

## GLOSSARY

### **Collective bargaining**

Method whereby representatives of employees (unions) and employers negotiate the conditions of employment, normally resulting in a written contract setting forth the wages, hours, and other conditions to be observed for a stipulated period (e.g., 3 years). The term also applies to union-management dealings during the term of the agreement.

### **Compensation (National Compensation Survey)**

A term used to encompass the entire range of wages and benefits, both current and deferred, that employees receive in return for their work. In the Employment Cost Index (ECI), compensation includes the employer's cost of wages and salaries, plus the employer's cost of providing employee benefits.

### **Earnings**

Remuneration (pay, wages) of a worker or group of workers for services performed during a specific period of time. The term usually carries a defining word or phrase, such as straight-time average hourly earnings. (See also Pay Rate vs. Monthly Earnings)

### **Furlough**

A period of unpaid leave or absence from work

### **Impasse**

When the parties cannot come to an agreement during negotiations the Government Code requires the parties to declare impasse at which point a mediator is appointed and tries to get the parties to agree, if successful there is a tentative agreement, if unsuccessful the District may implement its last best and final offer and the employees may either accept that or engage in a work stoppage or strike.

### **Layoff (Job Openings and Labor Turnover Survey)**

A separation of an employee from an establishment that is initiated by the employer; an involuntary separation; a period of forced unemployment

### **Lockout**

A temporary withholding or denial of employment during a labor dispute in order to enforce terms of employment upon a group of employees. A lockout is initiated by the management of an establishment.

### **Negotiations**

The exclusive bargaining representative (ACE) and the District meet and negotiate the terms of the contract when either the contract expires, currently October 31, 2011, or at other intervals as the contract allows. During negotiations the parties attempt to reach agreement and when they do they enter into a tentative agreement which then needs to be approved by the full-dues members of ACE.

### **Paid leave (National Compensation Survey)**

Paid leave includes vacations, holidays, sick leave, and other leave with pay.

### **Pay Rate vs. Monthly Earning and CalPERS Calculations**

- **Pay Rate:** is the amount you are paid as a base salary per pay period plus any additional compensation awards such as the Retention Incentive, Longevity Increments and Professional Growth Awards. For example: FHDA has a salary schedule, in which we are paid a base salary by the month. An N-44 Step A pay rate is \$3,904.07 per month (the pay period). That is the base pay rate. If you reduced your salary on the pay rate salary schedule to an N-43 Step A, your pay rate would be reduced to \$3,806.55 per month (the pay period).
- **Monthly Earnings:** The total amount you are paid in a pay period of one month. This is your base pay rate plus or minus other factors. E.g. If you are work overtime for pay, your monthly pay goes up, but your pay rate remains the same. Or if you take a day of unpaid leave, that day's dollar

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amount is calculated based on your monthly pay rate divided by 30 and subtracted from your monthly earnings, but your pay rate remains the same.

- CalPERS calculates retirement benefits based on three things: pay rate, in-service years and age at retirement. So if you had a day of unpaid leave or a furlough day, since it doesn't affect your pay rate, it does not affect the calculation of your retirement benefits based on pay rate. But if you reduce your contract on the salary schedule, you have reduced your pay rate and that can affect your benefits calculation.

### **Strike**

A temporary stoppage of work by a group of workers that may only be done after impasse is declared and no agreement is reached.

### **Time off benefit**

Provides paid or unpaid leave for specific uses, such as lunch periods, holidays and vacations, and maternity and paternity leave.

## QUESTIONS & ANSWERS

### **Q. Why would a union ever agree to concessions?**

**A.** During tough economic times when budget income is reduced for various reasons, a school District can balance its budgets by reducing expenditures. Because labor costs tend to be its largest expenditure, reducing personnel is the quickest way to balance a budget. The District does not need any agreement by the unions to institute layoffs, however, unions may be willing to grant concessions to reduce the numbers of individuals laid off.

