

Health and Pension Benefits

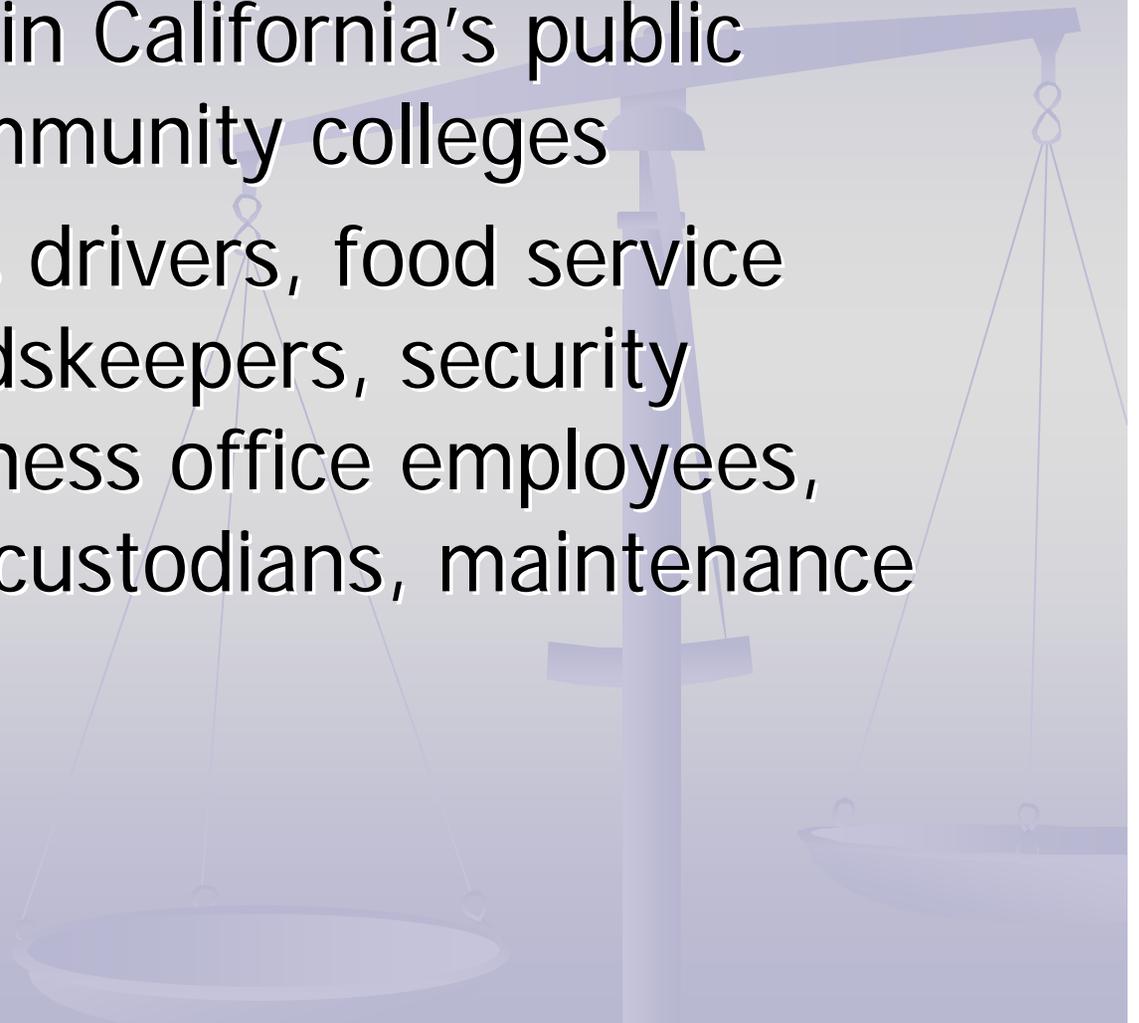
Classified School Retirees

Nadine Franklin – Presenter

California School Employees Association

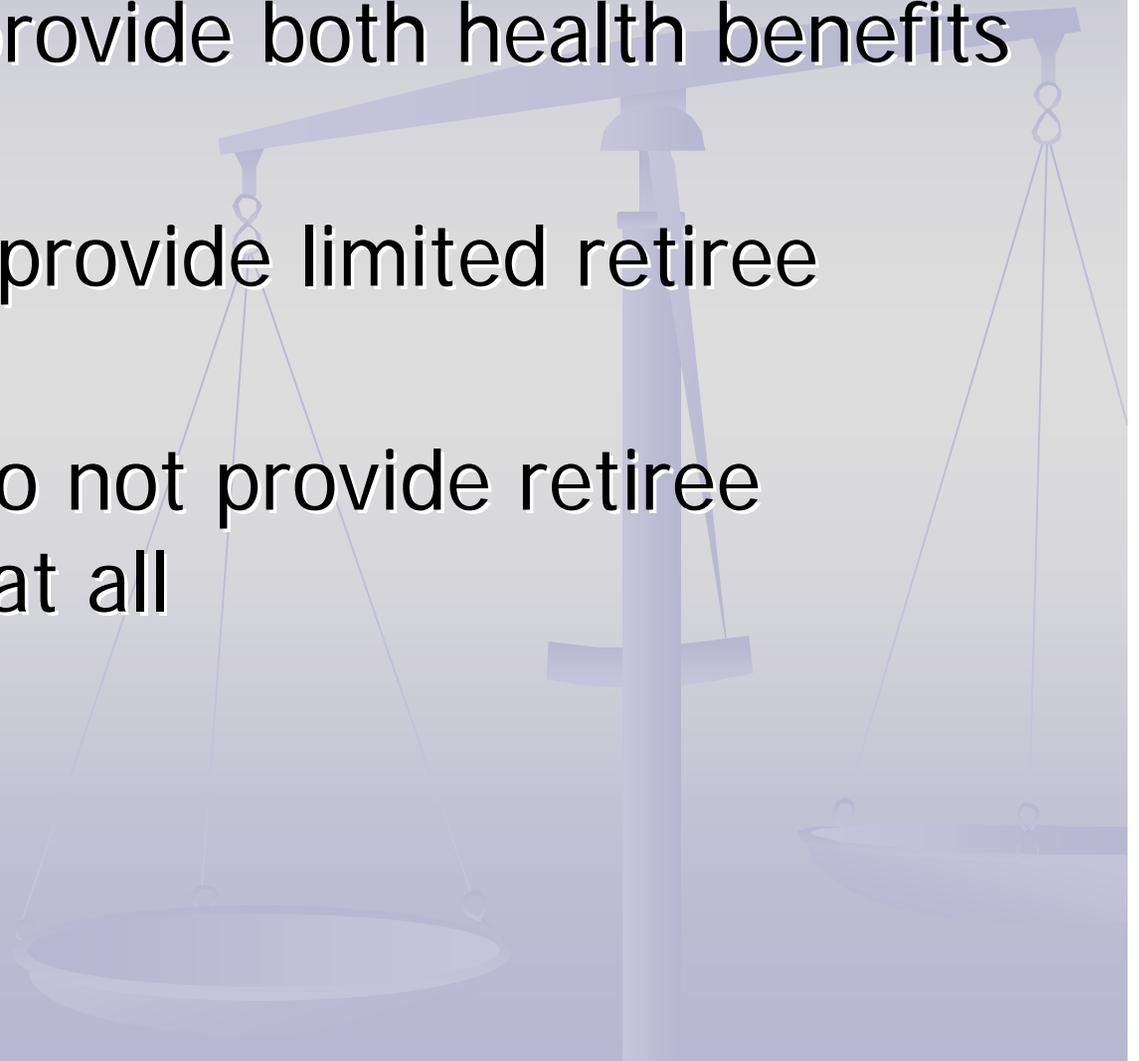
Who are the classified employees?

