

To: Regional Transportation Commission
From: George Dondero, Executive Director
Ellen Aldridge, RTC Consultant
Re: Social Security Referendum

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission:

1. Establish an effective date for Social Security coverage, if coverage is selected by a majority of the RTC employees
 2. Adopt the attached resolution requesting authorization from the California Public Employees' Retirement System (CalPERS) to conduct a Referendum.
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BACKGROUND

The Santa Cruz County Regional Transportation Commission established 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 could not 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 RTC employees participated in Social Security previously through County employment. However, Medicare participation is mandatory and employee participation in that program began upon autonomy.

To determine whether to participate in Social Security, the RTC must hold an election 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 election is administered by CalPERS, the agency which administers the 218 Agreement on behalf of all public employers in the State of California. Now that the RTC is autonomous from the County and is operating pursuant to its own contract with CalPERS, it is the appropriate time to determine whether to participate in Social Security.

DISCUSSION

Presented for your consideration and approval today is the resolution required by CalPERS to conduct an election in the referendum methodology. The Commission directed its labor negotiators to present employees the option to choose whether or not to participate in Social Security by the "referendum" election methodology, whereby all current RTC employees would vote on "all in or all out" basis. If a majority of the employees vote in favor of Social Security coverage, all current employees would be covered and all subsequently hired employees would be covered. If the majority voted against coverage, all present and future employees would not be covered.

The RTC was aware that SEIU members requested the RTC to select the "division" election methodology thereby allowing individual employee choice, also the preference of the Mid-Management unit. The "division" election methodology would allow current employees to individually select whether or not to participate in Social Security, but would mandate coverage for all future employees. The Commission directed staff to present the referendum methodology, as opposed to the division methodology, to ensure that all RTC employees, including future employees, are covered under the same benefit structure based on a majority vote of the current employees.

CalPERS provided the attached resolution as the process by which the RTC authorizes it to monitor the election conducted by the RTC. The resolution establishes the Executive Director, George Dondero, as the local officer in charge of the election procedures and its notice posting and reporting requirements. The election will occur at least ninety days after the notice is given to employees regarding the election process. All regular employees of the RTC who are Cal PERS members employed on the date of the notice and the actual election date would be eligible to participate to vote and all classifications of the RTC would be subject to Social Security participation in the event such is selected.

Additionally, the resolution provides for CalPERS modified coverage in the event Social Security participation is selected. This is consistent with the coverage employees had at the County, whereby the first \$133.33 of monthly income is excluded from Social Security reporting and taxation.

In the event there is an affirmative majority vote to participate in Social Security, participation can be retroactive to any date from the date of the election back to November 4, 2006, the date of autonomy from the County. The resolution under consideration today needs to establish the effective date of coverage.

A request has been made to employee organizations to provide input into the effective date and a recommendation will be made to the RTC at its meeting on the 15th. Establishing participation back to November 4, 2006 would be the recommendation if no alternative date can be agreed upon with the employee groups as that date would establish the benefit with no change from the system that was offered through the County. Should such retroactive participation be agreed upon and effectuated by a majority vote in favor of Social Security participation, funds have been set aside to purchase the retroactive credits for both the RTC and employee contributions.

SUMMARY

The RTC must hold an election among its employees to determine if employees wish to participate in Social Security benefits in the future. The RTC may choose to conduct the election by the "referendum" methodology or by a "division" methodology. The RTC directed staff to present the "referendum" methodology to ensure that all RTC employees, including future employees, are covered under the same benefit structure based upon a majority vote of the current employees.