

FREQUENTLY ASKED QUESTIONS ABOUT THE DISTRICT'S BUDGET AND ABOUT BARGAINING

June 23, 2010

Q: *What is the District's annual budget and what is the deficit?*

A: The budget for 2009/10 is \$279.5 million. However, it is only projected to be \$264.4 next year, a difference of \$15.1 million. Given the District's current operating deficit, in order to balance the budget, we'll need to make ongoing reductions of approximately \$13 million every year for the next three years.

Q: *What has the District done to close the budget deficit?*

A: We have already responded to the budget deficit by implementing staff reductions and non-personnel cuts and making one-time transfers of \$15.88 million as allowed by the state.

Q: *What portion of the budget does the District allocate to personnel costs?*

A: Over 86% of the District's budget in the unrestricted general fund is personnel costs. The cost of health, dental, and vision benefits is the largest single cost item contributing to the deficit. The current cost of health benefits for all active employees is \$21,999,748. Our projected health benefits cost for 2010/11 if we cannot negotiate a cap on health benefits will be \$22,956,057 and will escalate to nearly \$27,224,287 over the next three years. This amount does not include vision and dental costs or retiree health benefits.

Currently, we fully fund medical benefits for all employees who work at least 20 hours per week, except teachers. For teachers, we provide a medical benefit allowance. We also fund 100% of the cost of vision, and dental benefits for all employees who work at least 20 hours per week. For classified retirees, we cover the cost of benefits at the Kaiser single rate if the employee retires at 55 or older up until the age of 65. For teachers, managers, and psychologists, the District reimburses the cost of medical benefits for the employee plus one eligible dependent for a maximum of 10 years or until the retiree reaches age 65, whichever comes first.

Q: *What is the District asking for at the bargaining table?*

A: We are trying to negotiate the following items with all bargaining units:

- Reduce the next three school years through furlough days (\$7.9M)
- Freeze the District's contribution to health, vision, and dental costs to current rates for active employees and future retirees (\$8.9M over 3 years)
- Prorate health benefits for part-time employees (\$7.3M over 3 years)
- Eliminate vacation buyouts (\$2.1M over 3 years)

Q: *What is the current status of bargaining between the District and the unions?*

A: We are at impasse with all classified unions. That means we think that additional bargaining sessions would not be productive without the intervention of an outside mediator because neither side is willing to change its position. The major points of contention center on the District's proposal of: (a) a hard cap at current rates on benefits for active employees and retirees; (b) proration of benefits for part-time employees and their dependents; and (c) furlough days for the 2009/10 school year and future years.

We are still bargaining with MDSPA, the psychologists' unit. The teachers' union has informed the District that it will not begin bargaining until sometime in the fall.

Q: *Is everyone being asked to take furlough days and to have their benefits capped?*

A: Yes. The Board and the District's management are not asking anything of others that they themselves are not willing to do. District administrators have been voluntarily taking furlough days since March 2010, which has resulted in \$292,859 in savings for the 2009/10 school year. They also will be taking furlough days for the next three years and their benefits will be hard capped and prorated.

The Board voted at the June 22nd meeting on whether to hard cap its own health benefits and whether to reduce its stipend by the same percentage amount that employees will experience through furlough days. The stipend reduction would be in place for as long as furlough days are being imposed.

Q: *The unions have made concessions in the form of furlough days and a small contribution to the cost of health care. Why isn't the District making a counter-offer?*

A: The truth is that in these critical times and in the face of a very real and serious deficit, the District made a conscious decision to negotiate in a straight forward manner with its bargaining units, asking only for those concessions it needed to cover the deficit. We are simply not engaging in the traditional bargaining tactic of making an extreme initial demand in order to have something to concede at the bargaining table. We decided against that tactic because it would: (a) cause even greater upset if we let employees believe their families would lose coverage; (b) be disingenuous; and (c) be a waste of valuable bargaining time.

Q: *What will happen if the District cannot negotiate furlough days and health care concessions?*

A: Our position at all bargaining tables has remained consistent: we must reduce the deficit in an amount equivalent to the savings to be realized from furlough days, and hard-capping and pro-rating benefits. If by early September 2010, we are

unable to reach agreement on furlough days for 2010/11 fiscal year and a permanent health benefit cap, the District we will have to make additional cuts or reductions to Local One and CSEA positions. Those cuts and reductions will result in some employees being ineligible for health benefits. (The District's proposal on furlough days would *not* negatively impact health benefits.)

Q: What are other District's doing to address their budget deficit?

A: Our District is no different from other districts, many of which have already negotiated a reduced work year in some form or another. According to a School Services of California survey, 57 school districts throughout the state have negotiated work year reductions this year and 99 districts have negotiated work year reductions for next year. Many districts, including those in the surrounding area already cap medical benefits. For instance:

School Districts	2009 – 2010	2010 – 2011	Hard Cap on Benefits
Acalanes		5 days - 2010/11	
Antioch			Tiered Monthly Caps: \$ 795 Single; \$950 Two-party; \$1,000 Family
Brentwood		2 days	Kaiser rate (Employee only)
Byron		5 days	Tiered Monthly Caps: \$444 Single; \$888 Two-party; \$1,154 Family
Los Angeles Unified	4 days		
Pleasanton	3 days	5 days	
Alameda		5 days	
Livermore	3-5 days		
Lodi	5 days	7.5 days	
Oakley	3 days	3 days	\$637 or \$547 per month, depending on bargaining unit
Piedmont		5 days	
San Leandro		3 days	
San Lorenzo	3-4 days		
West Contra Costa		5 days	Hard cap at each tier