- 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

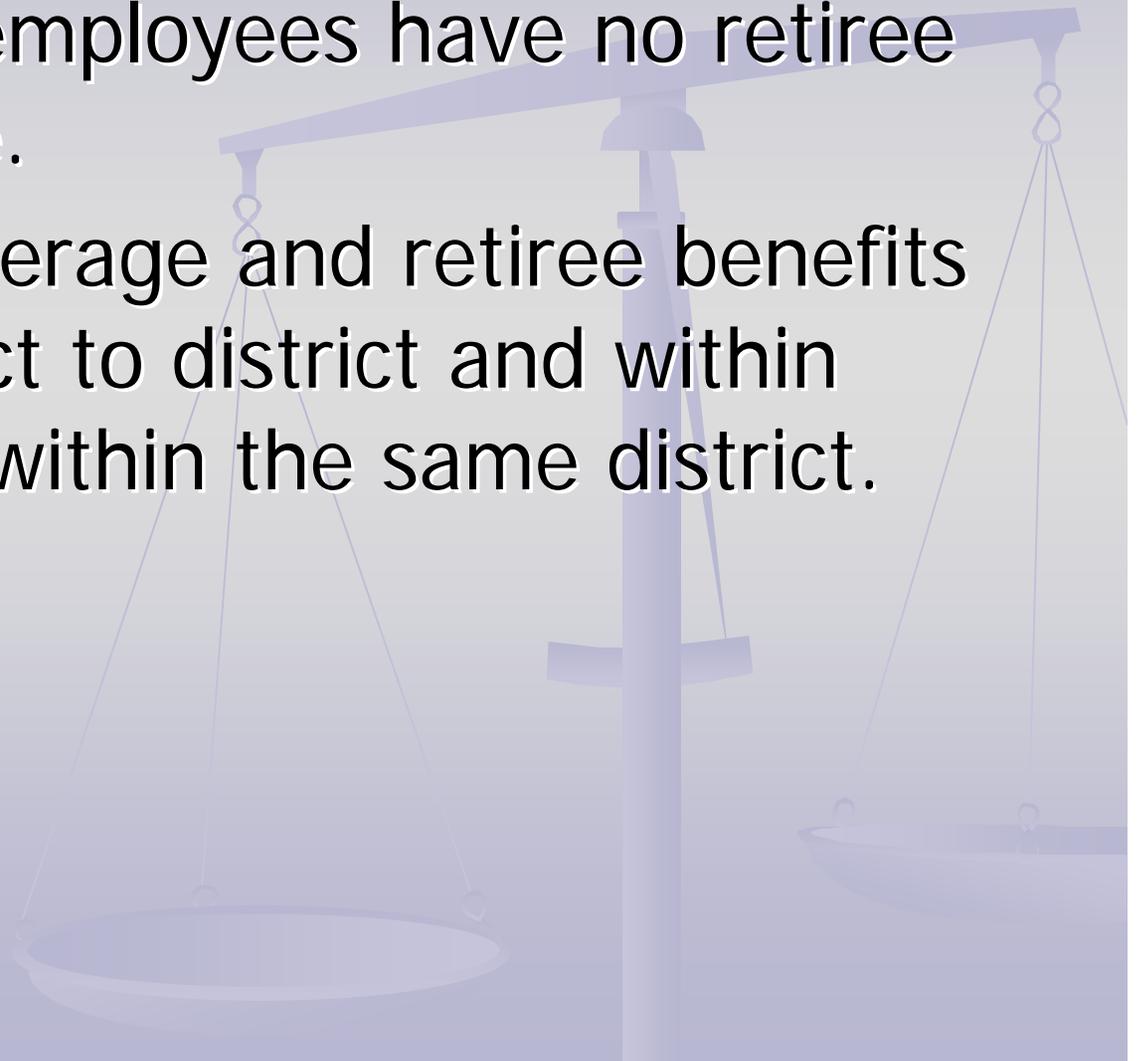
- Thousands of employees have no pension because they work less than 4 hours a day, no health care, no retiree health care
- Some districts include part time workers in Social Security, others offer an alternative plan to Social Security
- Those not in Social Security will not even have Medicare

