

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,
POLICE OFFICERS ASSOCIATION,
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 Police Officers Association (POA), and the Teamsters.

The parties agree that the following provisions, described in Sections I through VIII, shall constitute an agreement between the Unions and the District on the topic of Paid Benefits for 2019. The provisions of this agreement are subject to ratification by members of the bargaining units, where required, and approval by the Board itself.

SECTION I: BENEFITS PLAN PROVIDER

Affecting the 2019 Plan Year, CalPERS shall remain the provider for all District medical health insurance plans for all qualified employees, retirees, and 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 and available in the participant's geographic area. For example, CalPERS offers several *PPO plans*, including: PERS Select, PERS Choice, and PERS Care; and several *HMO plans* including: Anthem Blue Cross Select, Anthem Blue Cross Traditional, Health Net SmartCare, Kaiser CA, and Western Health Advantage. Plan choices are subject to change and are entirely under the control of CalPERS. 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.

SECTION III: EMPLOYEE CONTRIBUTION RATES for PLAN YEAR 2019

All plans shall require eligible 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. Except for part-time faculty, employee contributions for Plan Year 2019 shall remain unchanged from Plan Year 2018. See Section VIII (a) for information affecting part-time faculty. In the event new plans not currently identified are added for Plan Year 2019, the Joint Labor Management Benefits Council will convene immediately to negotiate employee/retiree contributions for the added plan. The addition of new plans will not change or alter the employee/retiree contributions for any plans continuing from PY 2018 to PY 2019.

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, JLMBC, 6/21/18]:

PPO Plans

PERS Care January 1, 2019

E	\$480
E + 1	\$960
E + family	\$1440

PERS Choice January 1, 2019

E	\$152
E + 1	\$304
E + family	\$456

PERS Select January 1, 2019

E	\$89
E + 1	\$178
F + family	\$267

HMO Plans: Bay Area

Anthem Blue Cross Select January 1, 2019

E	\$81
E + 1	\$162
E + family	\$243

Anthem Blue Cross

Traditional January 1, 2019

E	\$214
E + 1	\$428
E + family	\$642

Healthnet SmartCare January 1, 2019

E	\$167
E + 1	\$334
E + family	\$501

Kaiser CA January 1, 2019

E	\$108
E + 1	\$216
E + family	\$324

Western Health Advantage January 1, 2019

E	\$108
E + 1	\$216
E + family	\$324

Retiree Only: UHC Medicare Advantage Plan

UnitedHealthcare

Medicare Advantage Plan January 1, 2019

E	\$81
E + 1	\$162
E + family	\$243

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 an employee subscriber opts out of dental and vision coverage, the reduction in rates will be \$6 for employee-only, \$12 for employee-plus-one, and \$18 for employee-plus-family. The vision coverage remains essentially unchanged from the plan 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, or the employee is not in pay status, or the employee is eligible for District paid-benefits under Long-Term Disability (LTD) status, in order to continue health benefit coverage the employee must enroll with CalPERS under the Direct Pay Plan or COBRA Program, depending on the enrollee's status at the time of change in pay status. The District Benefits Unit shall assist the member with the transition and forward the request to CalPERS, in accordance with CalPERS processes.

When Direct Pay status is applicable:

The following CalPERS process generally applies – CalPERS will contact the individual insurance carrier to set up Direct Pay, a process that normally takes one month. In the intervening period before Direct Pay is established, CalPERS will bill the District (since the invoice is issued in advance) and the District shall invoice the member for the employee's contribution for the intervening period.

Once Direct Pay is established, the employee must prepay the full cost of the monthly premium for the CalPERS plan selected when receiving the bill from the plan provider. Direct Bill payments cannot be, by law, 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 employee shall submit

proof of payment and invoice for each month to the Benefits Unit. Payment is calculated month-by-month based on twelve (12) calendar months.

When the employee returns to work within the applicable benefits plan year, the Benefits Unit shall transition the member back to Active Account with the next regular payroll cycle.

When COBRA status is applicable:

COBRA is an option for anyone who incurs a qualifying life event but who is not eligible to continue benefits under Direct Pay status.

The employee must prepay the full cost of the monthly premium plus any administrative fees for the CalPERS plan selected in accordance with the billing procedures of the plan provider. There is no reimbursement for benefits coverage under COBRA status.

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 and contribution levels as offered to eligible employees, subject to any limitations imposed by CalPERS.

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 CalPERS premium 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.

The District shall provide reimbursement in arrears for the District’s monthly contribution towards the Retired employee’s benefit. Reimbursement shall be made upon submission to the Benefits Unit of proof of payment and invoice by CalPERS or the Retiree, as applicable, for each month of coverage.

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 vision coverage remains essentially unchanged from the plan 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 to the Benefits Unit for each month of coverage.

