

AGENDA: September 4, 2008

TO: Regional Transportation Commission

FROM: George Dondero, Executive Director and
Yesenia Parra, Administrative Services Officer

RE: Community of RTC (CORE) Employees Long Term Disability Option

RECOMMENDATION

Staff recommends that the Regional Transportation Commission (RTC) adopt a Resolution (Attachment 1) and approve the Side Letter Agreement (Attachment 2) giving the Community of RTC Employees (CORE) the option to participate in the Santa Cruz County Middle Management Long Term Disability Plan.

BACKGROUND

When the RTC separated from the County on November 4, 2006 and became an autonomous agency, the RTC approved the continued participation in the Santa Cruz County offered benefits, except the PERS medical, for all employees.

The Long Term Disability insurance (LTD) plan currently offered to CORE employees entitles them to receive 60% of the first \$3,000 of their pre-disability basic monthly earnings (Attachment 3) for a maximum of two years.

DISCUSSION

As part of the CORE unit Memorandum of Understanding, the RTC and CORE agreed to research long and short-term disability insurance programs that could take the place of or supplement the existing plan.

Having a good Long Term Disability (LTD) plan has become increasingly important to employees, especially those that may choose to opt out of Social Security. Those employees who opt out of Social Security will no longer have the safety net of the Social Security offered disability plan after 2011. Additionally, under their current disability plan they would only receive benefits for a maximum of two years. Under the LTD plan currently only offered to managers, employees receive 66.6% of their earnings, up to \$9,000 per month, until age 65. As such, the CORE unit has requested to have the option to participate in the Middle Management Long Term Disability Plan.

Staff has met with the appropriate county departments to discuss the cost to both the employee and employer if CORE unit employees were to participate in the County of Santa Cruz Middle Management Long Term Disability (LTD) plan. There would be no

additional administrative cost to the RTC and the employees would pay for any additional cost of the Middle Management LTD plan through regular payroll deductions.

Currently the RTC pays between \$7.54 and \$12.37 for CORE unit employees under their current LTD plan. The cost is based on a formula (Attachment 3) with a maximum of \$12.37 per pay period. The Middle Management LTD plan is also charged based on a formula and on a monthly salary not to exceed \$13,500 (Attachment 4). Based on current salary and insurance premium rates, the maximum cost to a CORE unit employee that chooses to enroll in the Middle Management LTD plan would be \$27.34 per pay period. For some employees the difference is significantly less. The LTD is negotiated by the County on a yearly basis so the cost may change.

During recent negotiations, management agreed to apply the RTC's current LTD contribution to an enhanced LTD plan and that CORE unit employees would pay the difference through payroll deductions. RTC staff has confirmed with the County of Santa Cruz that the payroll deduction is feasible and that because the RTC already has employees participating in the Middle Management LTD plan that there would be no additional administrative fee. As such, **staff recommends that the RTC give Community of RTC Employees (CORE) the option to participate in the Santa Cruz County Middle Management Long Term Disability Plan.**

SUMMARY

Staff recommends that the RTC adopt a resolution providing the CORE unit employees with the option to participate in the Middle Management LTD plan, with the RTC to apply its current LTD contribution to the employees chosen LTD plan and the remainder of the cost be paid directly by the participating employees through payroll deductions.

Attachments:

1. Resolution
2. Side Letter Agreement with CORE Amending the LTD Section of the MOU
3. Community of RTC (CORE) LTD Plan Summary Sheet
4. RTC Association of Middle Management (RAMM) LTD Summary Sheet