### **Q. What are some examples of concessions?**

**A.** There are various concessions available in bargaining:

- Furlough days: A specified number of unpaid days off for an agreed upon time period that results in a salary reduction.
- Contractual Reduction of Salary: By reduction of contract hours or by reduction on the salary schedule (not recommended).
- Reduction of Health and Benefits Plan from a higher to a lower service.
- Increase in Contributions to Health and Benefits Plan.
- Increase in contributions to CalPERS.
- Taking holidays as unpaid days.
- Suspending PDLs and PGAs.

### **Q. Can we limit the time and scope of a concession?**

**A.** Yes.

### **Q. Will all units be making negotiated concessions at the bargaining table?**

**A.** As of now, CSEA has stated it will not bargain concessions for its members. It is possible that FA will also refuse to bargain concessions. The Teamsters, Operating Engineers, Managers Association and Confidentials have not revealed a concession strategy.

### **Q. Shouldn't all units share in all bargaining concessions? Should we refuse to make concessions unless this is the case?**

**A.** Because classified employees are the easiest employees to be laid off, other groups may not be willing to participate in agreeing to concessions. The factors have to be weighed by each bargaining

group based upon their specific situation. In an ideal world every group shares the burden. We will do or best to work with management and other units for the best possible equity.

**Q. What is the difference between taking furlough days and taking a reduction of hours or a salary schedule reduction?**

**A. Background:** Your CalPERS retirement benefits are calculated in the following ways:

- Three factors are used to calculate your monthly service retirement benefit: years of service, your final compensation, and your benefit factor (based on your age). Final compensation for school service is the average monthly pay rate for the last or highest 12 consecutive months of CalPERS membership. —strspers0102.pdf.
- Final compensation is the highest average full-time pay rate and special compensation for the last 12 months of employment. Your full-time pay rate, not your earnings is used to determine final compensation. A furlough does not change pay rate.—howfurloughspaycutsaffectretirement.pdf, www.ohlone.edu/org/hr/

**Furlough Days**

- **Full time employees (8 hrs. 12 mos.)** — these employees will not lose service credit as long as they continue to work at least 1720 hours in a fiscal year (July 1 through June 30)
- **Less than 12 month employees** — these employees will lose service credit if their work time is less than 1720 hours in a fiscal year. If they already have less than 1720 hours they are already earning less service credit , any reduction in hours would result in a further reduction in service credit.
- If the furlough day were to deny them work in a month they are usually working and correctly reported to CalPERS by their employer, and if they retire the same year the furlough day is included they could lose monthly lifetime retirement income unless they choose a previous year on which to base their retirement.

**Reduction of Salary via Reduced Hours or Salary Schedule Reduction**

Agreeing to a salary schedule reduction will reduce your **pay rate**. Your pay rate is used to calculate your PERS retirement. (See Glossary topic Pay Rate vs. Monthly Earnings.) A voluntary reduction of contract hours will affect your **years of service calculation**, also used in calculating your retirement..

**• Reduced Work Year**

**Full time employees (8 hrs. 12 mos.)** — any permanent reduction to a work year will only create a reduction in service credit if the hours are reduced to less than 1720 in a fiscal year. However, taking away an entire month or two can have a severe negative impact on the member's lifetime retirement income. CalPERS uses 12 consecutive months to calculate a member's retirement. If there are 0 earnings in any of the 12 months the member loses retirement income because their 12 month average pay rate is now only 11 months of pay rate divided by 12.

If the work year were to be reduced from 12 to 11 months perhaps, it could be negotiated that the 11 months be arranged so that a member works at least one day in each calendar month or pay period throughout the fiscal year. CalPERS law requires the employer to identify the pay period that the employee had earnings regardless of when they are paid.

When an employer correctly reports that an employee worked at least one day in a month the retirement calculations can result in \$200 to \$300 a month or more in the lifetime retirement income.