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

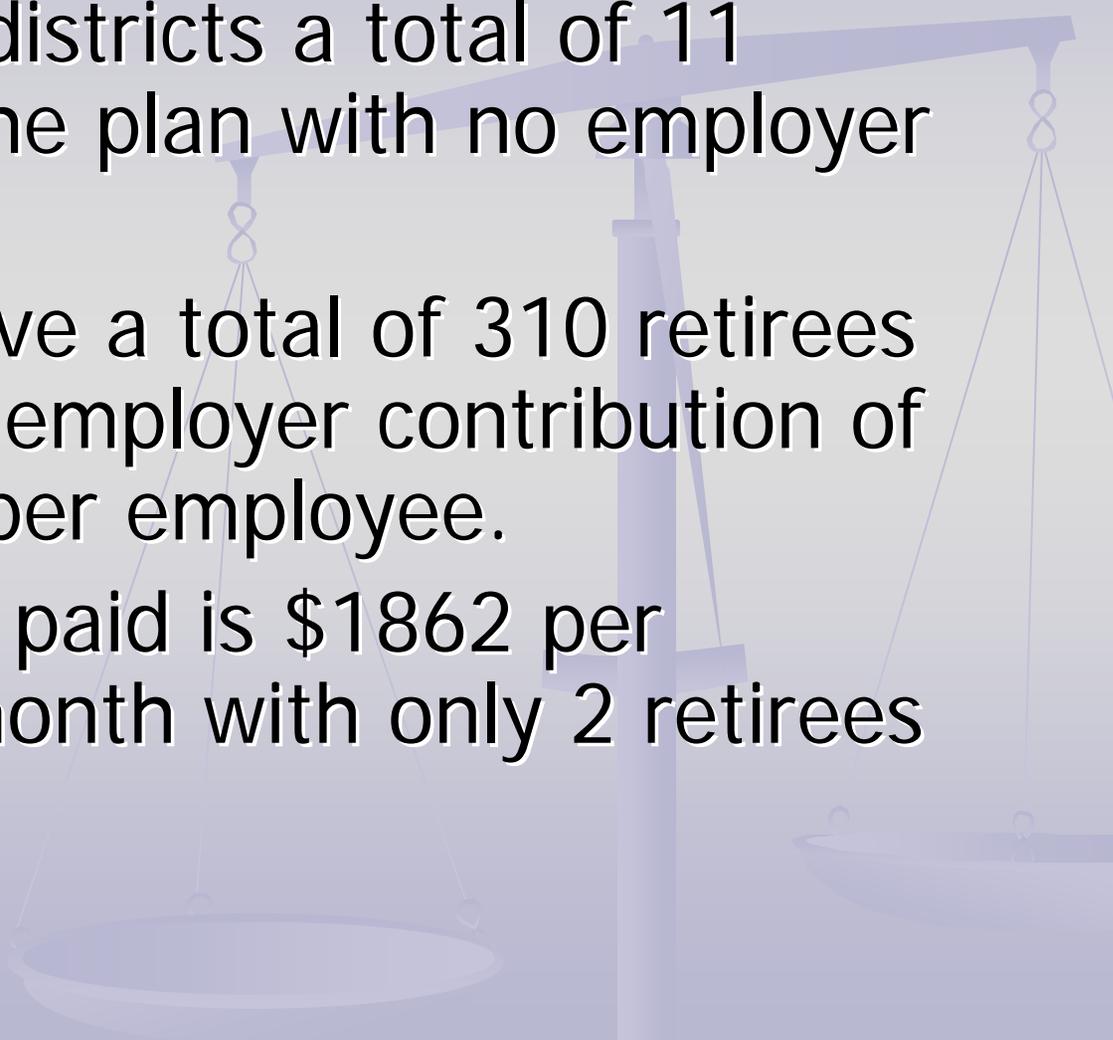
- Many full time employees have no retiree health coverage.
- Health Care coverage and retiree benefits vary from district to district and within various groups within the same district.



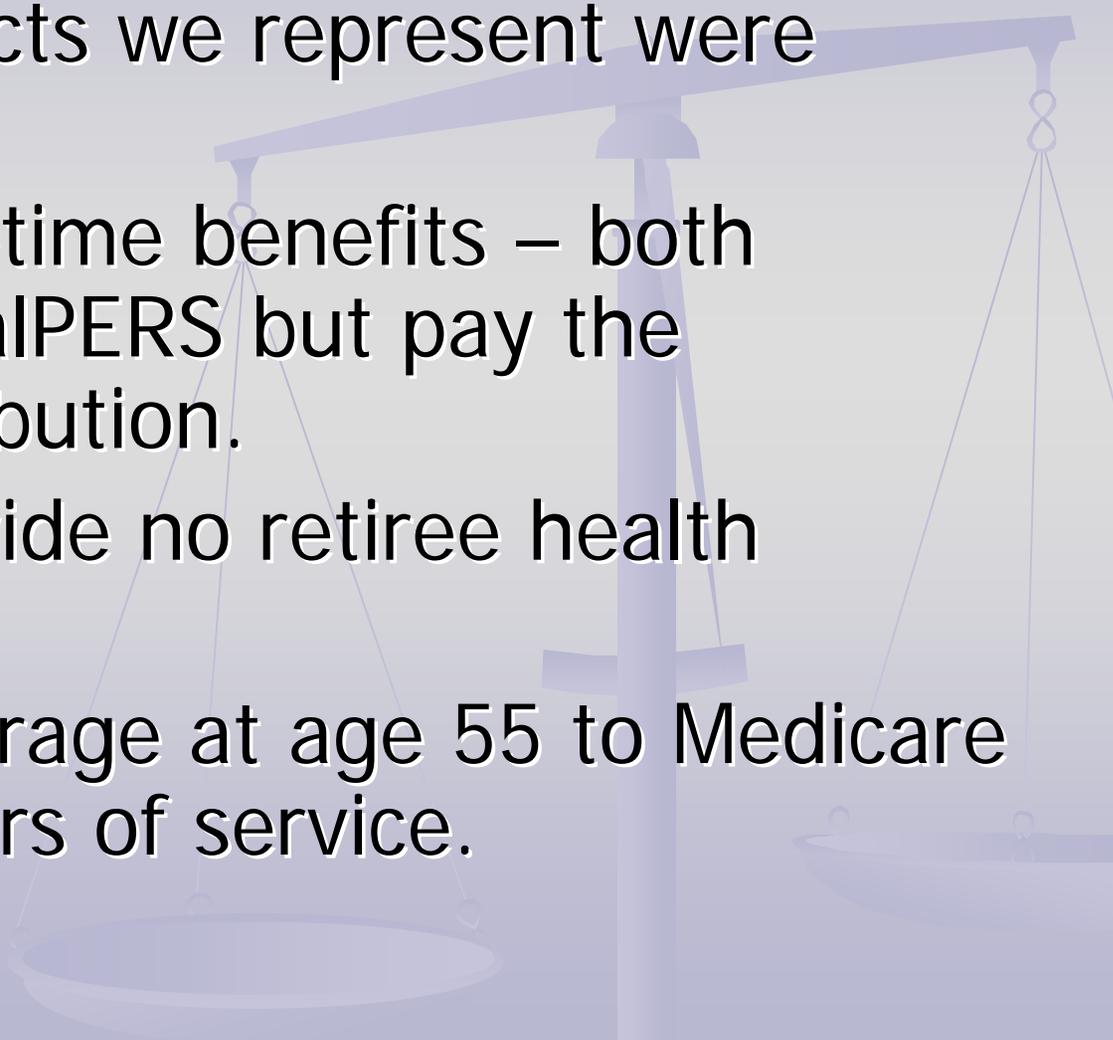
Schools Contracting with CalPERS for health benefits

