

## TABLE TALK

09-26-2008

**PAEA**  
**Grant Blackburn**  
**Roni Habib**  
**John Hebert**  
**Martin Vetter**  
**Leslie Bowen**

**PAUSD**  
**Scott Bowers**  
**Becki Cohn-Vargas**  
**David Johnson**  
**Gary Prehn**

The District Negotiation Team and PAEA Team met at the District Office

### Article VI Compensation and Benefits

Scott Bowers presented information from the board and the superintendent regarding the **Early Retirement Health and Welfare Benefits in Appendix B.3.**

Sunset the benefit for new hires. In its place implement a Health Reimbursement Account Plan (HRA). The District would contribute \$1,000 per year tax free per employee after the employee reaches 10 years of district service for every employee who voluntarily waives his or her right to the current retiree health plan benefit. This includes employees who will not ever qualify for the current benefit. After retiring from the district and STRS the employee can access the HRA for tax-free reimbursement of health related costs. Or employee can access the HRA for non tax-free non-health related expenses. The money in the HRA is projected to grow at 3% per annum so \$1000/yr over 25 years would equal \$65000.

Association posed several questions:

1. How many employees use the current 5-year bridge of health benefits?
2. Who would legally own the account?
3. Are there other investment vehicles (403-b...)?
4. Could accounts be inherited?
5. Are there rules governing the timing of the payouts?
6. Who would manage the accounts?
7. What happens if an employee does not retire from the district?

The following table was written on the white board to illustrate the numbers of employees using the current benefit:

Yrs of health Benefits	# emp. qualified	Used years	Didn't use some years	Used none Of years
5	78	28	19	31
4	1	16	4	
3	0	9	3	
2	2	4	10	
1	1	4	16	
0	32			

The School Board is meeting on Tuesday with HRA management company representatives to answer most of the other questions. The Joint Benefits committee (JBC) is meeting Tuesday afternoon to also learn more about these options.

**Health Benefits continued:**

In addition the district is proposing that any full time employee in a district insured group who wishes to opt out of the district's insurance plan and can prove they have comparable insurance from another source, eg. spouse or partner, can opt out and receive \$2,500 yearly payment from the district.

**Early Retiree**

Any early retiree who opts out of the Early Retiree Health Benefit will receive \$3000 yearly payment.

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**Salary**

Scott wrote the following figures on the board:

Undesignated funds in 08-09 budget	5,582,243	
Benefits and other increases	<u>- 800,000</u>	
	4,782,243	
Cost of HRA if started in 08-09	<u>- 462,381</u>	
Available for raises	4,319,862	= 4.08%

The Association through spokesperson Grant Blackburn indicated that the above ideas were a good framework for a settlement. There were details that needed to be worked out and clarifications needed on the HRA. Hopefully many of the questions would be answered on Tuesday.

The Assoc. countered with a 5% salary increase and a postponement of the HRA until the 09-10 school year. The HRA accounts would need to go with an employee when they left the district without retiring.

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Triona Gogarty has so far scheduled 13 site visits in the next few weeks to discuss the current proposed changes to the benefits. Check with your site rep to see if there is a visit at your school or to see the schedule for other school sites. There will also be at least one all district meeting for interested teachers.

**Next Negotiations Monday October 6 D.O. Room A**