FACCC Retirement Committee
May 22, 2020 at 11:00 am
Conference Call

Attending: Peter Morse, Meredith Heiser, Adam Wetsman, Morrie Barembaum, Deborah Dahl Shanks, Jaqueline Simon, Dennis Frisch, Dennis Smith, Jeanne Dunphy, and Richard Hansen

CalSTRS: Joycelyn Martinez

Absent: Phyllis Hall and Geoff Hagopian

Staff: Stephanie Goldman

Agenda:

1. State Budget Discussion with CalSTRS – Presented by Joycelyn Martinez
   a. On the Employer Side
      i. Supplemental payments which were going to be used for long term payments will now be used for short term payments.
      ii. The rate with the employer rates will now be 16.55%, quite a bit lower. They’re supplanting it so employers can have more leeway with payments.
      iii. In 2021-22, the CalSTRS board will have the authority to set the rate. The rate was set to go down to 18.2%, and with the supplanting payment it’s anticipated to be at 16.2%.
      iv. The state is covering the difference between the 16% and 19%. Originally, the intent behind the state buy down was for long term savings, but now it will be used to help employers in the short term.
      v. With these savings employers will still have the ability to pay their required contributions by 2046.
      vi. The 2% at 60 rate for members is not changing. For the 2% at 62 members there may be a shift, but as of right now there is no change.
      vii. Employer rates are generally protected by the state. State is much more impacted by the market volatility. It’s meant to help employers plan their budgets.
      viii. Right now CalSTRS investment returns for the year look to be flat.
   b. On the State Side
i. The CalSTRS board’s authority is being frozen, so this year’s fiscal contribution would remain the same. This is funded by the general fund.

c. Other budgets
   i. CalSTRS had a BCP requesting more hiring, but they are not pursuing that any more.
   ii. Pension Solution Project – Administration System- $53 million to more complete that project and it is going forward. Senate voted to approve the BCP.

2. Retirement Legislation – Joycelyn Martinez
   a. CalSTRS Housekeeping bill is not moving forward
   b. Assembly investment procurement bill is not moving forward
   c. AB 2219 (O’Donnell) - IRA bill is going to Assembly Appropriations on 6/5/20.
   d. Leave of Absence Issue– CalSTRS had a strict definition and they’re pursuing a better definition and they’re trying to get it in the trailer bill.

3. Federal Retirement – Stephanie Goldman
   a. FACCC has signed onto coalition letters requesting that the repeal of the WEP and GPO be a part of COVID-related legislation and economic stimulus packages.

4. Miscellaneous Items
   a. Retirement bills to consider for 2021
      i. Deborah recommends considering a bill that would make CalSTRS Defined Benefit program the default for all faculty regardless of whether they’re full-time or part-time, because it’s the only program that is offered at every campus. (delete space below)
      
      ii. Rich suggested mandating making social security an option through the state
   b. Requests to CalSTRS
      i. Deborah asked if CalSTRS can find out which part-time faculty are in cash balance and defined benefit. CalSTRS should send those people a letter letting them know that they can consolidate the plans.
      ii. Request a time and date for the part-time task force.
   c. For FACCC
      i. Develop an informational packet to give to part-time faculty explaining the WEP, GPO, CB, and DB.

5. Adjourn