Negotiations Update

March 28, 2011

Grappling with the Budget Mess

Absent taking a bargaining stance that drives the District into insolvency, given the state of California's budget, it is certain the faculty will need to make some economic concessions. As the negotiating team works with the District in this difficult time, our work will presume the following basic parameters:

1. Economic concessions will *not* be based upon worst (or middle) case scenarios, but rather on budget certainties as verified by the FA's independent understanding of the state budget and the District's fiscal condition. We appreciate how the District might feel a sense of urgency, but they are not entitled to control the timeframe by which concessions are agreed to.
2. Economic concessions will generally come in the form of MOU's that expire after a set time (consider the default one year) — though it is understood that a restructuring of some provisions (*e.g.*, health benefits) will result in some permanent contract language.
3. The 50% Law will be observed. Specifically, when savings are contemplated in instructional salaries and benefits, the FA expects that the District will balance those savings by reductions in applicable non-instructional costs, so the sum of these savings is applied to the total problem.
4. Concessions must be ratified by the membership. It is unlikely that a new contract will be completed by the end of the current academic year, though a preliminary economic package for 2011-12 will be presented to the membership for ratification in May.

Uncertainties in the Budget

By far, the single biggest unknown is Governor Brown's proposed tax extension, which could come to the voters as late as November. With the tax extension in doubt, the community colleges are likely to face cuts beyond what has already been passed by the legislature. As it stands, the California Community Colleges are cut by $400M, of which $110M is offset by increasing the enrollment fee from $26 to $36 per unit. Chabot-Las Positas represents about 1.5% of the system, so our share of the reduction is about $6M, of which $1.6M is offset by the fee increase. Our net reduction is about $4.4M, which translates to 973 FTES from our apportionment base. Without the tax extension the cuts will be deeper, and particularly devastating if Prop 98 is suspended; in all cases, machinations locally and in Sacramento will impact our funding by the following means:

- **Current Year Growth** — The First Principal Apportionment (P-1) shows Chabot-Las Positas with 235 more funded growth FTES in 2010-11 that what was budgeted (*ref*. Adoption Budget). CLPCCD is in an excellent position to capture "Over-Cap" growth revenue if it holds up and we maintain our enrollment — though there are worries that it won't. If it holds up, our ongoing problem may shrink by as much as $1M.
- **Setting the Apportionment Base for 2011-12** — This will not be a done deal for some time. On the up side, if current year growth holds up, the apportionment reduction will be made from a higher number (that's a good thing). Yet if the tax extension is thwarted, the Governor and legislature appear poised to cut an *additional* $400M (perhaps more) from the community colleges.

- **Chance for Additional Fee Increase** — This will come up for consideration if the tax extension fails. The Legislative Analyst (LAO) suggests $66/unit in that case. If the fee is increased above $36 per unit, the actual revenue reduction might be less than current District projections.
- **Non-negotiated Cost-Savings** — (Local Issue) The District has publicly disclosed $2.4M in potential savings (mixing one-time and ongoing monies) to help budgeting for 2011-12.
- **SERP II** — (Local Issue) The District has offered a second Supplemental Employee Retirement Plan (SERP) to eligible unit members (including classified and management) that could potentially save as much as $2M. Applications are due in April; we definitely need to know the true impact of "SERP II" before we can fully engage the important decisions.

Emoluments Discussed at the Table — So Far

If you've been following the news out of Sacramento, you're aware that financial developments are in motion, and stand to be so for some time. Even in the best case scenario — that tax extensions will pass, eventually — we will not be able to solve our problems in a responsible way such that no one feels a pinch. What follows is a summary of what has been introduced or discussed at the bargaining table as of March 25:

- **FTEF Savings** — this is the savings that comes from reducing the class schedule. (Rule of thumb: Every 10 FTEF cut saves about $262K in instructional costs, and represents the equivalent of fifty 3-unit sections.) Technically FTEF levels are set by DEMC to match our base apportionment level, but the negotiating team absolutely considers FTEF savings, in full, as contributing to the instructional half of the total cost reductions required.
- **Restructuring Health Benefits** — The District's proposal for health benefits is described in detail below. Ultimately, changes may come in two ways: (1) by changing the plans in terms of carriers, copays and deductibles; and/or (2) through unit member contributions to premiums. There is still a lot of work to come, to evaluate options for our health benefits.
- **Reduction of Sabbaticals** — would specifically allow the District to reduce its contribution to the Sabbatical Leave Fund by 50% for two years. Would save about $260K over two years, and ensure that unit members approved for 2011-12 would still get to go.
- **Suspending the "Summer Pay" Differential in 2011** — The cost of this provision (about $250K each year) has been stated as a strong reason to cancel the summer sessions altogether. Letting it go would take some pressure off the summer sessions, help alleviate the need to find additional cost reductions somewhere else, and help preserve sections for adjunct faculty.

Recent District Proposals by Article

Article 10: Workload

- District proposes highly regulatory language with regard to faculty load and hours per week.
- Would allow unit members to teach for load in a secondary discipline only by mutual consent of the faculty and Dean of that discipline. (Subject to abuse based on personal reasons)
- Would require unit member with 50% load to be on campus for three days. (Highly regulatory)
- Would include SLO's and accreditation as applicable to the five professional activity hours.