- 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

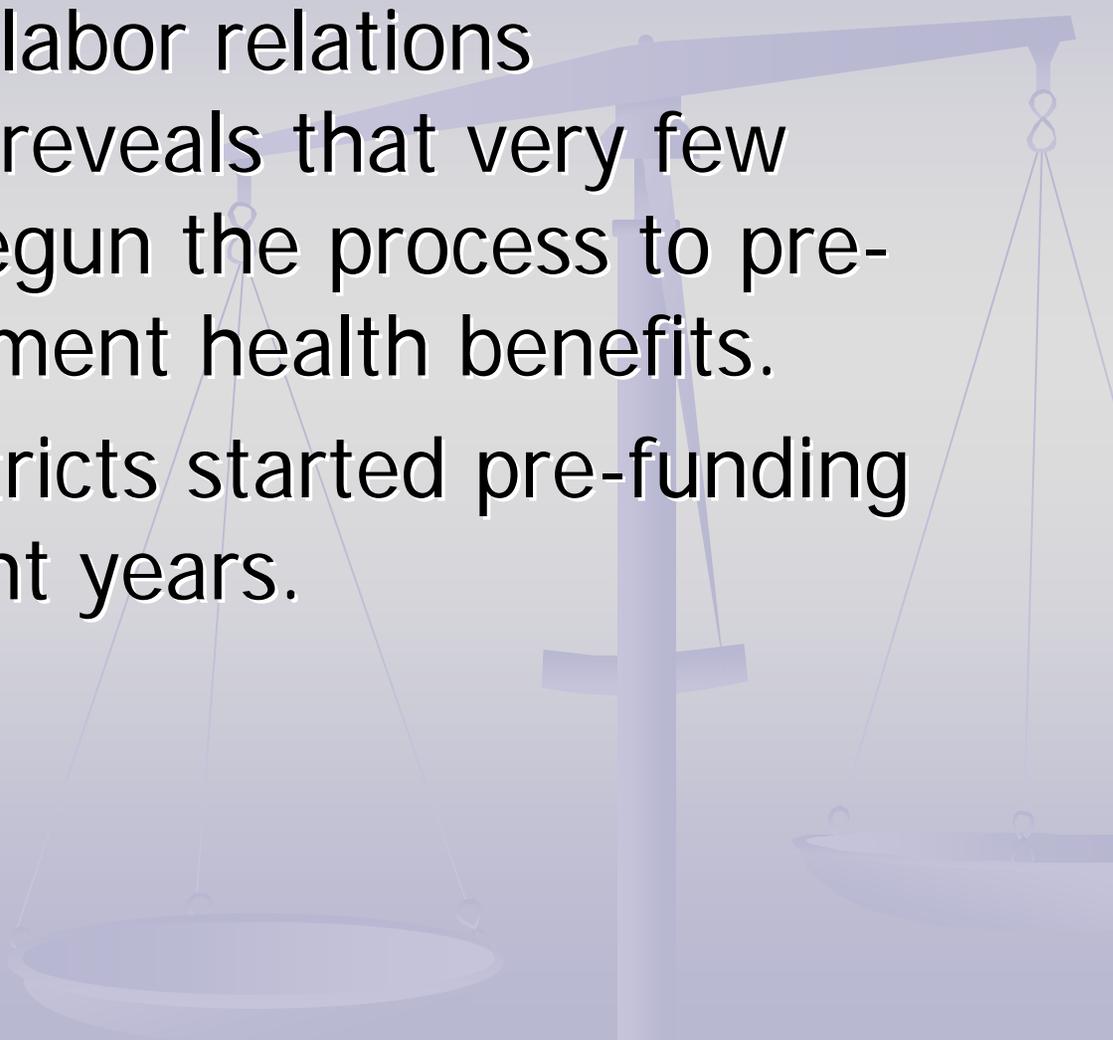
- In 4 remaining districts a total of 11 retirees are in the plan with no employer contribution.
 - Two districts have a total of 310 retirees insured with an employer contribution of \$1.00 a month per employee.
 - Largest amount paid is \$1862 per employee per month with only 2 retirees covered.
- 

CSEA Study



- 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.

