



# **FY22/23 Cost-of-Living Adjustment and Tier II Applicable Percentage Increase**

Board of Directors Meeting  
July 13, 2022



# FY22/23 Cost-of-Living Adjustment



- All three MOUs and unrepresented management Employee Agreements provide for an annual Cost-of-Living Adjustment (COLA)
  - Based on San Francisco Bay Area's April to April Consumer Price Index (CPI) for San Francisco/Bay Area Wage Earners
  - April 2021 to April 2022 CIP - 6.5%
  - Per MOUs, annual COLA has a floor of 2.0% and a ceiling of 5.0%
- FY22/23 COLA of 5.0% represents an annual labor cost increase of approximately \$525K, which was included adopted FY22/23 Budget

# FY22/23 CalPERS Contributions

- **21 employees in Tier I CalPERS (2.7% @ 55)**
  - Pay full cost of the employee CalPERS contribution rate, which is capped at **8.0%**
- **14 employees in Tier II (2.0% @ 55)**
  - Pay full cost of the employee CalPERS contribution rate, which is capped at **7.0%**
- **29 employees in Tier III (2.0% @ 62)**
  - Pay full cost of the employee CalPERS contribution rate, which is currently **7.25%**

# FY22/23 Applicable Percentage

- Side Letter Agreements (dated 9/14/16) to the MOUs modified retirement benefits for existing and new Tier II employees on a prospective basis
  - Applies to employees hired from 7/1/12 – 12/31/12, and
  - Employees hired on or after 1/1/13 who are not “new members” of a public retirement system
- District contributes to Tier II employee’s 401(a) Plan
  - Amount equal to Applicable Percentage of the employee’s pensionable compensation with the District
  - Difference between Total Employer Normal Cost percentages for any fiscal year for the 2.5% @ 55 and the 2.0% @ 55 formulas
    - Each with 3.0% COLA Class 1 Optional Benefit
- FY22/23 Applicable Percentage is 1.400%, which is 0.03% more than the FY21/22 value representing a \$708 increase in annual labor costs

# Recommended Action

- 1) Adopt Resolution approving updated Salary Schedules incorporating FY22/23 annual COLA as provided for in Bargaining Unit MOUs and unrepresented employees' Employment Agreements
- 2) Adopt Resolution approving Tier II Applicable Percentage as provided for in Side Letter Agreements