

**Ballot Simplification Committee**  
**City Retirement and Health Plans**

**FINAL Digest after Reconsideration—by Packard, Fasick, Fraps, Unruh, 12:35 p.m.**  
**August 6, 2010**

**Requests for Reconsideration were due by 1:55 p.m. on Thursday, August 5, 2010**

**The Way It Is Now:** The City provides retirement benefits to employees and retirees through its Retirement System and health benefits through its Health Service System. Both the City and covered employees contribute to funding those systems.

The Unified School District, Community College District and Superior Court participate in the City's Retirement System and Health Service System, but not all of their employees participate.

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 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 needed to fund the system. Under collective bargaining agreements, the City sometimes has agreed to pay the Charter-required employee contribution to the Retirement System.

The City averages the amount paid by California's 10 most populated counties to set the minimum amount that the four employers contribute to the Health Service System. Participating employees and retirees also contribute to the system. Under some collective bargaining agreements, participating employers have agreed to pay additional costs for employee and dependent medical, vision and dental coverage.

**The Proposal:** Proposition B is a Charter amendment that would increase employee contributions to the Retirement System, decrease employers' contributions to the Health Service System and change rules for arbitration proceedings about City collective bargaining agreements. If a court invalidates any part of Proposition B, any increase in employee compensation for affected City employees would be prohibited for five years.

Proposition B would increase required employee contributions to the Retirement System, and reduce the employers' 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 would not exceed the amount needed to pay the added costs of increased police and fire retirement benefits resulting from the 2002 Charter amendment. (Prop H, see "Words You Need to Know")
- Other employees in the Retirement System would contribute 9.0% of their compensation to fund retirement benefits.
- In future collective bargaining agreements, the City, but not the other three employers, would be prohibited from paying any portion of the employee contribution.

Proposition B would decrease the employers' contribution to the Health Service System, and increase the employees' payments, and possibly retirees' payments, to that system, as follows:

- For medical coverage, employers could pay only the 10-county average amount.
- The City, but not the other three employers, would be prohibited from paying any additional costs for employee coverage.
- For employee dependent health care coverage, the City, but not the other three employers, would reduce its contribution to no more than 50% of the cost of the least expensive plan the Health Services System offers for each level of coverage.
- For dental plans, the City, but not the other three employers, would contribute 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 the City's collective bargaining, Proposition B would require the arbitrator to make findings about the current and projected costs to the City of retirement and health benefits and take those costs into account in deciding compensation. This would not apply to the other three employers.

If a court invalidates any part of Proposition B, any increase in employee compensation for affected City employees would be prohibited for five years. Proposition B also states that if an arbitrator awards an increase in wages or benefits for covered employees during the five-year period, the increase shall first be subject to voter approval.

Proposition B would take effect on January 1, 2011. Some provisions would take effect only when current collective bargaining agreements expire.

**A "YES" Vote Means:** If you vote "yes," you want to:

- increase employee contributions to the Retirement System for retirement benefits,
- decrease employer contributions to the Health Service System for health benefits for employees, retirees and their dependents,
- change 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: 728 [suggested word limit: 300]