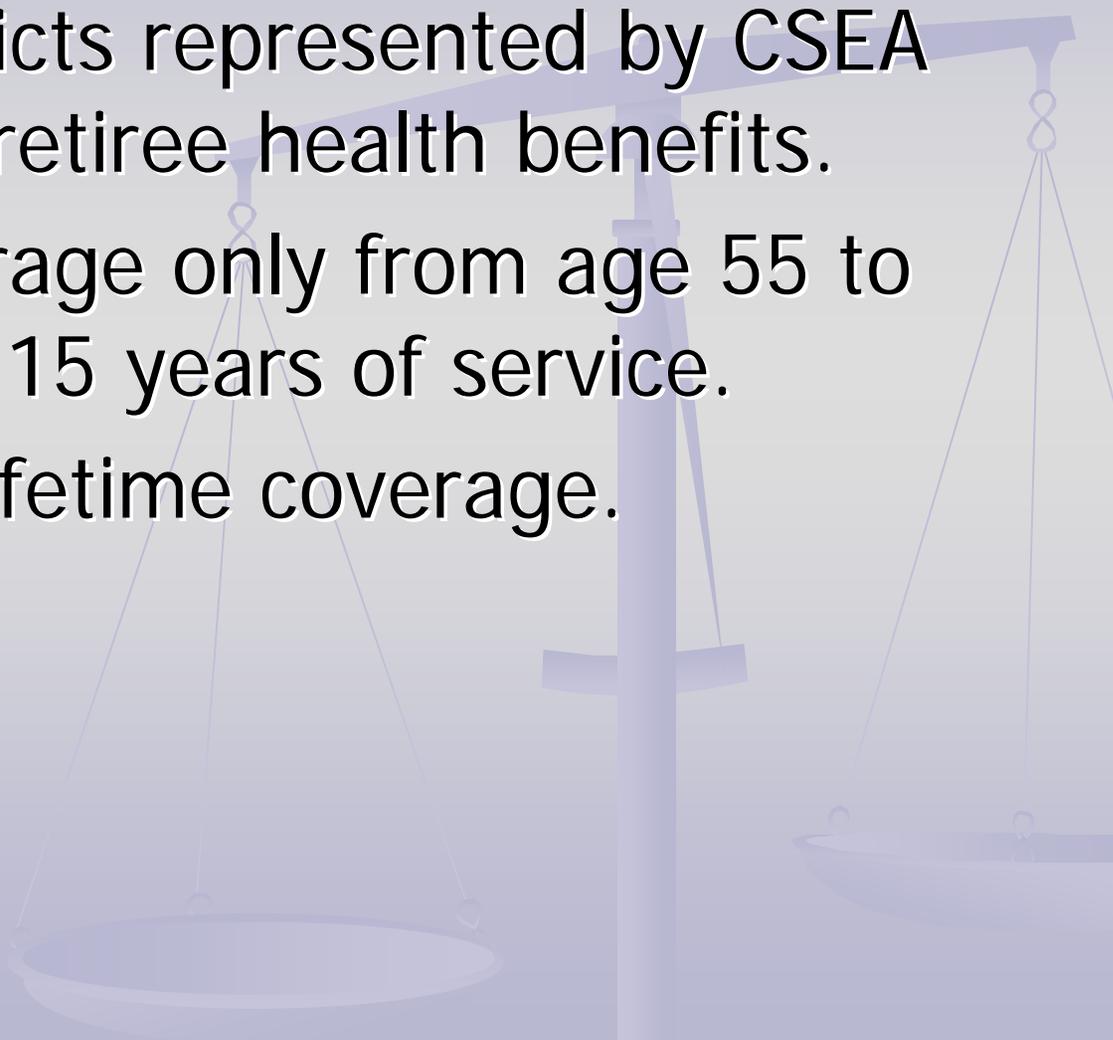
Pre-funding Post Retirement Health Benefits