If the employees are not working each month, they have the right, and should be advised, to have CalPERS calculate their retirement based on a previous year when they had more months in which earnings were reported to CalPERS.

**Less than full time employees** — Generally, an 8-hour employee who works 10 full months will receive a full year of CalPERS service credit. Any time hours drop below 1720 in a fiscal year, CalPERS service credit is reduced accordingly.

The lifetime income a member will receive at retirement will also be more negatively impacted if the reduction in the work year results in the employee working fewer months.

• **Change of School Calendar**

**Full time employees** — there would be no impact on a 12-month 8-hour employee if the school calendar were to change.

**Less than full time employees** — Even if hours or number of days worked were not reduced or increased, a change school calendar can affect the lifetime income of a less than full time employee.

An example: If an employee traditionally reports to work at least one day in August, and the employer is properly identifying to CalPERS that they work in August, they will be credited with 11 pay rates divided by 12 to determine the final compensation for their monthly retirement allowance. If a change in school calendar no longer requires August work they may lose two to three hundred dollars a month in their monthly lifetime retirement income.

Also, if an employee generally works summer school or intersession, they **MUST** be reported to CalPERS for that time. If there is no longer an opportunity to work summer school the employee would lose monthly lifetime retirement income.

Any employees who experience a reduction in the number of months worked for any reason should have CalPERS calculate their retirement based on the most recent time when they worked the most calendar months (if only for one day). They must tell CalPERS what period of time should be used for the calculation on their retirement application (a blank that asks about final compensation).

If the employee had significant salary increases since the reduction of hours or change in the school year, they can have CalPERS calculate the most recent 12 month period as well as the period they worked the most months and compare it so they can choose the highest final compensation period.

Source: "Impact of Furlough Days, Reduced Work Year, and Change of School Calendar."

**Q. Can I collect unemployment for furlough days?**

**A.** It depends on the length of the furlough. If it's one day a month, the answer is no. Furloughs by nature are of a short duration and chances are you will not be entitled to unemployment.

**Q. Isn't there a law that mandated furloughs cannot affect a person's CalPERS or CalSTRS status?**

**A.** Yes, but it may not apply to negotiated furloughs.

AB 1651 (De La Torre)

Public Employees' Retirement Law: furloughs: retirement credit.

The Public Employees' Retirement Law provides retirement benefits based upon a member's final compensation and years of credited service. That law provides that members in the personal leave program shall receive credit for service that would have been credited had the employee not been in the personal leave program.

This bill would provide that the calculations for retirement allowances, under the Public Employees' Retirement Law, for specified local safety members and persons who are employees of specified educational entities and who are subject to mandatory furloughs shall include, as credit for service and compensation, the amount of service and compensation that would have been credited and paid had the employee not been subject to mandatory furloughs on or after July 1, 2008, as specified.

**Q. What is a break in service?**

**A.** Break in service language Article 10 of the ACE Agreement

**10.14 Break in Service**

A break in service results from a separation from employment with the District because of resignation, retirement, layoff, termination during probation or dismissal. Unless expressly provided elsewhere in this Agreement, a break in service results in loss of permanent status, seniority, accumulated sick leave, personal necessity leave credit, vacation status, placement on the salary schedule, and eligibility for retiree and other benefits. No paid leave of absence shall constitute a break in service.

**Q. Does a negotiated reduction of contract hours or salary constitute a layoff (thus a break in service)?**

**A.** It would not be considered a break in service unless the reduction forced the employee into a temporary work status, at which point they would have a break in service. This would never be negotiated but might be the results of a layoff.

