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9/19/2011

From: Len Rubenstein <len.rubenstein@gmail.com>
Sent: Sunday, September 18, 2011 7:46 PM
To: Bailey, Russell, Legal
Cc: Theresa Nugent; Albert Tierney; Brenda D'Sylva; David Speck; Edward Milner; James McNeil; James Ray; Janine Bosley; Jarrod Overstreet; Jennifer Harris; Laura Triggs; Lonnie Phillips; Marietta Robinson; Michael Cross; Nancy McFadden; Patrick Evans; Robert Gilmore; Shane Cochran; Arthur Lynch; Bill Mitchell; Cheryl Orr; Michele Evans; Steven Bland
Subject: Re: Proposed edits to Draft 1-A

To all

At our last meeting I said I had some suggestions for how the report is organized. Having reviewed it twice more I am amazed at what Jim has produced and my comments really amount to tweak (though some of them are big tweaks). I think we can stick basically with organization of the observations section, which I think should be renamed as our report, as it covers almost all of the material I think needs to be there, with additions I identify below. I also think that each paragraph number should have a subject name for clarity. So here are my suggestions, including where I think there should be additional material.

Then what would is now the observations section would become the the body of the report -and put that what precedes it should be put in an appendix. The reason is that people want to get to the heart of our analysis, and the lengthy introductory section, while illuminating the details of the plans and performance, doesn't have the analysis that is contained in the observations. We would need to include some key information about the plans and other matters in this section, but I think that could be done without great difficulty.

I also have some comments on content, but I will leave them aside for now. So here are suggestions for essentially beefing up the observations section to make it our report, based on paragraph number in existing observations section. I give a name to each. I think a lot of charts would help.

1. Introduction. This is the existing first paragraph.

ADDITION: I think we should include a summary of the existing plans in a paragraph each, and also include a chart (I think more charts in this section would be of great value) that is based on the slides ion Brenda's presentation that show how the plans compare in terms of computation of benefits in terms of % of salary replaced, age of retirement, percentage of salary paid into the plan each year, and percentage of cost paid by employees.

ADDITION: concerns raised about each plan.

2. Overview of funding. This section is well done, but material in (f)-(j) doesn't seem to belong there.

3. Solvency of plan.

ADDITION: Analysis of costs of plans with projections into the future. I would include Stephen's excellent charts on cost trends and future projectins. I don't think it is adequate to say that they're not out of control – there needs to be more discussion, including assumptions used on return on why, etc.

4. defined benefit and defined contribution.

5/6. Employee contributions. I would consolidate the two paragraphs as a section on what the employees contributions are, how they were established, and what we think about them in each plan. I think this should be specific and analytical, not general

ADDITION: some analysis of the fairness of each plan, and how they compare in terms of contributions.

[there is also some material I would advise taking out; also, while I said I would not make substantive comments, I think the comments about city contributions as employee contributions, and pay and retirement are not quite accurate]

7. Differentiating new and old employees.

ADDITION: more specific discussion of each plan and differential, and what our analysis is; this section doesn't really take a position

ADDITION: broaden to discuss equity among plans and what we think about them.

8. Comparability to other jurisdictions.

ADDITION: charts

9. Social Security. I think this should be shortened and placed in the introduction.

11-12. ok, with titles.

13. VRS – this belongs I think in section 3.

14-16. ok with titles

17. I would put this in section 3, and I don't think it is entirely true that we can't address sustainability.

I also think the recommendations should address in summary fashion the most critical questions, which I see as

1. whether to have defined contribution or defined benefit [Jim's 7]
2. whether the plans are sustainable and what options there are for assuring sustainability, including how to approach employee contributions to the plan and increased costs generally. We can go along with Bruce's approach or not, but should take a position. I think we can say at a minimum that increases to date have been arbitrary and not related in a rational way to cost increases or equity. This would replace Jim's 8.
3. whether changes need to be made to assure comparability to those of other jurisdictions and if so what they are
4. whether changes need to be made to have equity among employees.
5. what the City needs to watch for
6. other recommendations in Jim's draft

I don't know if this is helpful -- and also hope this isn't too cryptic. I can share my thinking further at the meeting.

Best to all

Len

On Thu, Sep 15, 2011 at 5:13 PM, Bailey, Russell, Legal <Russell.Bailey@alpa.org> wrote:

All:

Here are some thoughts on the draft. I recognize that much may change once we hear the City's views on possible recommendations and discuss possible changes to the structure of the report.

Russ