- Proposes to allow unit members to qualify for overload assignments in their primary discipline only. (Discriminates against faculty whose primary discipline has no overload but who are qualified to teach in a secondary discipline)
- Proposes to require faculty to "meet their professional responsibilities" before they are considered eligible to have an overload assignment. (Allows for management to subjectively disallow someone overload)
- Proposes several new regulations and definitions with regard to counselor workload. (Highly regulatory)
- Proposes to cap overload to 40% each term, including Summer. (Down from 60% cap for Fall and Spring term and no cap for Summer or Intersession)

Article 12: Sabbatical and Load Banked Leaves

- District proposes to Increase qualification for Load Banked Leave from 15 to 19 banked CAH, starting Fall 2013, and to increase the timeline of load-banked leaves from once every 3 years to once every 5 years

Article 18: Part-time Faculty

- District proposes to eliminate the Part-time Seniority List entirely (*i.e.*, return to personal, preferential, unprofessional approach to Part-time assignments)

Article 20: Benefits

At the February 17, 2011 negotiating session, the District's negotiating team presented their opening proposal that dramatically alters health, dental and vision benefits for current faculty and for faculty hired on or after July 1, 2011. They also proposed to eliminate retiree health benefits altogether for faculty hired on or after July 1, 2011.

The District is proposing to cap the amount that the District contributes towards the cost of health insurance premiums. They have proposed a two tier system, i.e., one set of rates for current faculty and a different set of rates for faculty hired on or after July 1, 2011. Any premium costs over the amounts listed below would be paid by the faculty member on a pre-tax basis. The District would continue to offer three different Health Plan options, Kaiser, Anthem Blue Cross-HMO (ABC-HMO), and Anthem Blue Cross-PPO (ABC-PPO). The District's proposal is summaries below.

1. **Active full-time faculty hired before July 1, 2011:** The District proposes to cap their premium contributions at the **2009-10 ABC HMO** level, as follows:
   a. For employee only coverage, the maximum District contribution would be $611.67.
   b. For "E + 1" coverage, the maximum District contribution would be $1,122.10
   c. For "E + Family" coverage, the maximum District contribution would be $2,018.38.
2. **New full-time faculty hired on or after July 1, 2011:** The District proposes to cap their premium contributions at the **2010-11 Kaiser** level, as follows:
   a. For employee only coverage, the maximum District contribution would be $513.78.
   b. For "E + 1" coverage, the maximum District contribution would be $1,027.57
   c. For "E + Family" coverage, the maximum District contribution would be $1,541.35.
3. **Adjunct Faculty:** For eligible adjunct faculty hired before July 1, 2011, the District proposes to cap their contribution to 50% of the premium amounts listed in 1a-c above. For adjunct faculty hired on or after July 1, 2011, the District proposes to cap their contribution to 50% of the premium amounts listed in 2a-c above.

How the Proposed Caps Would Affect You

The table below shows the proposed cap amounts along with the current premiums paid by the District. If the unit member's premium is greater than the cap, the unit member would pay the difference. For example, unit members with ABC Family coverage would be expected to contribute $632.22 per month, assuming the plans are renewed for 2011-12 at the rates shown. The FA believes that under the District proposal, unit member contributions would grow meteorically (even for the Kaiser plans, after a year or two) as premiums escalate over time.

Comparison of Proposed Cap* to 2010-11 and (preliminary) 2011-12 Rates

Plans >	Proposed Cap*	Kaiser		ABC-HMO		ABC-PPO***	
		2010-11	2011-12**	2010-11	2011-12**	2010-11	2011-12**
E only	$611.67	$513.78	$565.16	$706.56	$803.36	$1,048.22	$1,168.57
E + 1	$1,122.10	$1,027.57	$1,130.32	$1,411.66	$1,605.06	$2,096.82	$2,337.95
Family	$2,018.38	$1,541.35	$1,694.39	$2,331.52	$2,650.60	$3,459.69	$3,857.55

* Proposed cap is maximum District contribution for current active full-time faculty (pre-2011)

** 2011-12 premiums are *preliminary*, based on information provided by Keenan & Associates.

*** Faculty with these plans currently pay a portion of the premiums. District pays ABC-HMO rate and the faculty member pays the remainder.

Open Possibility for Coverage Changes

The District did not propose any specific coverage changes, but proposed the following: *"The parties agree to implement plan changes to the benefits plans to achieve cost savings. Those changes may include but are not limited to increasing co-pays, increasing deductibles, and reducing or eliminating certain coverages."*

Dental and Vision Proposal Summary

The District proposes to cap the amount they contribute for the Dental and Vision premiums for active full-time faculty at the 2009-10 premium levels, as follows:

Plans >	Delta Dental Plan		Vision Service Plan	
	proposed cap	2010-11	proposed cap	2010-11
E only	$61.55	$65.19	$13.65	$13.46
E + 1	$123.10	$130.39	$27.29	$26.91
Family	$181.57	$192.32	$40.95	$40.37

Retiree Medical Benefits Proposal

The District proposes that faculty hired on or after July 1, 2011 will have no retiree medical benefits. This would create a three-tiered system for retiree medical benefits, *e.g.*, those hired before 4/1/1986, those hired between 4/1/1986 and 6/30/2011, and those hired on or after 7/1/2011. Moreover, if said new faculty were to eventually retire before age 65 when Medicare kicks in, they would not have any coverage at all.

Other Articles

The District withdrew 14, 15, and 26 from the table (a positive thing), but *added* Article 27