- 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.
- 

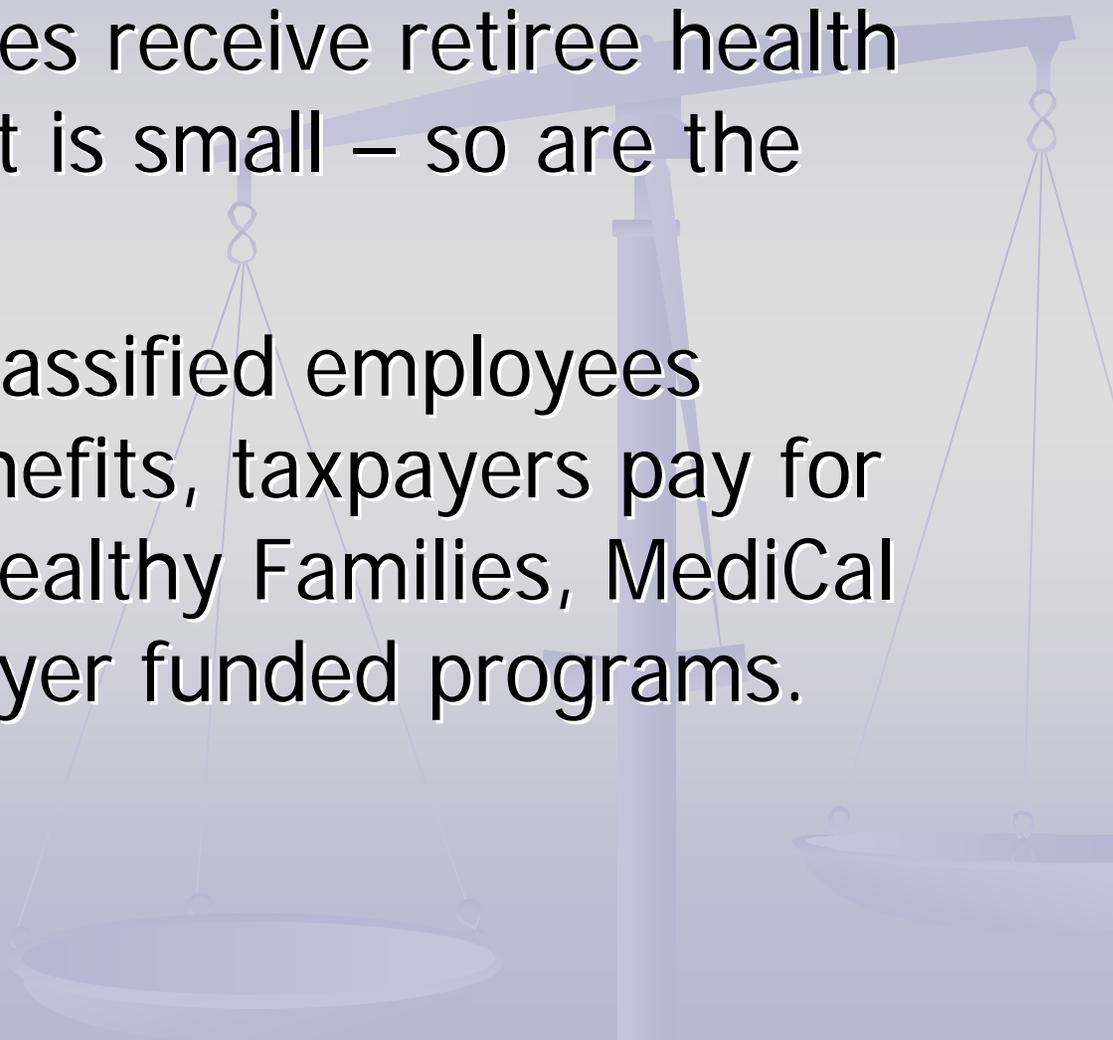
California HealthCare Foundation Study

- 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

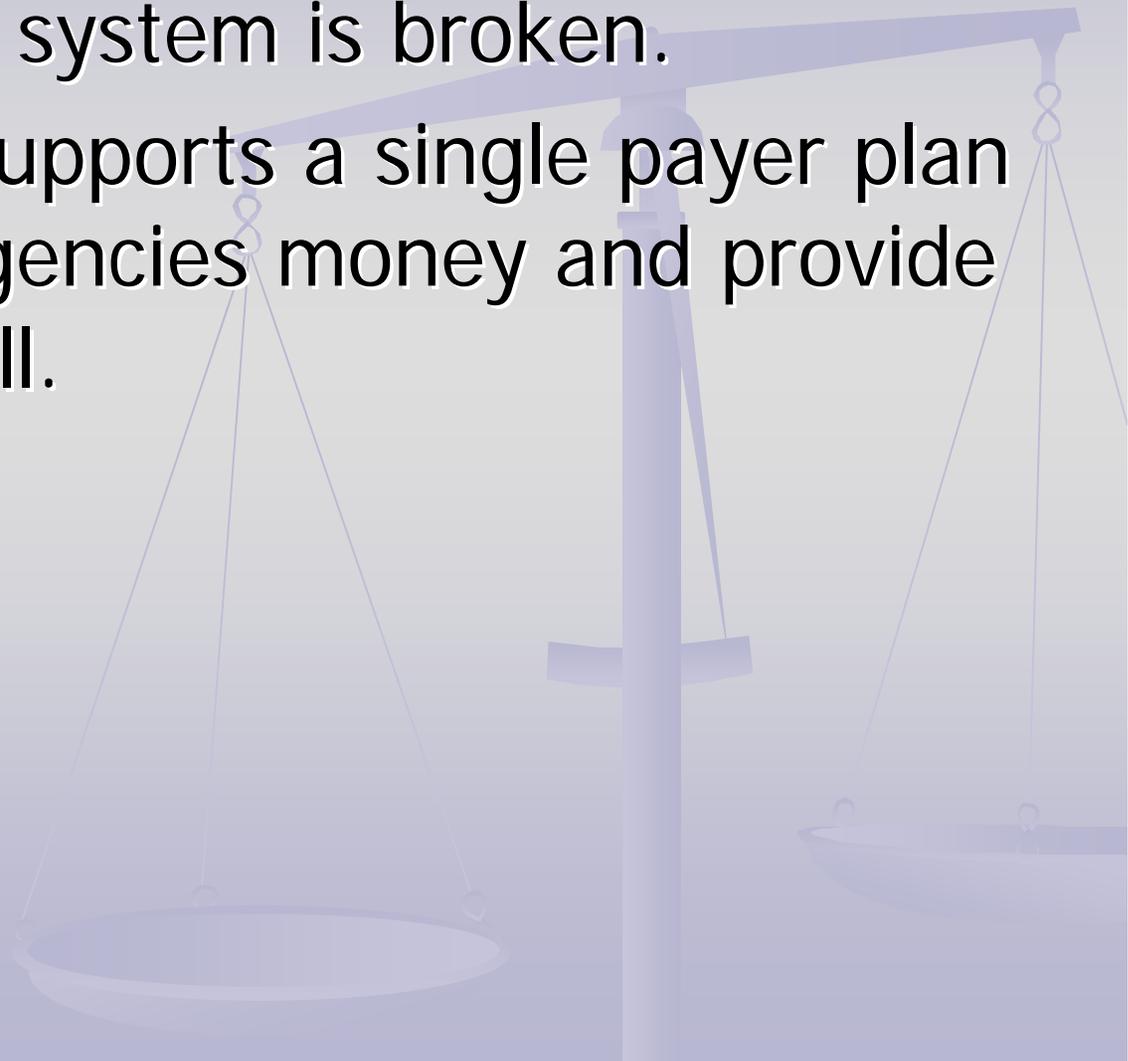
- Of the 750 districts represented by CSEA only 40% offer retiree health benefits.
 - Most offer coverage only from age 55 to 65 with at least 15 years of service.
 - Very few offer lifetime coverage.
- 

