



Implementation Plan for Administrative Employees to Pay Employee Share of Pension Cost



Goal of Implementation Plan

- All employees to pay 100 percent of employee share of pension costs by January 1, 2017
 - One year ahead of Public Employees Pension Reform Act goal of January 1, 2018

About OCERS

■ Retirement Formula

- Tier 1 = 2.0% at 57 – 45 employees (3%)
- Tier 2 = 1.67% at 57 ½ – 1,434 employees (96%)
- Tier 3 = 2.5% at 67 – 15 employees (1%)

■ Employee Contribution

- 1,049 Union employees (70%) - employee pays 100%
- 441 Administrative employees (30%) - OCTA pays 100%*
 - Salary grades P and above (244 – 55%)
 - FY 1993-94 – 3% in lieu of merit pool
 - FY 1994-95 – 3% in lieu of merit pool
 - FY 1995-96 – balance in lieu of merit pool
 - Salary grades below P (201 – 45%)
 - FY 2004-05 – OCTA began paying full employee contribution due to equity concern

■ OCERS contribution rates based on age of entry



* Four administrative employees hired after January 1, 2013, pay the employee share

OCTA Employee Groups

- Employee groups

Employee Group	FY 2012-13 Budget	Actual	Vacancies	Employee Share	Employee Contribution	OCTA Contribution
Coach Operators	803	762	41	8.44%	8.44%	19.47%
Maintenance	203	184	19	7.96%	7.96%	19.47%
Facilities Technicians & Parts Clerks	41	40	1	8.78%	8.78%	19.47%
Administrative	471	447	24	8.22%	0.00%	27.58%
Total	1,518	1,433	85	8.31%	8.36%	21.89%

- Average FY 2012-13 OCERS contribution rates

- Employer share
 - Tier 1 and Tier 2 is 19.47%
 - Tier 3 is 19.59%
- Employee share is 8.31%

Employee Contribution Plan Recommendation

- Union employees
 - Union employees currently pay the employee share of OCERS
 - No changes are recommended

- Administrative employees
 - Four year implementation plan is proposed in order for employees hired prior to January 1, 2013, to pay 100% of the employee share

 - Employee contribution of employee share
 - January 1, 2014 – 25% of employee share
 - January 1, 2015 – 50% of employee share
 - January 1, 2016 – 75% of employee share
 - January 1, 2017 – 100% of employee share

- Effective January 1, 2017, OCTA would no longer be contributing to the employee share of OCERS for any employee

Financial Impact

- Annual cost savings to OCTA based on implementation plan
 - Calendar year 2014 – savings of \$0.8M
 - Calendar year 2015 – savings of \$1.6M
 - Calendar year 2016 – savings of \$2.4M
 - Calendar year 2017 – savings of \$3.4M
- Total four year savings of \$8.2M
- Estimated 20-year savings as compared to the FY 2012-13 Comprehensive Business Plan is \$85M