

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
PALOMAR COMMUNITY COLLEGE DISTRICT  
AND THE PALOMAR COLLEGE COUNCIL OF CLASSIFIED EMPLOYEES,  
AFT LOCAL 4522**

This Memorandum of Understanding ("MOU") is entered by and between the PALOMAR COMMUNITY COLLEGE DISTRICT ("District") and the PALOMAR COLLEGE COUNCIL OF CLASSIFIED EMPLOYEES, AFT LOCAL 4522, ("CCE"), collectively, "the parties."

**RECITALS:**

WHEREAS, the District represented to CCE and CCE acknowledges that the District is experiencing significant financial difficulties as the District has identified in the 2019-20 Adopted Budget and by the Fiscal Crisis Management Assistance Team (FCMAT), which both identified an \$11.7 million deficit;

WHEREAS, subsequent to the FCMAT, a deep analysis of the District's financial situation was conducted by the Administrative Services Division, which identified an estimated \$4.5 Million Dollars in savings related to, among other things, positions that were budgeted and not filled;

WHEREAS, on May 27, 2020, at the District's State of Budget Meeting the District announced a preliminary estimate for the fund ending balance of 12.5% (approximately \$20 Million) of the District's ending budget;

WHEREAS, the District represents that operating expenditures, including STRS/PERS, Health/Welfare, Step/Columns, continue to exceed estimated Cost of Living Adjustment revenues;

WHEREAS, the District is currently in hold harmless and under the New Student-Centered Funding Formula ("SCFF");

WHEREAS, prior to the COVID-19 pandemic, the District projected an additional \$4 million-dollars in revenue loss in the fiscal year 2021-22, which would make the District financially insolvent;

WHEREAS, the District projects that the District will experience fiscal insolvency within the next two (2) years, based on projected expenditures exceeding revenues that will deplete all District reserves;

WHEREAS, the State Chancellor's Office has appointed a Fiscal Monitor to monitor and assess the District's progress relative to budget expenditure reductions and if significant progress is not made, a State Trustee will be appointed;

WHEREAS, the current term of the District/CCE Agreement (the “Agreement”) ends on June 30, 2020, and the parties have been in contract negotiations since on or about December 2019;

WHEREAS, on May 6, 2020, the Palomar College Benefits Committee approved recommendations presented by its subcommittee affecting medical and dental plan redesigns.

WHEREAS, on March 4, 2020, the Governor of California, Gavin Newsom, declared a State of Emergency in response to the novel coronavirus outbreak; a global pandemic impacting the nation and state (“COVID-19 Pandemic”), and subsequently, on March 13, 2020, the President of the United States, Donald Trump, declared a National Emergency over the COVID-19 Pandemic;

WHEREAS, as a result of the worsening financial condition across the State and Nation will result in further ongoing depletion of funds due to the financial needs to combat the pandemic, may leave the District in further financial uncertainty;

WHEREAS, by entering into the instant MOU the parties desire to amend certain provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements contained in this MOU, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**I. HEALTH AND WELFARE BENEFITS**

1. The parties agree to accept and implement the District Benefits Committee’s recommended benefits plan design changes to Classified Employee medical and dental plans as identified in **Exhibit 1**, which is incorporated by this reference as if fully set forth herein.
2. The benefit plan design changes as described above include the following:
  - The District will cover the costs for the lowest paid Health Maintenance Organization (“HMO”) for the current medical plans offered. Any plan that exceeds the HMO plans covered by the District will be paid by the employee through a tenthly payroll deduction;
  - The District will continue to offer the Anthem Blue Cross Preferred Provider Plan (PPO) unchanged. The cost sharing table for 2020-2021 fiscal year is attached hereto as **Exhibit 1**, which is incorporated by this reference as if fully set forth herein

- The District will replace the Anthem High Deductible Health Plan with a new Anthem PPO Plan (\$20 Office Visit, 20% Coinsurance, \$300 Single/\$600 Family Deductible, and Prescription Plan of \$9 Generic/\$35 Name Brand);
- The District will replace the Anthem HMO with Anthem HMO with a \$20 Office Visit, \$40 Specialist Office Visit, \$250 Emergency Room Fee, and a Prescription Plan of \$9 Generic/\$35 Name Brand);
- The District will not make any changes to the existing Kaiser Plans (HMO and HDHP/HSA). The following table provides the incentive plans and disbursement dates to the HSA accounts for members who select the HDHP/HSA.

