load for ancillary activities
  - CalSTRS would have more confidence in employer-reported data if employers report the load
    - Members would be better able to verify what is reported by the employer

Service in excess of 1,000 that is credited to the DBS Program
  - DB members cannot earn more than one year of service credit
    - This is true for full-time and part-time employees
    - Contributions from the earnings that represent the excess service are credited to the DBS Program
  - David Milroy gave examples of teaching 160% of a full time load in order to generate enough regular income to afford living expenses
    - The first 100% of the full time teaching load gets service credit and counts towards his DB benefit, the remaining 60% goes to DBS and he gets no service credit for it
    - Earnable income is tied to the income for which you earned the service credit, if you used all earnings for final compensation there would be serious spiking from those who work very heavy loads in their last years before retirement
    - Tom Barrett clarified that before DBS, someone in David’s position wouldn’t have any of the overage factored into their retirement benefit, but
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since DBS the overage goes to DBS and you can generate a supplemental retirement benefit, prior to DBS contributions based on the overage would have been returned to the member and they wouldn’t get any benefit from it

- In an environment where we have one-year final compensation, everyone would be teaching a lot in their last year to inflate their final compensation
- Not a good approach from a plan design aspect
- This relates to the calculation of final comp when there are multiple employers – CalSTRS advises dropping the lowest-paying assignment in the final year so the final comp is not diminished – this is something we need to solve with this effort

Calculations of compensation earnable vs. actual salary paid and final compensation

- If service credit is based on load, then someone who teaches a 33% assignment would get 0.33 of a year of service credit. Their final compensation would be calculated by adding up all of the money they earn for the 33% assignment and dividing it by .33 to get their earnable.
  - If the actual salary was used instead of earnable then final compensation would reflect the fact that adjunct faculty are paid at a lower rate than full-time faculty

Crediting service based on load

- Simplest approach could be to grant service credit in proportion to load, with compensation earnable being based on how much the employee got paid for the load including parity pay, and any other duties are credited to DBS
  - This would mean all ancillary duties are credited to DBS, the member receives no service credit for ancillary duties
  - It is consistent to grant service credit for the teaching load and additional pay is credited to DBS
- This focus on load would be applied to all community college faculty, not just part-time faculty
  - Employers report earnings and earnable now, they would do the same thing but it would be based on load and not hours
  - They wouldn’t have to tell us the load, but if they did we could double-check it
- If load is used, there needs to be consistency in what is considered “ancillary” and what is included in the teaching load
  - Things that are counted as instruction for a full-time employee should also be counted as instruction for a part-time employee
  - There is a trend in negotiating towards including ancillary duties in the teaching load, which would provide service credit for all duties
  - If we threaten to put all ancillary duties in DBS, it might encourage unions to negotiate to incorporate non-teaching duties into the load so you get service credit
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Discussion: The need to educate part-time faculty about the DB Program
- Many part-time employees don’t know they can elect DB membership
- We can’t assume that the only part-time employees who are interested in the DB Program are those who teach at multiple colleges
  - Some might teach one class each semester and work full time elsewhere and have no other retirement, that person may be attracted to the DB Program to build a retirement
  - Such employees are faced with the Social Security offsets
  - Members with substantial earnings under Social Security aren’t hit with the offsets
- There is a need to communicate with part-time faculty about whether they are better-off contributing to Social Security or the DB Program
  - CalSTRS has a publication that walks part-time faculty through the decision
  - Districts don’t have the resources to provide employees with this kind of counseling
  - CalSTRS can’t provide this kind of counseling up-front
    - It would be good to run the numbers to show the impact of the offsets on different levels of benefits
    - DB is an overwhelmingly better benefit for a full-time employee, when compared to Social Security
    - Compare DB benefit to CalPERS or UCRP benefit, coupled with Social Security
    - CalSTRS does not want to create a program that is coordinated with Social Security

Discussion: Disability and survivor benefits for part-time employees
- Carolyn is unsure that part-time employees have the same access to the disability and survivor benefits as do full-timer employees
  - She provided an example of a member who taught in the spring, then got ill and was too ill to teach in the summer or fall and died in December; her survivors did not get the active death benefit because she didn’t perform creditable service within 4 months of death
- The difference between this and a full-time employee is that a full-time employee has sick leave they can use, which gives them creditable compensation and establishes they are active
  - This may not be understood by part-time employees

Discussion: “Part-Time Retirement Issues” prepared by Cliff Liche (for another purpose)
- Lack of Social Security coverage for part-time certificated employees, who are not members of the DB Program, leaves those employees without access to disability or death benefits
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- Employers have to administer Social Security for their classified employees but they don’t want to pay the contributions to cover their certificated employees
  - They are required to offer some sort of qualified plan, but not all plans require an employer match
- Possible solutions include requiring all districts to contribute a rate that is equal to what is contributed for classified employees or requiring employers to offer Social Security to their certificated employees
- Andrea York commented on behalf of Deborah Shanks that we should look at making the contributions equal under DBS and CB
  - This would basically merge the DBS and the CB programs
  - This is very unlikely to pass as legislation because every entity that represents employers will come out against such a proposal
  - Requiring Social Security might be more feasible, but requiring retirement contributions is not going to happen through the legislature
  - In the legislation that we pass to increase employer contributions to DB, we will also address minimum contributions to retirement that are required for all CC employers
    - Such legislation would schedule those increases into the future

Additional, voluntary contributions to the DB Program
- John Martin asked whether there is a way to voluntarily contribute to CalSTRS when workloads are decreased by the employer
  - This could apply to the woman who died and didn’t receive the death benefit, if she was able to continue her contributions to CalSTRS she wouldn’t have been considered inactive
  - To get the full service credit, you’d have to pay the employer’s contributions, as well, but this is nonqualified service that can be purchased
- Due to the fluctuating nature of employment for part-time employees, we may need to take service credit out of the equation
- The board has approved pursuing legislation to allow voluntary contributions to DBS
- The board has also approved pursuing legislation to allow members to convert their DBS funds into DB service credit

Information to provide at next meeting and other considerations
1. Provide examples of the benefit that is paid under DB and DBS, compared to the benefit that would be paid if all of those contributions were credited to a CB/DBS-type program
   a. Carolyn wants to look at it from an income replacement ratio perspective
2. Identify the total number of part-time faculty that are working at multiple districts
3. Establish a “grand vision” of what it is that everyone needs
4. Determine how important it is for this group that they have a disability and survivor benefits
5. Consider conducting a focus group or survey of part-time employees
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6. Consider establishing statewide standards to ensure equity

Future meetings
- December is out due to holidays
- January 29th is the first Friday when CalSTRS staff is not furloughed
- Thursdays may be better than Fridays
- Julie will send an email with suggested dates and times and get feedback about the best day and time

1. Chapter 474, Statutes of 2004 (AB 3076—Mullin), sponsored by CalSTRS, CTA, and FACCC