Post Retirement Health Benefits for Classified Employees Limited

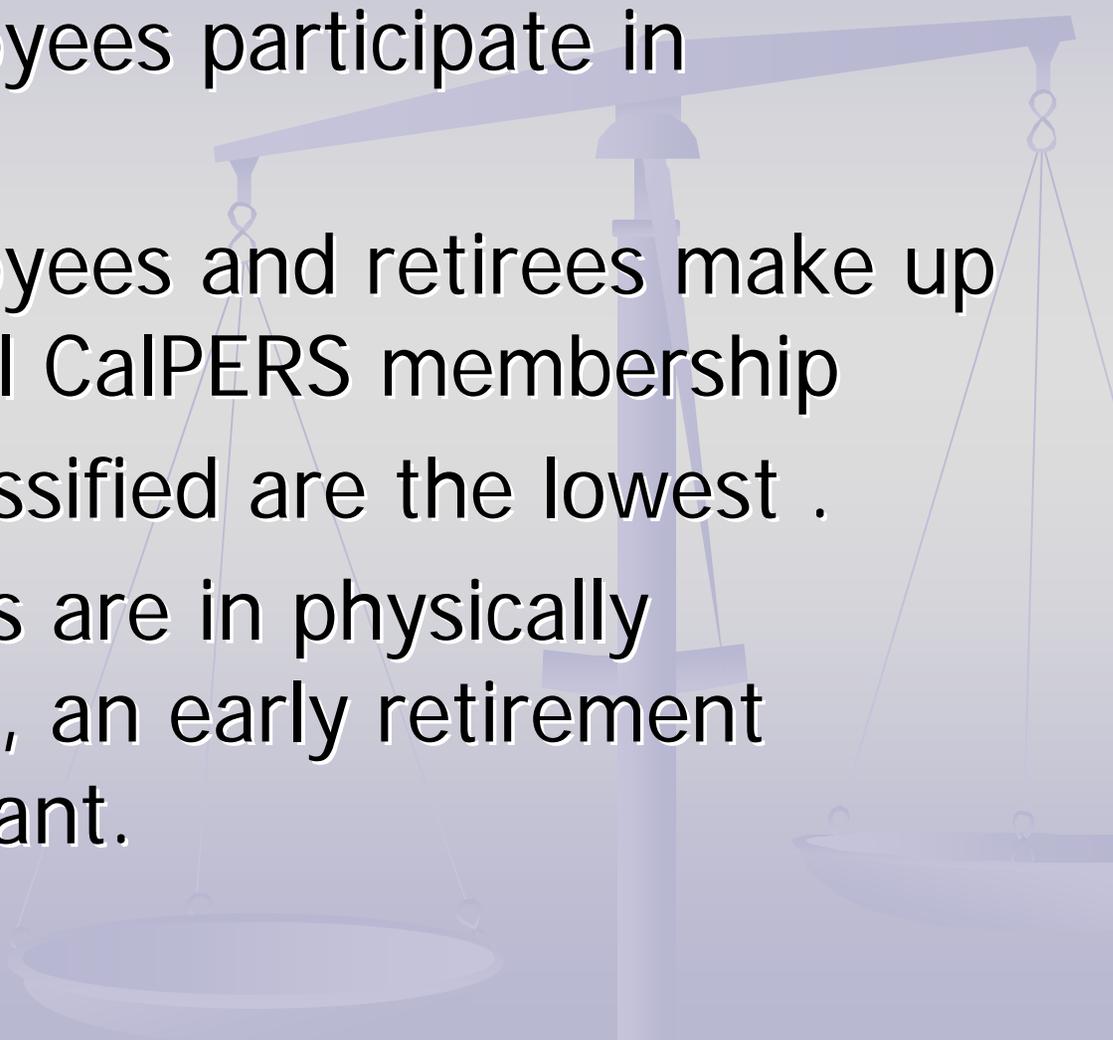
- So few employees receive retiree health benefits the cost is small – so are the benefits.
 - With so many classified employees receiving no benefits, taxpayers pay for them through Healthy Families, MediCal and other taxpayer funded programs.
- 

