

MEMORANDUM OF UNDERSTANDING
BETWEEN
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
AND
THE PARTICIPATING UNIONS OF THE JOINT LABOR MANAGEMENT COUNCIL
("JLMBC") COMPOSED AS FOLLOWS:
ASSOCIATION OF CLASSIFIED EMPLOYEES,
CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION,
FACULTY ASSOCIATION,
OPERATING ENGINEERS LOCAL 3,
AND TEAMSTERS

This Memorandum of Understanding is entered into by and between the Foothill-De Anza Community College District ("District") and the following Unions: the Association of Classified Employees ("ACE"), the California School Employees Association (CSEA), the Faculty Association (FA), the Operating Engineers Local 3 (OE3), and the Teamsters.

The parties agree that the following provisions, described in Sections I through IX, shall constitute the basis of an agreed upon recommendation to be made to each Union and the District on the topic of Paid Benefits. The provisions of this recommendation are subject to agreement between the District and each Union, and upon subsequent ratification by members of the bargaining units and approval by the Board itself.

SECTION I: BENEFITS PLAN PROVIDER

Affecting the 2014 Plan Year, CalPERS shall remain the provider for all District medical health insurance plans for all qualified employees and retirees and their eligible dependents.

SECTION II: HEALTH PLAN OPTIONS

Qualified employees shall continue to have the option to enroll in any one of the plans offered by CalPERS. Currently, CalPERS offers PERS Select, PERS Choice, and PERS Care (three PPO plans) and Blue Shield Access+, BlueShield NetValue, and Kaiser CA (three HMO plans). Brief information, including benefits, coverage limitations, deductibles, copays, and coinsurance, is contained in the CalPERS Health Benefit Summary published by CalPERS for each Plan Year. Full information is provided in the plan documents provided by the respective provider: Anthem Blue Cross for PERS Select, PERS Choice, and PERS Care; Blue Shield for Access+ and NetValue; Kaiser for Kaiser CA.

SECTION III: EMPLOYEE CONTRIBUTION RATES

All plans shall require employees to contribute for each plan choice and tier placement as described below. In accordance with the principles developed by the Joint Labor Management Benefits Council (JLMBC), the parties agree to the employee monthly contribution rates specified below. The CalPERS Select Plan shall be the "basic" plan; the other five plans shall be a "buy-up." Contribution rates in each plan shall have three tiers: employee only; employee plus one; employee plus family. The rate for each tier shall be

based on a proportional formula: employee only = employee rate x 1; employee plus one = employee rate x 2; employee plus family = employee rate x 3.

Rates for each plan and tier are expressed monthly, i.e., 1/12th of the employee annual contribution as specified below [based On Active-Retiree Contribution Illustration #9 (Revised), JLMBC, 3/7/2013]:

<u>PERS Care</u>	<u>January 1, 2014</u>
E	\$504
E + 1	\$1008
E + family	\$1512

<u>PERS Choice</u>	<u>January 1, 2014</u>
E	\$138
E + 1	\$276
E + family	\$415

<u>PERS Select</u>	<u>January 1, 2014</u>
E	\$77
E + 1	\$154
F + family	\$232

<u>BS HMO (Access+)</u>	<u>January 1, 2014</u>
E	\$283
E + 1	\$567
E + family	\$850

<u>BS NetValue</u>	<u>January 1, 2014</u>
E	\$192
E + 1	\$384
E + family	\$576

<u>Kaiser CA</u>	<u>January 1, 2014</u>
E	\$99
E + 1	\$198
E + family	\$297

In addition, employees shall have the option of enrolling in vision and dental coverage offered by the District. The respective monthly contribution rates all include the cost of vision and dental coverage. If a subscriber opts out of dental and vision coverage, the reduction in rates will be a flat \$5, regardless of tier (employee-only, employee-plus-one, employee-plus-family). The dental and vision coverages remain identical to the plans currently in place.

