



# **FY20/21 COLA, Tier I CalPERS Contributions, and Tier II Applicable Percentage Increase**

Board of Directors Meeting  
July 16, 2020



# FY20/21 Cost-of-Living Adjustment



- All three MOUs and unrepresented management employee agreements include an annual COLA
  - Based on San Francisco Bay Area's April to April Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers
  - MOU Annual COLA Range: 2.0 – 5.0%
- FY20/21 COLA of 2.0% represents an annual labor cost (salary, benefits) increase of ~\$0.25M
- Proposed FY20/21 Budget includes COLA

# FY20/21 CalPERS Contributions

- 37 employees in Tier I CalPERS (2.7% @ 55) will begin contributing an additional 1.0% into the CalPERS pension fund
  - Raises the Tier I employee CalPERS contribution to 8.0% (cap) with no District contribution
- 18 employees in Tier II (2.0% @ 55) pay full cost of employee CalPERS contribution rate (7.0%)
- 16 employees in Tier III (2.0% @ 62) pay full cost of employee CalPERS contribution rate (7.25%)

# FY20/21 Applicable Percentage

- MOU Side Letter Agreements (dated 9/14/16) modified retirement benefits for existing and new Tier II employees on a prospective basis
  - Applies to employees hired from 7/1/12 – 12/31/12, and
  - Employees hired on or after 1/1/13 who are not “new members” of a public retirement system
- District contributes to Tier II employee 401(a) plans
  - An amount equal to Applicable Percentage of the employee’s pensionable compensation with the District
  - Difference between Total Employer Normal Cost percentages for any fiscal year for 2.5% @ 55 and 2.0% @ 55 CalPERS formulas
    - Each with 3% COLA Class 1 Optional Benefit
- FY20/21 Applicable Percentage is 1.381%, which is a 7.7% increase from the previous value of 1.282% (~\$2,443 increase in annual labor costs)

# Recommended Action

- 1) Adopt Resolution approving updated FY20/21 Salary Schedules incorporating 2020 annual COLA as provided for in MOUs and unrepresented employees' Employment Agreements
- 2) Adopt Resolution approving Tier II Applicable Percentage as required in Side Letter Agreements and unrepresented employees' Employment Agreements