



Agenda Item Details

Meeting	Sep 02, 2020 - Regular Meeting of the Board of Trustees
Category	2. Informational Reports, Matters for Review, Discussion and/or Action
Subject	2.02 Resolution #20-51 Public Agency Retirement Services (PARS) Supplementary Retirement Plan
Type	Informational Reports, Matters for Review, Discussion and/or Action

Background: Earlier this year, the District worked with Public Agency Retirement Services (PARS) to structure a Supplementary Retirement Plan (SRP) for eligible District Employees who wished to voluntarily exercise their option to separate from District Service. Subsequently, the Board of Trustees approved this plan at their Special meeting of April 28, 2020. Under this plan, 123 District employees opted to separate from District Service. This SRP was envisioned as a means to allow the District to reduce personnel expense. However, this plan did not reflect the economic fallout associated with the emergence of the COVID-19 pandemic; an event that has placed much greater strain on District resources.

As such, the District has continued to work with PARS to devise a second SRP. Not only is the District faced with the need to continue to constrain spending, but the composition of the participants in the first SRP indicates it will skew compliance with the 50% Law in future years. Thus, this second SRP is focused on a retirement incentive program supplementing pensions under the California Public Employee Retirement System (CalPERS) for eligible members of the Coast Federation of Classified Employees (CFCE) and confidential employees who wish to voluntarily exercise their option to separate from District service.

There are two key differences between the first SRP and this proposed SRP. The first has to do with post-employment benefits. Under current contract, CFCE unit members may retire with post-employment health benefits if they have a minimum of ten years of service and are at least 55 years of age. This proposal would lower the eligibility threshold for post-employment benefits to age 50 with ten years of service for purposes of this SRP. To the extent an employee between the age of 50 and 55 chose to opt-in to this program, and they were enrolled in our self-insured Preferred Provider Organization (PPO) health plan, they would be required to enroll in Employee-Only coverage in one of our lower cost Health Maintenance Organization (HMO) plans. Secondly, this SRP proposes an incentive of 65% of final pay.

Goal/Purpose: The goal of the SRP is to generate savings for the District by increasing the number of retirements in the 2020/21 fiscal year. The SRP allows the District to offer the Plan, conduct enrollments into the SRP, analyze the participation, and elect either to move forward or cancel the SRP depending upon the participation and whether the District's fiscal and operational objectives have been met. If the SRP is canceled, then resignations may be rescinded notwithstanding Board Policy 7350.

With this resolution, the Board will adopt the SRP contingent upon whether the final enrollment meets the District's fiscal and operational objectives, and appoints the Vice Chancellor Finance and Administrative Services as the District's SRP Administrator. Approval of the amended PARS Agreement for Administrative Services engages PARS to perform administrative services for the District related to the SRP. Should the Board choose to enact Resolution #20-51, an enrollment window would open this fall establishing an exit date for enrollees of December 31, 2020 or January 31, 2021. **(Attachment #1)**

Recommendation: After review by the Chancellor, the Vice Chancellor of Human Resources, the Vice Chancellor of Finance and Administration, and General Counsel, it is recommended by the Chancellor that the Board of Trustees adopts Resolution #20-51 authorizing the SRP contingent upon whether the final enrollment in the SRP meets the District's fiscal and operational objectives, and approves the Agreement for Administrative Services with PARS.

Fiscal Impact: The SRP is projected to result in overall savings to the District. In the event the District does not realize sufficient savings, the SRP will be canceled.

Contact: Dr. Andy Dunn, Vice Chancellor of Finance and Administrative Services.

[PARS Amendment to the Agreement for Administrative Services.pdf \(8 KB\)](#)

[Resolution 20-51 SRP.pdf \(109 KB\)](#)