Employee contributions shall be recovered through twelve (12) equal monthly payroll deductions. For employees on less than 12-month contracts, i.e. 10- and 11-month contracts,

the contributions required during the non-contract month(s) shall normally be deducted from the first paycheck following the non-contract month(s), typically, the following September. In the event the required monthly contribution exceeds compensation in any regular pay period, the employee shall have the responsibility for paying the District directly for the uncovered amount in accord with the Plan Compliance timelines and procedures.

SECTION IV: RETIREE BENEFITS

(a): Retired Employees Hired Before July 1, 1997

Retirees who qualify under the terms of their respective “paid benefits for retired employees hired before July 1, 1997” contract provisions are eligible to participate in the District’s medical health insurance plans in the same manner as eligible employees and may select from the same plan choices offered to eligible employees.

The parties acknowledge that for Medicare-eligible retirees and their Medicare-eligible dependent(s), the CalPERS Choice and CalPERS Select plans offer identical benefits.

In accord with CalPERS regulations, the entire CalPERS retiree monthly premium for the plan selected is deducted from the monthly retirement warrant (e.g. STRS or PERS pension check), and the District shall reimburse the retiree the difference between the CalSTRS deduction and the subscriber’s required monthly contribution (as specified above in Section III: Employee Contribution Rates). In the event the CalPERS retiree monthly premium exceeds the retiree’s monthly retirement warrant, the retiree shall have the responsibility for paying CalPERS directly for the required retiree monthly premium in accord with CalPERS procedures.

Election of a medical health plan shall also include vision and dental coverage offered by the District. The respective monthly contribution rates include the cost of vision and dental coverage. Retirees may not opt out of dental and vision coverage, nor elect only vision and dental coverage. The dental and vision coverages remain identical to the plans currently in place.

(b): Retired Employees Hired After July 1, 1997

Retirees who qualify under the term of their respective “paid benefits for retired employees hired after July 1, 1997” contract provisions are eligible to participate in the District’s medical health insurance plans by contracting directly with CalPERS.

To seek reimbursement in arrears for the District’s monthly contribution towards the Retired employee’s *Bridge Program* benefit, the Retiree shall submit proof of payment and invoice for each month to the Benefits Unit.

SECTION V: DISTRICT CONTRIBUTION

District health benefit funding for the period of January 1, 2014 through December 31, 2014 shall be based on a super-composite rate (an average of employee and retiree costs in the three tiers—employee-only; employee plus one; and, employee plus family) of \$976 per employee/retiree per month (PEPM).

SECTION VI: REOPENER

The employee/retiree monthly contribution rates specified in "SECTION III: Employee Contribution Rates" and the District contribution specified in "SECTION V: District Contribution" above shall be effective January 1, 2014 through December 31, 2014, and there shall be no re-openers on these rates unless (a) mutually agreed to by the parties; or, (b) the 2014 CalPERS premium rates are less than nine and one-quarter percent (9.25%) or exceed eleven and one-quarter percent (11.25%) trended increase (based on an aggregate of all the CalPERS plans) used by Lockton to project the 2014 CalPERS premium rates and the appropriate employee/retiree contribution for each plan and tier.

SECTION VII: DISTRICT HEALTH PLAN WAIVER

Employees and retirees may elect to waive coverage. An opt-out election shall remain in effect during the entire Plan Year, and the employee/retiree may not re-enroll in a CalPERS plan except during Open Enrollment or as a consequence of an IRS Section 125 qualifying event. Waiver of coverage shall not result in a compensated allowance in lieu of coverage.