### **Kaiser HMO Health Savings Account**

#### **With District incentive: Health Savings Account (HSA- see Exhibit 1)**

Health Spending Account (HSA) incentive plans shall follow all state and federal tax rules and regulation. Contributions made by the District or any additional employee contributions are rolled over year-to-year if not fully used within the tax year.

- The District will cover the costs of the HMO Delta Dental Plan. The dental PPO plan will be offered but employees will have to pay the difference in costs between the two (2) plans based on a tenthsly payroll deduction. The cost sharing table for 2020-2021 fiscal year is attached hereto as **Exhibit 1** which is incorporated by this reference as if fully set forth herein.
  3. Based on the medical plan increases for 2020-21 fiscal year, the medical and dental plan changes will result in a savings of approximately \$1.2 million dollars for the District during the 2020-21 fiscal year and an approximate \$400,000 from July 1, – September 30, 2021 based on an October 1 plan year.
  4. The dental plan changes will result in an approximate savings of \$400,000.
  5. Employees who retire on or by September 30, 2020, by giving the District notice of the employee's intent to retire on or before this date, shall receive the healthcare and dental insurance coverage to which the employee is currently entitled. The aforementioned insurance coverage will be fully employer-paid by the District with no cost to the employee in accordance with the Group 1 or Group 2 status of the employee as set forth in the provisions of Article 24.
  6. Any employee who retires subsequent to this date shall receive the same plan designs and employer contributions as active employees. The Group 1 and Group 2 status provisions set forth in Article 24 shall stay in place

subject to the above, and those employees who retire subsequent to September 30, 2020 will be entitled to employer-paid healthcare and dental insurance coverage for the time periods accorded to those in Group 1 or Group 2. Subject to the foregoing, the parties agree to revise any needed changes in Article 24 – Retirees Health Coverage, to address the stated changes above.

7. Double coverage occurs when two employees who are in the same household can select a District offered medical plan. Effective 2020-21, employees who are double covered by the District shall make medical plan selections as follows:
  - a. Single Plan/Single plan
  - b. Single Plan/2-Party coverage (i.e. employee and one (1) dependent)
  - c. Single Plan/Family coverage (i.e. employee and two (2) or more dependents)
  - d. Employees “grandfathered” into the opt-out incentive plan due to the transition from FBC to will be required to have one (1) spouse select the most appropriate plan to cover the employee and/or dependents, in order for the other spouse to continue to receive the current “opt out” incentive.
8. The changes made in this Article I will become effective October 1, 2020.
9. District and CCE/AFT agree that all CCE/AFT bargaining unit members shall receive the same proportionate benefits as received by employees represented by the Palomar Faculty Federation or any other group for the life of this agreement.

## **II. MISCELLANEOUS AGREEMENTS**

1. As consideration for the concessions and agreements made by CCE to Classified Employee Health and Welfare Benefits, the receipt and sufficiency of which is hereby acknowledged, the District covenants and agrees to the following:
  - a. The District will meet with CCE leadership to provide information and updates regarding reorganization;
  - b. The parties agree to meet no later than July 31, 2020 for the purpose of impact bargaining regarding the District’s reorganization plan and any associated cost savings;
  - c. The parties agree to meet no later than thirty (30) days after the conclusion of the District’s benefits open enrollment with the intent of establishing the costs savings of benefits concessions made by CCE;