**Q. If I \*volunteer\* to be laid off rather than bump (Article 11.8 Layoff Rather Than Bumping), and I was hired prior to July 1, 1997, do I retain my lifetime (health insurance) benefits? Or are they threatened?**

**A.** Yes and No . . .

The 39 month re-employment period DOES NOT constitute a break in service. If you are re-employed with the district within the 39 months, there is no break in service, and therefore, your benefits are still intact. So, for those hired before July 1, 1997:

**Pre-'97 hires under 55 with 20 years, or 55 with 10 years, without a break in service may:**

- **Retire from FHDA:** You may retire from FHDA and keep your lifetime benefits. You don't have to retire from PERS/STRS, you can work for another PERS/STRS entity and add to your service credit.
- **Retire through PERS/STRS:** You would NOT be able to get another job under PERS/STRS to add to your service credit.
- **Retire in Lieu of layoff:** This option lets you retire through PERS/STRS AND places you on the 39 month re-employment list. It gives you an opportunity to return to FHDA and earn more service credit if you are re-called to work within the 39 months. If you are NOT re-called, you simply retire. You do not earn service credit or years of service through PERS/STRS or add to the 20 years while on the 39 month re-employment list. ACE strongly recommends if you are eligible, that you retire \*in lieu of layoff\*.
- **Resign:** Simply leave the district. Article 17.1.1.3 of the ACE contract says that if you are a pre-1997 employee with a workweek of at least 20 hours and have worked for more than 20 years, when you resign you are entitled to health insurance. So if you wanted to wait to retire from PERS, yet didn't want to return to the District and you meet the above criteria, you would retain your health insurance. **ACE strongly urges anyone facing layoff to be laid off. There is little to gain with resignation, and it rarely benefits the member, as they lose their re-employment rights.**

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- **Accept a Layoff:** if you are not 55, but have completed your 20 years, you will retain your benefits and be placed on the 39-month re-employment list.

### **You would not retain your lifetime medical if:**

- You are laid off and placed on the 39-month re-employment list and the timeline expires before you are recalled, **and you have not completed 20 years** of service with the District. You would then no longer have your lifetime medical benefits.
- You resign, retire or are laid off before completing the 20 years.

### **Q. If I \*volunteer\* to be laid off rather than bump (Article 11.8 Layoff Rather Than Bumping), and I was hired after July 1, 1997, will I get a medical benefits bridge until I am eligible for Medicare?**

#### **A. Article 17.1.8 of the ACE Agreement states:**

Unit members employed after July 1, 1997 shall receive a medical benefits bridge program to cover the cost of medical benefits in the period of time between retirement and eligibility for Medicare coverage. Once eligible for Medicare coverage, the District's obligation for Medicare and/or medical benefits contributions shall cease.

#### **17.1.8.1 defines a qualified worker as one:**

- who is age 55 or older; [and]
- who has retired from service from the State Teachers Retirement System or the Public Employees Retirement System (or who has applied for and is eligible to receive a service retirement from either of said retirement systems); [and]
- who has rendered service to the District as a permanent or probationary worker with a normal work week of at least 20 hours for 15 or more years immediately preceding his or her retirement;

#### **Post-97 hires under 55, *with or without* service of 20 hours/week for at least 15 years; or those 55 or older *without* service of 20 hours/week for at least 15 years may:**

- **Accept a layoff and be placed on the 39-month re-employment list.**
  - If they are re-hired within that period, they do not have a break in service. They can continue to earn service eligibility, but the time spent on the layoff rehire list does not count towards the service requirement for post-97 medical benefits bridge.
  - If they are not re-hired within the 39 months, they are not eligible for the benefits bridge.

#### **Post-97 hires 55 or older, *with* service of 20 hours/week for at least 15 years may:**

- **Retire in lieu of layoff** and receive the medical benefits bridge until they are eligible for Medicare.

### **If I reduce my contract under ARTICLE 17B PRE-RETIREMENT REDUCTION IN CONTRACT, will that protect me from any reductions in salary or working hours that may result from the budget situation?**

**A.** We cannot guarantee that the district will agree to any proposal. We are willing to propose any article approved by the membership, but we can't guarantee the results.