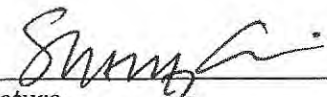
SECTION VIII: TERMS AND CONDITIONS


- a) The health insurance plan provider, employee/retiree monthly contribution rates, terms and conditions specified herein are based on the recommendations of the Joint Labor Management Benefits Council;
- b) The parties agree to create a Post-97 Fund dedicated to a post-age-65 retiree benefit for District employees hired after July 1, 1997. The Post-97 Fund shall be established with the FA Post-1997 Health Benefits Reserve (\$250,000), the ACE Post-1997 Health Benefits Reserve (\$250,000), and \$500,000 from Fund 600. In addition, for the 2014 Plan Year, the employee/retiree monthly contribution rates include a tiered donation toward this Fund: \$2 employee-only; \$4 employee-plus-one; and \$6 employee-plus-family. Future funding shall be subject to negotiation. The Post-97 Fund shall not increase the District's GASB unfunded liability. The parties shall work together and with the JLMBC to create the Post-97 Fund and determine its structure, governance, fiduciary obligations, and future funding, etc;
- d) The parties acknowledge that (a) the employee/retiree contribution rates specified herein are based on a gradual drawdown of Fund 600 – Medical Benefits Fund; (b) Fund 600 is expected to be depleted by the end of the 2016 calendar year; and, (c) the Kaiser monthly contribution rates are being subsidized through Fund 600 through December 31, 2014;
- e) The parties further acknowledge that the \$976 PEPM District contribution specified in Part V and used in the funding model shall not be deemed a "cap" for the purposes of negotiations upon expiration of this agreement; and,
- f) Finally, the parties acknowledge that the District is facing current and future fiscal instability. The parties agree that the JLMBC shall continue to review the health insurance benefit costs and make recommendations regarding health insurance benefits, including plan coverage, associated costs and contribution structures subsequent to the duration of this agreement.

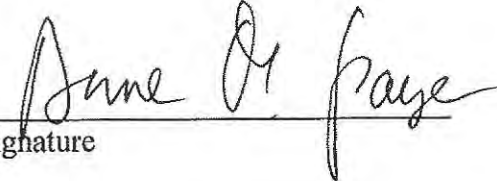
SECTION IX: ADDITIONAL PROVISIONS FOR SPECIFIC BARGAINING UNIT

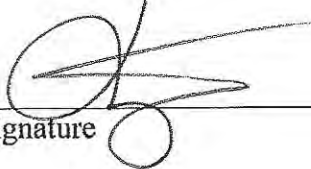
The parties acknowledge there may be specific provision(s) relevant to each union's collective bargaining agreement (CBA) and exclusively related to health benefits. Further, the parties agree to bring to the JLMBC any such benefit provision that may be relevant to, or have an impact on, the total cost of health insurance or the coverage provided to the other bargaining groups.

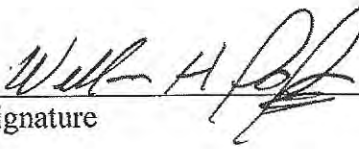
The additional provisions pertaining to the Faculty Association (FA)-Paid Benefits Program (for Part-Time Faculty) are contained in Section IX (a) attached at the end of this document.

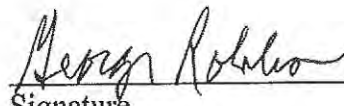
3/14/2013 SHELLEY SCHREBER 
Date Print Name Signature
Association of Classified Employees (ACE)

3/18/13 LEO CONTRERAS 
Date Print Name Signature
California School Employees Association (CSEA)

3.12.13 Anne M. Payne 
Date Print Name Signature
Faculty Association (FA)

3/18/13 Dorene Novotny 
Date Print Name Signature
FHDA District

3/14/13 WILLIAM H. POPE 
Date Print Name Signature
Operating Engineers Local 3 (OE3)

3-12-13 George Hobles 
Date Print Name Signature
Teamsters

SECTION IX (a): ARTICLE 22A – PART-TIME FACULTY PAID BENEFITS

Affecting the 2014 Plan Year, qualified part-time faculty employees shall have the option to enroll in any one of the plans offered by CalPERS: PERS Select, PERS Choice, and PERS Care (three PPO plans) and Blue Shield Access+, BlueShield NetValue, and Kaiser CA (three HMO plans). Brief information, including benefits, coverage limitations, deductibles, copays, and coinsurance, is contained in the CalPERS Health Benefit Summary published by CalPERS for each Plan Year. Full information is provided in the plan documents provided by the respective provider: Anthem Blue Cross for PERS Select, PERS Choice, and PERS Care; Blue Shield for Access+ and NetValue; Kaiser for Kaiser CA.

