Health and Pension Benefits

Classified School Retirees

Nadine Franklin – Presenter
California School Employees Association
Who are the classified employees?

- School workers in California’s public schools and community colleges
- Secretaries, bus drivers, food service workers, groundskeepers, security personnel, business office employees, paraeducators, custodians, maintenance workers, etc.
Are health benefits/retiree benefits provided?

- Some districts provide both health benefits and pensions
- Others districts provide limited retiree health benefits
- Many districts do not provide retiree health benefits at all
Part time workers

- Thousands of employees have no pension because they work less than 4 hours a day, no health care, no retiree health care.
- Some districts include part time workers in Social Security, others offer an alternative plan to Social Security.
- Those not in Social Security will not even have Medicare.
Demographics

- CSEA represents 221,000 classified employees and 11,200 retirees.
- 71% of employees qualify to contribute to CalPERS. 50% are full time employees, 50% work 4 – 7 hours daily, most for only 10 months annually.
- Many less than full time have no employer paid benefits, therefore, no retiree health benefits.
Demographics, continued

- Many full time employees have no retiree health coverage.
- Health Care coverage and retiree benefits vary from district to district and within various groups within the same district.
Schools Contracting with CalPERS for health benefits

- 116 districts out of 1200 schools and community college districts in California contract with CalPERS for health benefits.
- Of the 116 only 16 pay the full premium for retirees.
- Of the 16 that pay the premium, 3 districts pay for only 1 retiree, 2 retirees are covered in 2 districts, 36 are covered in one of the districts.
Schools Contracting with CalPERS continued

- In 4 remaining districts a total of 11 retirees are in the plan with no employer contribution.
- Two districts have a total of 310 retirees insured with an employer contribution of $1.00 a month per employee.
- Largest amount paid is $1862 per employee per month with only 2 retirees covered.
50 School Districts we represent were studied.

Two provide lifetime benefits – both contract with CalPERS but pay the minimum contribution.

10 districts provide no retiree health coverage.

38 provide coverage at age 55 to Medicare age with 15 years of service.
Pre-funding Post Retirement Health Benefits

- A survey of our labor relations representatives reveals that very few districts have begun the process to pre-fund post retirement health benefits.
- At least two districts started pre-funding benefits in recent years.
Within a study of California Public Sector entities, 20 school districts were included. At the time of the study 13 of the districts were spending less than 1% of their budget for retiree health benefits, 5 of the districts spent 1% to 2%. Two districts spent between 2% and 3%
Districts Providing Retiree Health Care

- Of the 750 districts represented by CSEA only 40% offer retiree health benefits.
- Most offer coverage only from age 55 to 65 with at least 15 years of service.
- Very few offer lifetime coverage.
Post Retirement Health Benefits for Classified Employees Limited

- So few employees receive retiree health benefits the cost is small – so are the benefits.
- With so many classified employees receiving no benefits, taxpayers pay for them through Healthy Families, MediCal and other taxpayer funded programs.
CSEA Supports Single Payer Plan

- The health care system is broken.
- CSEA strongly supports a single payer plan that will save agencies money and provide healthcare for all.
Pensions for Classified Employees

- Classified employees participate in CalPERS.
- Classified employees and retirees make up 37% of the total CalPERS membership.
- Pensions for classified are the lowest.
- Many employees are in physically demanding jobs, an early retirement option is important.
CalPERS Pensions Not Excessive

- Average classified school retiree monthly pension is $1,030. Average disability pension is $723.
- State employees pensions are slightly higher.
- State and School retirees together are over two thirds of the CalPERS system, the average monthly pensions for both groups are well under $2,000. **Where are the excessive pensions?**
CalPERS Well Funded

- Employee contributions are part of the investment portfolio CalPERS has used to wisely invest.
- CalPERS is 93% funded.
- Only 25% of pensions are taxpayer money.
- Public employees are taxpayers helping to pay the 25%.
- CalPERS will soon be 100% funded – *no taxpayer money will be required to pay pensions*
Pensions should continue--
Healthcare reform is needed

- CSEA believes the defined benefit pension program should continue. Employees have earned their pensions
- With proper modification to the health care system, classified employees and retirees can have adequate health care during their careers and after retirement.
Thank You.

Thank you for the opportunity to appear before you on behalf of classified school employees. I will take any questions you may have at this time.