

# CAPSule

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## Health Benefits Decision Time

Open Enrollment for CalPERS' Health Benefits program began September 11 and ends October 6. During this period, eligible members may enroll in CalPERS health plans, add eligible family members, or make changes to their existing plans for the 2018 health coverage year.



the state employer contribution required under the MOU should have increased. This grievance will be heard in an arbitration held in Sacramento on October 24, 2017. A decision is expected by early 2018. If CAPS prevails, state scientists would be reimbursed for a portion of each monthly health benefit contribution made in 2017.

There is some good news: CalPERS members will see health premium rate increases for 2018 that are the lowest in 20 years. In June, the CalPERS Board of Administration approved a premium package with an overall average rate increase of 2.33 percent. **Challenges remain, including the ever-escalating cost of health care overall because many high use plans—including Kaiser—are seeing premium increases well in excess of 2.3%, there are high copays and deductibles in many plans, and there continues to be few low cost choices in rural areas.**

**Health Benefit Contribution Hearing October 24.** Under the CAPS MOU, the state employer's monthly contribution for health benefits is 80% of the weighted average premium of the four largest enrolled health plans. For 2017, the average premium calculation by CalHR was instead done using the fifth largest plan. That was done by CalHR ostensibly because one of the plans, Blue Shield Net Value, was not offered in 2017. Because the fifth largest plan is cheaper, and due to the elimination of the Net Value enrollees, Kaiser enrollees got a heavier weighting in CalHR's calculation of the average premium. The result was that the state's health benefit contribution for 2017 *went down*. CAPS filed a grievance saying that because all the health premiums went up, the average premium and the state's contribution should also go up, not down. CAPS argued that because Net Value employees would move to Blue Shield Access + HMO, the average premium and

**Don't Wait To Choose Your Plans for 2018 Health Care.** See the exact amounts to be charged by each health plan at each level (single, two party, and two-plus) on the CAPS web page.

Choice of medical provider, quality of care, deductibles and copays are equally important. You can learn about and plan on those options through [my.calpers.ca.gov](http://my.calpers.ca.gov). You will find all the Open Enrollment information you need, including individual annual Health Plan Statements, the 2018 Health Benefit Summary, the Health Program Guide, and the Medicare Enrollment Guide.



### Science Matters. California State Scientists

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# EnCAPSulations...

**David Miller and Michael Bilbrey for CalPERS.** If you haven't yet cast your vote in this important election, there's still time—online, by calling an 800 number, or via U.S. Mail. **David Miller and Michael Bilbrey** are **your** choices if you value your defined benefit pension and affordable health care. When elected, **David Miller** has pledged to put the interests of state scientists and all CalPERS members – employees and retirees – **first**. **Michael Bilbrey** has demonstrated his leadership and commitment as an incumbent. Please visit <http://davidmillerforcalpers2017.com>.



**Travel Expense Reimbursement Appeal Scheduled for December 13.** In 2014, CAPS grieved CalHR's refusal to honor the me-too clause in the 2011-2013 CAPS MOU. CAPS should have received the same travel reimbursement rate increases as other bargaining units who had reached new MOUs in 2013. CAPS prevailed at arbitration but the state successfully petitioned the Sacramento Superior Court to vacate the arbitration award. CAPS appealed the matter to the Third District Court of Appeal and briefs were filed in August 2016. The Court has set the appeal for oral argument on December 13, 2017 at 9:30 a.m. in Sacramento.

 **HOT, HOT, HOT!** Summer temperatures have reached record highs in many parts of California. That can lead to uncomfortable and even unhealthy workplace situations. CAPS typically receives inquiries about lack of adequate ventilation and HVAC capacity at state workplaces during the hot summer months. Of course, high temperatures can be a health and safety issue whether working indoors or outside.

Common sense precautions should always be taken, such as proper hydration, protective clothing, regular breaks, liberal use of sunscreen, etc. But there are situations where it is just too darn hot for any kind of productive work. While there's no set regulated temperature for what a workplace should be, the Department of General Services State Administrative Manual suggests 78 degrees in summer with a 4 degree fluctuation: useful information in a conversation with a supervisor. Go to <https://tinyurl.com/y6vzjggj> for more information. If this is a possibility where **YOU** are, always get permission from your supervisor before leaving your workplace early. As always, don't hesitate to contact CAPS with questions or concerns when it comes to **ANY** difficult workplace issue: [caps@capsscientists.org](mailto:caps@capsscientists.org).

**Wear Your CAPS T-Shirt Every Science Friday!** It's no secret that CAPS is working hard to raise the profile of the nearly 3,500 dedicated, hard-working State Scientists. You can certainly help by wearing your CAPS Science Friday T-shirt every Friday. Be seen and wear it proudly! CAPS has distributed nearly 1,400 shirts to CAPS members thus far. If **YOU** haven't yet received one, you can make your request via the CAPS webpage: [www.capsscientists.org](http://www.capsscientists.org) (one t-shirt per member, please.)

