

QUICK NOTES: YCEA, LOCAL #1 SITE REPRESENTATIVE MEETING TUESDAY, AUGUST 9, 2016

Health Insurance: The CalPERS Board has now set the rates for 2017 and the 60 day window to issue an irrevocable withdrawal has past. The increase for the Choice Plan (that most employees are enrolled in) will see a rate adjustment between 3.2% and 4%, while the HMOs available to our members will be around 6%. Prior to the window closing, the Committee met to review an option presented by the CSAC-EIA that provides lower rates. The Committee decided that there were issues such as the distribution of premium, agreement on plan design, and other factors that made it more conducive to addressing a significant change in benefits during full contract negotiations rather than deal with a change now. Over the months ahead, we will be holding membership meetings on health insurance. One of the topics will be including a High Deductible plan with a Health Savings Account component, which CalPERS currently does not offer.

Unfunded Pension Costs and CalPERS Financial Status: A recent editorial written by Dan Walters presents a gloomy picture of CalPERS pension costs and its ability to fund retirement benefits through stock market earnings. Mr. Walters has chosen to present the historical background and to cast a pessimistic view of the facts. (See posting of article) Rob Feckner, CalPERS Board of Administration President, presents a more realistic and accurate view of retirement costs and CalPERS efforts to manage those costs. (See posting of article) Retirement costs will continue to be a significant factor over the years ahead and these costs will have an impact in contract negotiations. The attacks on public sector pension plans will continue. Taking away pension security from public employees is the wrong solution; the answer should be retirement security for all workers.

Local #1 Board Action and Communication: A second letter was sent to all our members regarding the directions given by the Local #1 Board at its April meeting. The Board directed staff *to explore all reasonable affiliation options, and begin negotiations for a favorable affiliation with an appropriate AFL-CIO international union.* Local #1 managers have concluded that the American Federation of State, County, Municipal Employees (AFSCME) is the most favorable and similar international union to consider for affiliation. Over the course of the next several weeks additional information will be distributed and various meetings will be held to answer questions. If the Local #1 Board agrees with the tentative agreement being developed, it may direct that the matter be submitted to the membership for a vote during the last week in September and first week in October.

Meanwhile a copy of the proposed Affiliation Agreement between AFSCME and Public Employees Union, Local #1, AFSCME Member Bill of Rights, and a Q&A fact sheet is posted on our website. You can also learn more about this international union at www.afscme.org.