SECTION V: DISTRICT CONTRIBUTION AND DRAWDOWN OF THE BENEFITS RATE STABILIZATION FUND (RSF)

District health benefit funding for the period of January 1, 2019 through December 31, 2109 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 \$1011 per employee/retiree per month (PEPM).

In addition to Employee/Retiree monthly premium contributions and the District super-composite rate contribution of \$1011 per month, the Benefits Rate Stabilization Fund (RSF) shall supplement the total cost of the health insurance benefits participation. The effect on RSF funds for Plan Year 2019 is estimated at \$1,718,608.

SECTION VI: 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 life event. Waiver of coverage shall not result in a compensated allowance in lieu of coverage.

SECTION VII: 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 have created a Post-97 Fund – i.e., the VEBA Trust – dedicated to a post-age-65 retiree benefit for District employees hired after July 1, 1997. The Post-97 Fund was established with the FA Post-1997 Health Benefits Reserve (\$250,000), the ACE Post-1997 Health Benefits Reserve (\$250,000), \$500,000 from Fund 600, and previously agreed to funding on the basis of tiered contributions per enrolled employee/retiree per month at the rate of \$2 employee-only; \$4 employee-plus-one; and \$6 employee-plus-family. In addition, for the 2019 Plan Year, funding on the basis of tiered contributions per enrolled employee/retiree per month shall continue at the rate of \$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.

Further, a one-time allocation of funds in the amount of \$800,000 – that is, \$500,000 from non-RSF district funds plus \$300,000 from RSF funds – was paid as a benefit allowance to all regular and contract (benefit eligible, excluding PT Faculty) employees in December of 2016 for Plan Year 2017. All contract and regular employees, on the same frequency as and

amount of the benefit allowance, contributed to the benefits fund via a special deduction which was then redirected for the purpose of commitment to the Post-97 VEBA trust.

- d) The parties acknowledge that (a) the employee/retiree contribution rates specified herein are based on a gradual drawdown of Fund 600 – Benefits Rate Stabilization Fund; (b) and Fund 600 is one-time money and, dependent on future negotiations, may be depleted within several years;
- e) The parties further acknowledge that the \$1011 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 continues to face uncertain fiscal stability. 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 VIII: 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 VIII (a) attached at the end of this document.

9-26-18

CHRIS WHITE



Date

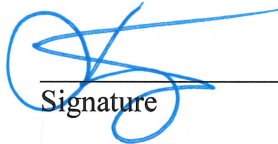
Print Name

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Association of Classified Employees (ACE)

11/29/18

Dorene Norbury



Date

Print Name

Signature

FHDA District

10-5-18

Kathy Perino



Date

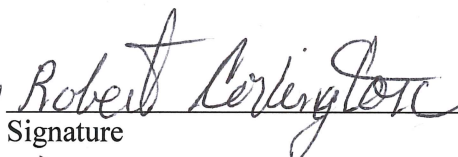
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Faculty Association (FA)

11-27-18

Robert Covington



Date

Print Name

Signature

California School Employees Association (CSEA)

10/3/18

L. NELSON

Date

Print Name

Signature

Police Officers Association (POA)

Date

Print Name

Signature

Teamsters

Date
Police Officers Association (POA)

Print Name
George Robles

Signature
George Robles

10-4-18
Date
Teamsters

Print Name

Signature

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

Affecting the 2019 Plan Year, qualified part-time faculty employees shall continue to have the option to enroll in any one of the plans offered by CalPERS and available in the participant's geographic area. For example, CalPERS offers several *PPO plans*, including: PERS Select, PERS Choice, and PERS Care; and several *HMO plans*, including: Anthem Blue Cross Select, Anthem Blue Cross Traditional, Health Net SmartCare, Kaiser CA, and Western Health Advantage. Plan choices are subject to change and are entirely under the control of CalPERS. 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.

Benefits shall be provided in accordance with Article 22A of the *Faculty Agreement*. Eligibility for District-provided subsidy in accordance with Article 22A of the *Agreement* shall be determined annually for the period January 1 through December 31, 2019 based upon the part-time faculty employee's load and attainment or status of reemployment preference during the 2017-2018 academic year.

Employee and District contributions for Plan Year 2019 are set as follows: The Kaiser HMO plan shall be the "basic" plan and all other plans shall be a "buy-up." The benefits shall have three load thresholds, each with a respective District contribution to the premium cost. For employees with loads of 0.400 up to 0.499, the District shall be responsible for payment of forty percent (40%) of the Kaiser monthly plan premium or the dollar equivalent under the other plan options. For employees with loads of 0.500 up to 0.599, the District shall be responsible for payment of fifty percent (50%) of the Kaiser monthly plan premium or the dollar equivalent under the other plan options. For employees with loads of 0.600 up to 0.670, the District shall be responsible for payment of sixty percent (60%) of the Kaiser monthly plan premium or the dollar equivalent under the other plan options. The contribution rates shall have three tiers: employee-only; employee plus one; employee plus family. The employee shall be responsible for the remainder of the monthly plan premium for the coverage elected.