**You Can Buy Extras.** Members who wish to buy extra CAPS t-shirts for friends and family can do so via the website.





# When Retirement Planning Goes Wrong

By Patty Velez, President

Consider this: you work over 30 years with the promise that during retirement you'll receive a guaranteed fixed amount of, say, \$5,000 monthly. The retirement system is run by trustees who oversee the investment of that money. The fund was supposed to grow large enough to ensure that you get paid in full during your retirement. Instead, the Fund will run out of money in 10 years or so, and you are asked to voluntarily lower your monthly payment from \$5,000 to \$3,500 monthly.

That's exactly what's happening to some 34,000 union members who work for United Parcel Service Inc. and other logistics companies in New York (some 184 companies). A union election now underway will decide whether to accept a cut in their pensions of 29%. This will lower the average monthly benefit for retired teamsters in nine New York locals — those with 30 years of service or more — from \$5,000 per month to \$3,550. This will likely start a wave of benefit reductions to shore up private sector union retirement plans.

The Teamsters Fund trustees claim that if cuts aren't made it will run out of money in less than 10 years. This vote comes as the Trump Administration appears to be willing to allow cuts to retiree payments to deal with a looming crisis facing millions of unionized workers. The alternative is a government bailout, and that just doesn't appear to be in President Trump's playbook.

The New York State Teamsters Conference Pension and Retirement Fund in August became the third multiemployer plan to receive U.S. Treasury approval for a rescue plan under the Multiemployer Pension Reform Act of 2014. MPRA allows underfunded multiemployer plans to cut benefits, within certain limits, if the trustees can show it will prevent insolvency. This is by far the largest such cut.

This may just be the beginning. Up to 114 multiemployer pension plans covering 1.3 million workers are at risk of running out of money in 20 years. That's according to reputable actuarial consulting experts. The MPRA was adopted in part to shore up those plans without swamping the government's pension insurer, the Pension Benefit Guaranty

Corp., which said in August its multiemployer insurance program could be broke by 2025.

United Parcel Service Inc., one of the largest employers that contribute to the fund, is troubled by the proposed benefit cuts and is working on alternative rescue strategies, according to an emailed statement from a UPS spokesman.

What's the lesson for us? First, we all have the opportunity and obligation to plan for retirement.

That means using all the tools available to ensure that our "golden years" are truly golden, not silver, copper or bronze. It means using the proverbial "three-legged stool" to ensure we have sufficient funds to retire with peace of mind. The three legs are our CalPERS retirement, social security income and personal savings. I'm most concerned about the first leg, CalPERS.

Second, understand that there are things out of our control. Is our employer, the State of California, cutting corners at our expense? Are they making their contributions in full and on time? Considering that investment returns constitute the lion's share of what funds our retirement annuity, is CalPERS

investing our money wisely? How many historic market dumps will we see like the one in 2008?

Third, we are watching! Your CAPS leadership and staff take protecting CalPERS seriously. We watch what's happening, we act on things and we regularly report the facts to you. I have great confidence that CalPERS is sound. It will deliver on the defined-benefit retirement we were promised.

The people we rely on to deliver on retirement promises are appointed and elected to the CalPERS Board of Administration. They are charged with representing our interests so that we have the retirement benefit we were promised when we were hired. That's why CAPS endorsed David Miller for election to CalPERS. Unlike his opponent, he's one of us, he knows what's at stake, and he will support the measures necessary to ensure that our retirement promise is fulfilled IN FULL AND ON TIME.

**“What’s the lesson for us? First, we all have the opportunity and obligation to plan for retirement.”**



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## July 1 Salary Increase



During the July 2017 pay period every rank-and-file State Scientist saw a general salary increase of 5 percent. That's the second of three consecutive 5% salary increases provided by the current MOU. The third and final increase is scheduled for the July 2018 pay period. Meanwhile, the CAPS Bargaining Team will begin negotiations during Spring 2018 for a successor MOU. The objective remains full salary equity for one and ALL state scientists. CAPS knows it's possible because it has already been implemented for most state scientist supervisors, based on an administrative appeal and litigation filed by CAPS.

On the August pay warrant, every State Scientist should also have seen the first installment of the contractual post-retirement health care deduction. The deduction should have been reflected under a new payroll code: "**California Employers' Retiree Benefit Trust**" (CERBT). The amount deducted should have been seven tenths of one percent (.07 percent) of "pensionable" salary.

While no one wants to see an additional payroll deduction, this one is especially important. That's because it further vests state scientists with quality low-cost postretirement health benefits. The monthly contribution is being matched dollar-for-dollar by the state employer and is deposited in an independent fund administered by CalPERS.

This contribution was supposed to begin with the July payroll (August 1 paycheck), but the State Controller was unable to process the deduction in time. The actual deduction of 0.7 percent is less than most other bargaining units. It is based on "pensionable compensation" rather than total salary, so the actual amount deducted may differ slightly from 0.7 percent of gross salary. Pre-funding postretirement health benefits became necessary because the program had developed an unfunded liability of over \$70 billion. That prompted Governor Brown and CAPS (and all other state employee unions), to implement a funding program that will ensure the viability of postretirement health benefits for generations to come.

## In This Issue

- **Health Benefits Decision Time**
- **David Miller and Michael Bilbrey for CalPERS**
- **Wear Your CAPS T-Shirt on Science Friday!**
- **When Retirement Planning Goes Wrong, by Patty Velez, President**