- d. The cost savings achieved by the concessions made herein will count or be credited by the District towards the CCE proportionate budget mitigation in fiscal year 2020-2021;
  - e. The parties agree to meet within forty-five (45) days of ratification to discuss the sunshining of contract articles, with the intent of commencing reopener negotiations;
  - f. The District will not layoff any Classified Employee during the 2019-20 fiscal years; and
  - g. The District will meet the requirements in good faith as set forth in Article II, subsections 1(a)-(d) prior to the determination of issuing layoff notices.
2. The parties hereby consider the successor negotiations complete.
  3. All relevant Memorandums of Understanding entered into by the parties during the 2017-18, 2018-19, and 2019-20 fiscal years, shall remain in full force.
  4. The parties further agree that the successor contract shall be closed and subsequent reopeners will commence during the 2020-21 year. The new contract term of 2020-23 will be accepted with no additional changes outside of the conditions set forth herein and Article four (4) - Term.
  5. In the event the District needs to make significant budget cuts during the 2020-21 year, both parties agree to negotiate with the intent of preventing layoffs.
  6. The recitals set forth at the beginning of this MOU are true and correct, are incorporated herein by reference as if fully set forth herein and verbatim and are acknowledged by the District and CCE to be a material part of this agreement.
  7. This MOU will be of no effect and will not be binding on the parties unless and until it is first approved and/or ratified by CCE's Membership, and subsequently approved and/or ratified by the Board of Trustee.

IN WITNESS WHEREOF, the parties, whose signatures appear below, by signing this MOU, acknowledge and agree that they have read this document and further agree that this MOU is entered into freely, voluntarily, and without duress.

Dated: June Jun 19, 2, 2020

CCE/AFT, Local #4522

By:   
Anel Gonzalez (Jun 19, 2020 16:12 PDT)

PCCD Counter Proposal #3  
Budget Mitigation  
June 16, 2020

Anel Gonzalez, President

Dated: June<sup>Jun 19, 20</sup>, 2020

PCCD

By: *Lisa Norman*  
Lisa Norman, Ed.D., J.D.  
District Chief Negotiator

*PCCD Counter Proposal #3  
Budget Mitigation  
June 16, 2020*

# **EXHIBIT 1**

Exhibit 1 - Medical Benefits Options For Active Benefit Eligible Employees

Agreed June 10, 2020

Effective October 1, 2020 - September 30, 2021

Health Plan Options	<b>Anthem PPO</b> <b>0% coinsurance</b> 0 deductible \$20/\$40/\$250* RX: \$9/\$35 :	<b>Anthem PPO</b> <b>20% coinsurance**</b> \$300/\$600 deductible \$20/\$40/\$250* RX: \$9/\$35	<b>Anthem HMO</b> <b>Full Network</b> \$20/\$40/\$250 RX: \$9/\$35	<b>Kaiser HMO</b> \$0 office visit RX: \$5/\$10	<b>Kaiser HDHP</b> \$1500/\$2700/\$3000 deductible \$3000/\$6000/\$6000 OPM Employee Incentive:
Employee Contribution	Single: \$215 2 party: \$422 Family: \$594	Single: \$28 2 party: \$56 Family: \$80	Single: \$0 2 party: \$0 Family: \$0	Single: \$0 2 party: \$0 Family: \$0	Single: \$0 2 party: \$0 Family: \$0
Employee Incentive	\$0	\$0	\$0	\$0	Single: \$3000 2 Party: \$6000 Family: \$6000
Classified Staff	X	X	X	X	X

Other Benefits Options

	Delta DentalCare HMO	Delta Dental PPO	Delta Dental Incentive PPO	Vision	Life/AD&D	Long Term Care	Long Term Disability		
Employee Contribution	\$0	\$44.87	\$71.57	\$0	\$0	\$0	\$0		
Classified Staff	X	X	X	X	X	X	X		

\*office visit/specialist/emergency room fee

\*\*up to out of pocket maximum (OPM) of \$1,000/\$3,000











# Budget Mitigation MOU

Final Audit Report

2020-06-19

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