

**Ballot Simplification Committee - DRAFT for Consideration on Wednesday, August 3, 2010**  
**City Retirement and Health Plans** *(working title only, subject to change)*

**The Way It Is Now:** The City provides retirement and health benefits to employees through its Retirement and Health Service Systems. The City and covered employees share in funding those systems.

The Charter allows the School District, Community College District and Superior Court to participate in the City's Retirement and Health Service Systems.

The Charter sets the contribution rate employees must pay to the Retirement System. For most City employees, that rate is 7.5% of compensation. The City and other participating employers pay the balance to keep that system funded. Under collective bargaining agreements, the City sometimes has agreed to pay the Charter-required employee contribution to the Retirement System. Currently, many City employees contribute 7.5% of their compensation to the Retirement System. Under existing collective bargaining agreements, by July 1, 2011 most City employees will contribute 7.5% of their compensation to the Retirement System. The uniformed members of the Sheriff's Department and certain other employees participate in the California Public Employees Retirement System and not in the City's Retirement System.

The Charter requires a ten-county survey to determine the amounts that the City and other participating employers contribute to the Health Service System. Participating employees pay the balance to keep that system funded. Under collective bargaining agreements, the City sometimes has agreed to pay additional costs above the ten-county survey amount for employee medical, vision and dental coverage.

In November 2002 the voters approved Proposition H, a Charter amendment that increased retirement benefits for City police and firefighters.

**The Proposal:** Proposition \_\_\_ is a Charter amendment that would increase employee contributions to the Retirement System, decrease employer contributions to the Health Service System, add rules for arbitration proceedings about City collective bargaining agreements, and prohibit any increase in employee compensation for affected City employees for five years if a court invalidates any part of Proposition \_\_\_.

Proposition \_\_\_ would increase required employee contributions to the Retirement System, and reduce the City's share of funding that system, as follows:

- Uniformed members of the police and fire departments (but not of the Sheriff's department) would contribute up to 10% of their compensation to fund retirement benefits. This increase in employee contributions would not exceed the amount needed to pay the added costs of increased police and fire retirement benefits resulting from the 2002 Charter amendment.
- All other employees in the Retirement System would contribute 9.0% of their compensation to fund retirement benefits.
- After current collective bargaining agreements with City employees expire, the City could not agree to pay any portion of the employee contribution.

Proposition \_\_\_ would decrease the employer contribution to the Health Service System, and increase the employees' share of funding that system, as follows:

- For medical plans, employers would pay only the amount that the ten-county survey requires. The City could not agree to pay any additional costs for employee coverage.
- For employee dependent health care coverage, reduce the City contribution to no more than 50% of the cost of the lowest cost plan that the Health Services System offers for that level of coverage.
- For dental plans, reduce the City contribution to no more than 75% of the cost of employee coverage and 50% of the cost of dependent coverage.

In any arbitration to resolve disputes in collective bargaining over City employment, Proposition \_\_\_ would require the arbitrator to make findings about the costs to the City of retirement and health benefits and take those costs into account in deciding compensation.

Proposition \_\_\_ states that if a court rules that any part of Proposition \_\_\_ does not apply to any group of City employees, then there shall be no increase in the costs of bargained compensation for those employees for five years. Proposition \_\_\_ also states that if the City or an arbitrator awards an increase in wages or benefits for covered employees, the increase shall first be subject to voter approval.

Proposition \_\_\_ would become effective on January 1, 2011. Some provisions would become operative only when current collective bargaining agreements expire.

**A “YES” Vote Means:** If you vote "yes," you want to increase the employee contributions to the Retirement System for employee retirement benefits, decrease employer contributions to the Health Service System for health benefits for employees and their dependents, add rules for arbitration proceedings about City collective bargaining agreements, and prohibit any increase in employee compensation for affected City employees for five years if a court invalidates any part of this measure.

**A “NO” Vote Means:** If you vote “no,” you do not want to make these changes to the Charter.

word count: 747 [suggested word limit: 300]