CSEA Supports Single Payer Plan

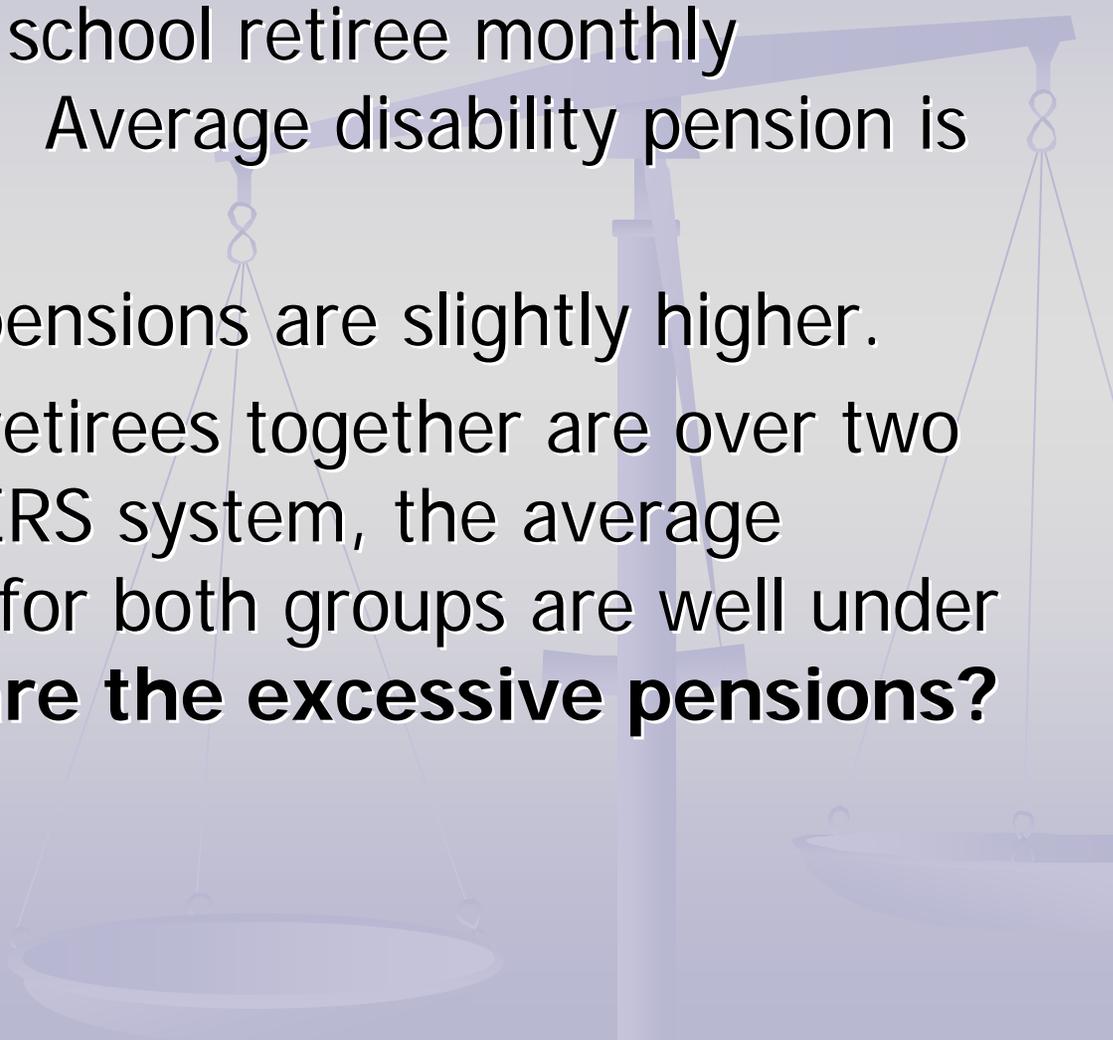
- The health care system is broken.
- CSEA strongly supports a single payer plan that will save agencies money and provide healthcare for all.



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.
- 

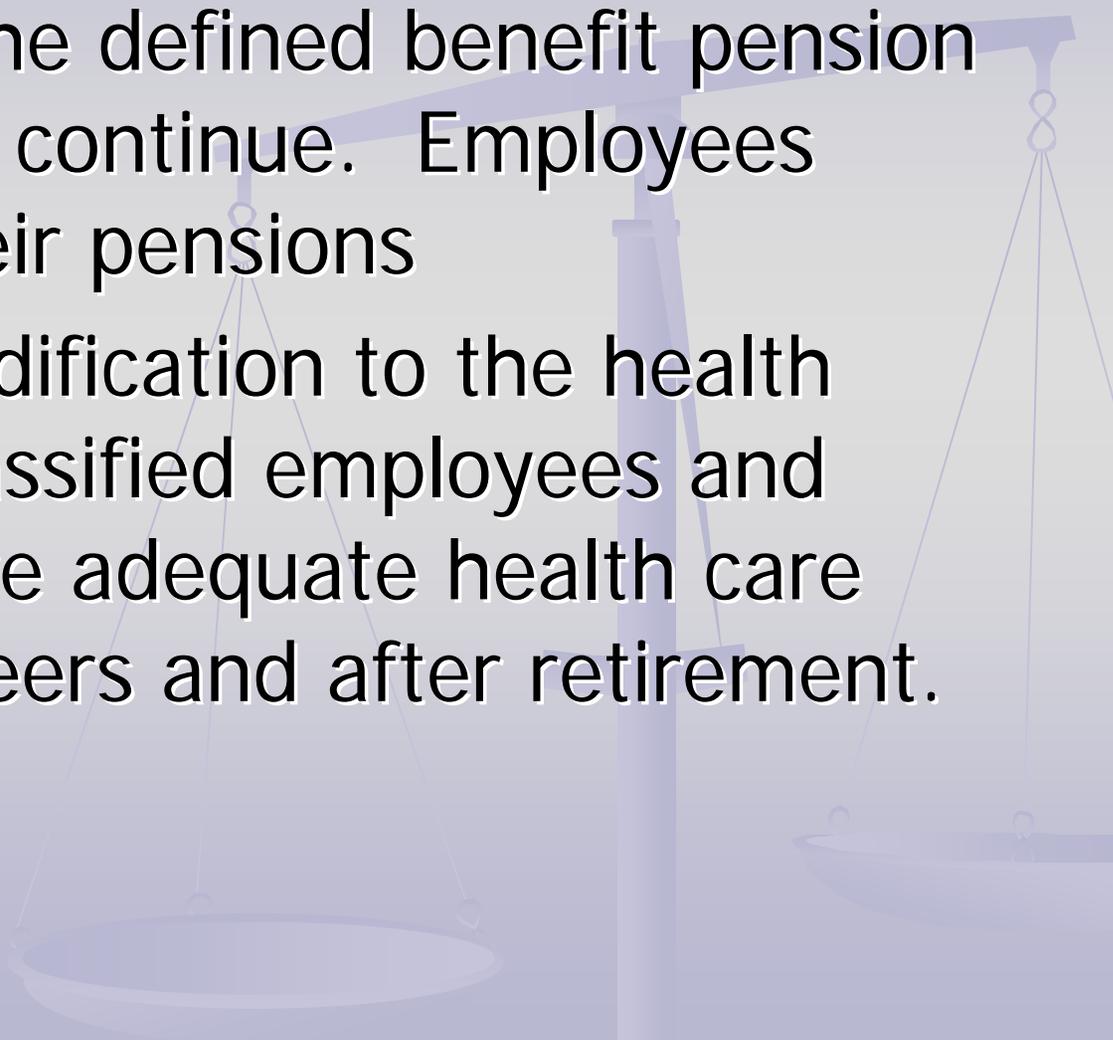
CalPERS Pensions Not Excessive

- 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.