Benefits shall be provided in accordance with Article 22A. Eligibility shall be determined annually for the period January 1 through December 31, 2014 based upon the part-time faculty employee's load and attainment of reemployment preference during 2012-2013 academic year.

The CalPERS Select plan shall be the "basic" plan, all other plans shall be a "buy-up," and Kaiser rates shall be partially subsidized through December 31, 2014. The benefits shall have three load thresholds, each with a respective District contribution to the premium cost. For employees with loads of .4 up to .499, the District shall be responsible for payment of forty percent (40%) of the Select monthly plan premium or the dollar equivalent under the other plan options. For employees with loads of .5 up to .599, the District shall be responsible for payment of fifty percent (50%) of the Select monthly plan premium or the dollar equivalent under the other plan options. For employees with loads of .6 up to .67, the District shall be responsible for payment of sixty percent (60%) of the Select monthly plan premium or the dollar equivalent under the other plan options. The employee shall be responsible for the remainder of the monthly plan premium for the coverage elected.

The contribution rates shall have three tiers: employee-only; employee plus one; employee plus family. Rates will be established in June, 2013 when CalPERS publishes its premium rates; employee contribution rates will be expressed monthly, i.e., 1/12th of the employee's annual contribution.

Part-time faculty participating in the 2014 Plan Year shall have contributions recovered in nine (9) equal monthly payroll deductions: January, February, March, April, May, June, October, November, and December. This shall mean that the twelve months of coverage will be paid in nine equal installments deducted from the regular payroll periods. In the event the required employee monthly contribution exceeds compensation in any regular pay period, the employee shall have the responsibility for paying the District directly for the uncovered amount in accord with the Plan Compliance timelines and procedures.

In accord with CalPERS regulations, if a part-time faculty member is not in paid status during a regular academic quarter (i.e., has no paid assignment in that particular quarter), in order to continue health benefit coverage the employee must enroll with CalPERS under

the DirectBill Program. The District Benefits Unit shall assist the member with the transition and forward the request to CalPERS. CalPERS will contact the individual insurance carrier to set up DirectBill, a process that normally takes one month. In the intervening period before DirectBill is established, CalPERS will bill the District (since the invoice is issued in advance). The District shall invoice the member for the employee's contribution for the intervening period.

Once DirectBill is established, the part-time faculty member must prepay the full cost of the monthly premium for the CalPERS plan selected when receiving the bill from the plan provider. DirectBill payments cannot, by law, be pre-tax.

To seek reimbursement in arrears for the *Employer Share of Cost* (the plan's monthly premium minus the employee's required monthly contribution), the part-time faculty member shall submit proof of payment and invoice for each month to the Benefits Unit. Payment is calculated month-by-month based on 12 calendar months, not prorated over nine (9) months.

When the part-time faculty member returns to work in a subsequent quarter of the academic year and which occurs within the applicable benefits plan year, the Benefits Unit shall transition the member back to Active Account with the next regular payroll deduction.

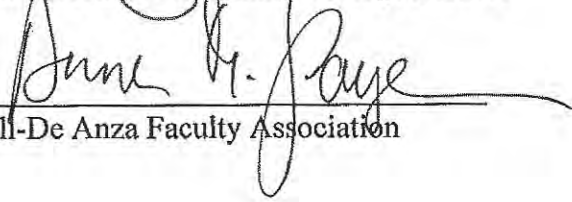
The parties acknowledge that CalPERS regulations and administrative procedures for providing Part-Time Faculty Paid Benefits coverage continue to evolve and may necessitate future modifications. The parties agree to work together in good faith to protect the benefits provided by Article 22A and to resolve in the best interests of all parties any issues that may arise.

3/10/13
Date

3.12.13
Date



Foothill-De Anza Community College District



Foothill-De Anza Faculty Association