

TO: Regional Transportation Commission

FROM: George Dondero, Executive Director,
Ellen Aldridge, Agency Consultant

REGARDING: RTC Autonomy – Set-aside of Social Security Funds pending Agency
Election on Social Security Participation

RECOMMENDATIONS

Staff recommends that the Santa Cruz County Regional Transportation Commission:

1. Approve the agreements between the RTC and its employee labor organizations (Attachments 1 and 2) regarding set-aside of Social Security Funds pending Agency Election/Referendum on Social Security participation
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BACKGROUND

The Santa Cruz County Regional Transportation Commission is establishing itself as a new employer separate and apart from the County of Santa Cruz effective November 4, 2006. In accordance with federal law, the RTC cannot automatically enter into a relationship with the Social Security Administration (SSA) for Old-Age, Survivors, and Disability Insurance (OASDI), commonly referred to as "Social Security" benefits, for its employees even though employees participate in Social Security currently through County employment. However, Medicare participation is mandatory and employee participation in that program will begin upon autonomy.

To determine whether to participate in Social Security, the RTC must hold an election or referendum among its employees and then, if the vote is affirmative for participation enter into what is called a Section 218 Agreement with the Federal Government. Such an election/referendum is administered by CalPERS, the agency which administers the 218 Agreement on behalf of all public employers in the State of California. This process cannot be initiated until the RTC is autonomous from the County and is operating pursuant to its own contract with CalPERS. In the event there is a vote to participate in Social Security, participation is retroactive to the date of autonomy, November 4, 2006.

DISCUSSION

Staff and the Agency consultant Ellen Aldridge have met with bargaining units to discuss the process for determining participation in Social Security. Since such participation, if elected, will require retroactive participation, it was determined that it

was essential to set aside the funds equivalent to the current employer and employee payroll tax which would otherwise be paid for Social Security participation by both the employees and the RTC to make that retroactive payment. Currently, the Social Security tax rate for wages paid in 2006 is 6.2% for employees and employers each, for a total of 12.4% contribution, on payroll up to a maximum annual amount, which is \$94,200 for 2006. In the event that the election/referendum decides against participation in Social Security, the RTC and its labor organizations will meet and confer to decide how to redirect the set aside Social Security funds to the benefit of employees.

Immediately upon autonomy, staff will initiate the process through CalPERS to establish an election/referendum on Social Security participation.

Attached are agreements reached between the RTC employee labor organizations and the RTC negotiators which outline the set aside of funds equivalent to the current employee and employer Social Security payroll taxes through the County Auditor pending election/referendum and the process that will be engaged in the event Social Security participation is chosen or not.

SUMMARY

Staff, the RTC's consultant Ellen Aldridge, and the employee bargaining units recommend that the RTC approve these agreements which set aside the amount currently being paid towards Social Security participation by the RTC and employees pending election/referendum which determines whether the RTC employees will retroactively participate in the Social Security program.

Attachments

1. Agreement with SEIU, Local 415 regarding Social Security funds
2. Agreement with RTC Mid-Managers regarding Social Security funds