Part-time faculty participating in the 2019 Plan Year shall have contributions recovered in twelve (12) equal monthly payroll deductions. This shall mean that the twelve months of coverage will be paid in twelve equal installments deducted from the regular payroll periods.

Rates for PY 2017 were established in June, 2016 when CalPERS published its premium rates. Irrespective of any changes, Part-time Faculty employee contribution rates remained unchanged from 2016 – that is, the dollar equivalent of the 40/50/60% contribution based on 2016 CalPERS Select plan premium rates remained the same dollar contribution per plan and tier for PY 2017 – and was expressed monthly, i.e., 1/12th of the employee's annual contribution. In addition to Part-time Faculty 40/50/60% monthly premium contributions on the basis of the 2016 Select Plan plus any buy-up, and the District offset of 60/50/40% per month contribution, the Benefits Rate Stabilization Fund (RSF) shall supplement the total cost of the health insurance benefits participation. The variance effect of Part-time Faculty contributions on RSF funds for Plan Year 2017 is \$5874.00. That is, due to an unexpected decrease in premiums for the CalPERS Select Plan, the contributions of Part-time Faculty exceeded the rates that would have been applicable had the 2017 contribution rates applied.

Rates for PY 2018 were established in June, 2017 when CalPERS publishes its premium rates. Irrespective of any changes, Part-time Faculty employee contribution rates again remained unchanged from 2016 – that is, the dollar equivalent of the 40/50/60% contribution based on 2016 CalPERS Select plan premium rates remained the same dollar contribution per plan and tier for PY 2018 – and were expressed monthly, i.e., 1/12th of the employee's annual contribution. In addition to Part-time Faculty 40/50/60% monthly premium contributions on the basis of the 2016 Select Plan plus any buy-up, and the District offset of 60/50/40% per month contribution, the Benefits Rate Stabilization Fund (RSF) shall supplement the total cost of the health insurance benefits participation. The variance effect of Part-time Faculty contributions on RSF funds for Plan Year 2018 is -\$71,528.16. That is, due to an increase in premiums for the CalPERS Select Plan, the contributions of Part-time Faculty fell below the rates that would have been applicable had the 2018 contribution rates applied.

In the event new plans not currently identified are added for Plan Year 2019, the District and FA, along with the remaining members of the Joint Labor Management Benefits Council, shall immediately resume negotiations to reach agreement on the contributions for the added plan(s). The addition of new plans will not change or alter the Part-time Faculty contributions for any plans continuing from PY 2018 to PY 2019.

In the event the required employee monthly contribution exceeds compensation in any regular pay period, or the 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 Direct Pay Plan or COBRA program, depending on the enrollee's status at the time of change in pay status. The District Benefits Unit shall assist the member with the transition and forward the request to CalPERS.

When Direct Pay status is applicable:

The following CalPERS process generally applies – CalPERS will contact the individual insurance carrier to set up Direct Pay, a process that normally takes one month. In the intervening period before Direct Pay 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 Direct Pay is established, the part-time faculty employee must prepay the full cost of the monthly premium for the CalPERS plan selected in accordance with the billing procedures of the plan provider. Direct Pay 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 employee shall submit proof of payment and invoice to the Benefits Unit for each month of coverage. Payment is calculated month-by-month based on twelve (12) calendar months.

When COBRA status is applicable:

Under COBRA, the maximum extension of benefits is 18 months as permissible by law. The employee is required to enroll for COBRA benefits and prepay directly with the insurance carrier.

The District shall provide the monthly premium variance reimbursement in arrears for the *Employer Share of Cost* (the plan's monthly premium minus the employee's required monthly contribution and applicable COBRA administrative fees) for the remainder of the plan year. The employee shall submit proof of payment and invoice for each month to the Benefits Unit. The COBRA premium variance reimbursement is calculated month-by-month based on 12 calendar months.

A part-time faculty employee is eligible for reimbursement under COBRA status when continuing to meet the eligibility requirements for the remaining months in the applicable plan year. A part-time faculty employee who separates employment or otherwise no longer meets eligibility requirements for benefits is not eligible for COBRA reimbursement.

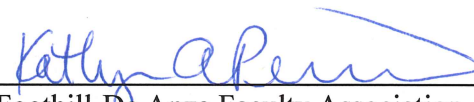
When the part-time faculty employee returns to work in a subsequent quarter of the academic year or summer session, and which occurs within the applicable benefits plan year, the Benefits Unit shall transition the member back to Active Account with the next regular payroll cycle.

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.

11/29/18
Date


Foothill-De Anza Community College District

10-5-2018
Date


Foothill-De Anza Faculty Association