

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of September 23, 2014

ITEM TITLE: Consider approval of the current and prior period salary schedules.

SPECIFIC BOARD ACTION REQUESTED:

Request Board approval for the current and prior period salary schedules, modified to conform with collective bargaining agreements, in order to implement recommendations from the CalPERS's audit and comply with the California Code of Regulations, §571(a), and the California Government Code: §20160, §20630(b), §20636.1(a), §20636.(b)(1).

The Peralta Community College District is in process of resolving an audit finding from the California Public Employees' Retirement System's (CalPERS) Public Agency Audit of the District, dated August 2013. This finding had initially identified a gross pay increase for employees as a non-reportable compensation item for fiscal years 2010/11, 2011/12, 2012/13, and 2013/14. Subsequently, the District informed CalPERS that, in accordance with collective bargaining agreements for those fiscal years between the District and the SEIU Local 1021, and the International Operating Engineers, Local 39, employees' gross salary were increased, or "grossed up" in order to cover the cost of the higher after-tax deduction employees had to pay for long-term disability insurance. The long-term disability insurance premium after-tax deduction was approximately .0017 of employees' gross salaries. After the employees' gross pay was increased by the same amount, their net pay remained the same after the deduction.

CalPERS and the District are now in agreement that the gross salary increase was actually a part of employees' permanent normal pay, and as such, is pensionable earnings. CalPERS has pointed out that the salary schedules containing that change must be approved by the Board at its regular meeting, as required by various sections of the California Code of Regulations and the California Government Code.

The original salary schedules presented to the Board for these periods did not include the .0017 percent increase; therefore we are presenting these salary schedules with the .0017 increase for approval.

Request Board approval for the following salary schedules containing the gross-up salaries for fiscal years 2010/11, 2011/12, 2012/13, and 2013/14:

- (a) SEIU, Local 1021
- (b) International Operating Engineers, Local 39
- (c) Confidential Employees
- (d) Peralta Federation of Teachers (PFT)
- (e) Management

The District has been including the long-term disability benefits in the calculation of payroll and retirement earnings, approval of the above salary schedules will have no fiscal impact on the District, the employees past or future earnings or on the disability benefits.

ITEM SUMMARY:

The request for Board approval of prior period and current salary schedules with grossed-up pay rates that conform with the District's collective bargaining agreements meets the CalPERS requirement of complying with the California Code of Regulations, §571(a), and the California Government Code: §20160, §20630(b), §20636.1(a), §20636.(b)(1).

SOURCE OF FUNDS (AND FISCAL/BUDGETRY IMPACT):

N/A. No fiscal impact to District or employees.

BACKGROUND/ANALYSIS:

CalPERS's Office of Audit Services performed a Public Agency Review of Peralta Community College District and reported in their report dated August 2013 in finding number 5 that the District had incorrectly reported long term disability premiums in the reported pay rates and earnings for employees. District responded with evidence that showed that the increase of gross pay was agreed upon in the respective collective bargaining agreements, and that it was actually a part of employees' permanent normal pay, and as such, is pensionable earnings. Based on our agreement with CalPERS, finding number 5 will be closed after the District Board of Trustees approve the prior period and current pay schedules in an open session Board meeting to comply with state statutes.

DELIVERABLES AND SCOPE OF WORK:

N/A

ANTICIPATED COMPLETION DATE:

September 23, 2014

ALTERNATIVES/OPTIONS:

None

EVALUATION AND RECOMMENDED ACTION:

The recommended course of action is to comply with CalPERS audit recommendation to obtain Board of Trustee approval of salary schedules paid to employees over the fiscal years 2010/11 through 2014/15 that conform with the District's collective bargaining unit provisions that increased, or "grossed up," salaries to make the employees' after tax deduction of long term disability insurance premium cost neutral.

OTHER DEPARTMENTS IMPACTED BY THIS ACTION(E.G. INFORMATION TECHNOLOGY):

YES _____ NO _____ X

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

Interim Vice Chancellor Rinne

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

DOCUMENT PREPARED BY:

Prepared by: Susan Rinne Date: 9/12/14
Susan Rinne, Interim Vice Chancellor for Finance & Administration

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: Susan Rinne Date: 9/12/14
Susan Rinne, Interim Vice Chancellor for Finance and Administration

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: Susan Rinne Date: 9/12/14
Susan Rinne, Interim Vice Chancellor for Finance and Administration

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: _____ Date: _____
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: José M. Ortiz Date: 9/18/14
José M. Ortiz, Chancellor