

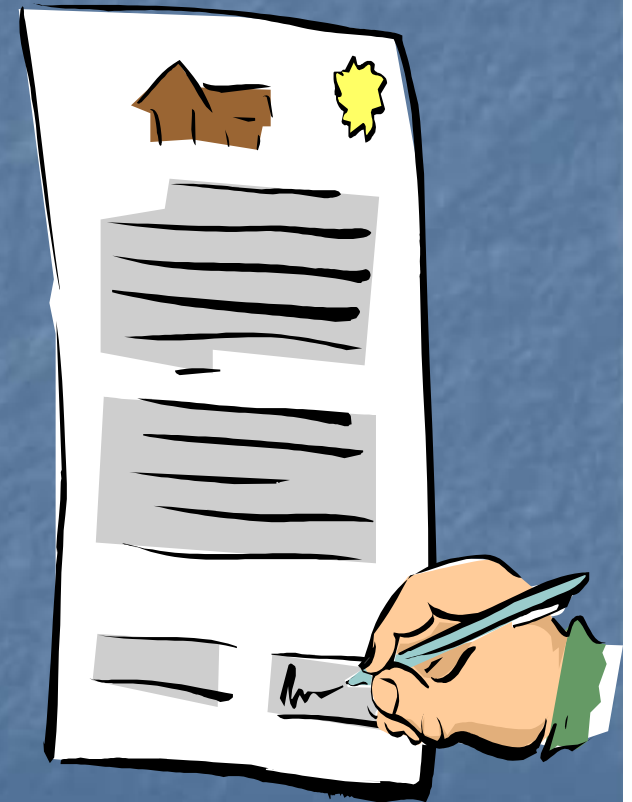
A Union Perspective of GASB 45  
Or...  
*A Contract is a Contract is a Contract*

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September 25, 2006

California Teachers Association /  
NEA

# OPEB in California Teacher Contracts

- Over 900 CTA Chapters
- Less than 50% offer some form of OPEB
- Less than 10% offer lifetime health benefits
- Teachers and District share cost of health benefits
- Typical benefits are up to five years health benefits if retire prior to age 65



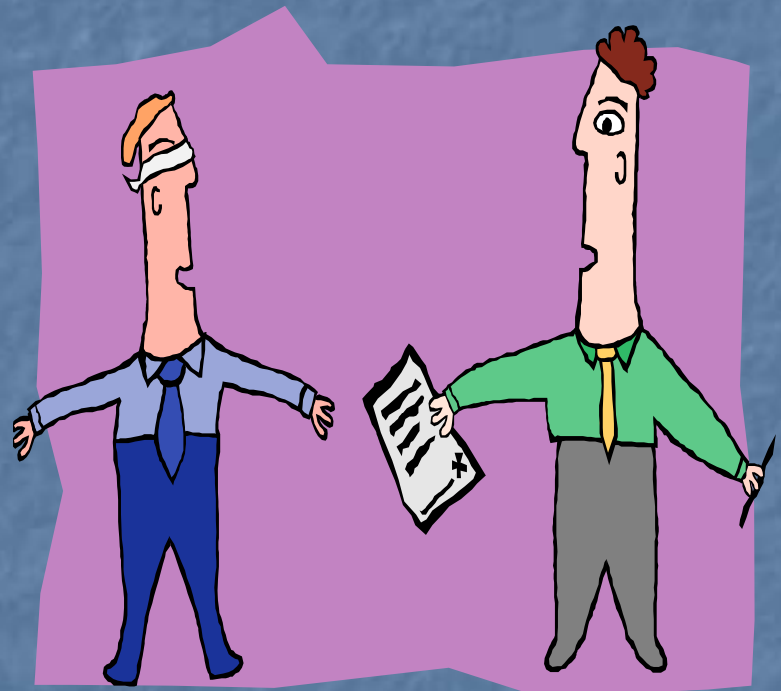
# Contractual Requirements



- Requires ten to fifteen consecutive years of service in district
- STRS changes have deferred retirement
- Typical benefit now about three years
- Cease with Medicare eligibility

# Evolution of OPEB in California Teacher Contracts

- ALL benefits negotiated locally
- Post-employment health benefits to attract teachers, especially in urban areas
- Local bargaining teams traded dollars on schedule for OPEB
- Lifetime benefits exist primarily in large urban chapters
- Recent trends indicate very few chapters adding this benefit



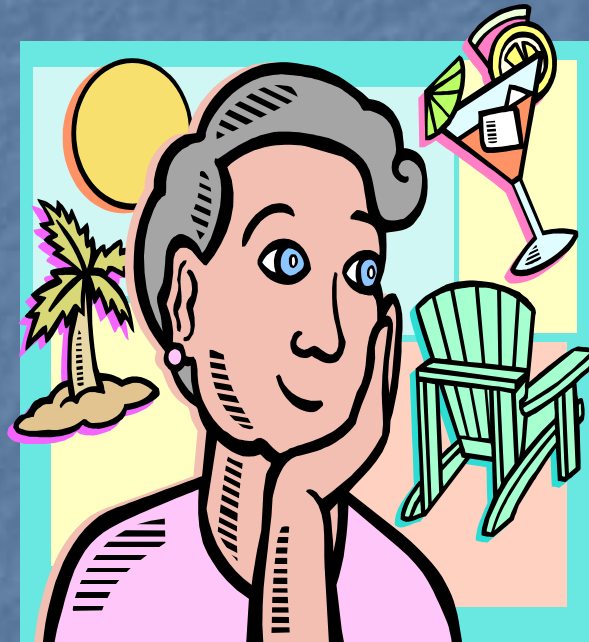
# How to Report OPEB for California Teachers



- What are the proper variables to consider?
- History of retention and turnover rates
- Assumptions used in rate projection
- Teacher demographics

# District Savings on Retirement

- Concept of “breakage”
- Impact of declining enrollment
- Savings on non-replacement



# Negotiations Implications

- Any benefit in the contract can only be changed by “Good Faith Bargaining” between the parties
- Past five years, many chapters received less in salary to maintain active and retiree health benefits



# It's the Health Care Costs, "Stupid"



- OPEB only health insurance
- Cost driver for OPEB needs to be controlled
- Trend toward PBM, Centers of Excellence, Value Purchasing
- Single Payer eliminates reporting requirement



# Next Steps...

- Remember, it is a REPORTING requirement
- Pay as you go does work
- Need for joint effort by Labor and Management to work together and find MUTUALLY agreeable solutions

