


Memorandum

Date: August 12, 1998

To: Budget Officers

From: John R. Richards 
Budget Director
CSU

Subject: Benefit Rate Changes for 1998/99

There are a number of benefit rate changes that will take place this fiscal year. The benefit changes include the following:

- 1) Significantly decreasing retirement rates effective July, 1998;
- 2) Increasing long term disability rates also effective July, 1998;
- 3) Increasing Safeguard dental rates effective August, 1998;
- 4) Increasing health rates effective January, 1999; and,

1. Retirement: the rates and the subsequent percent decrease was issued in a CSU Budget Office memorandum in May 1998. The resulting decrease has not yet been taken from CSU's budget, but will, most likely, be taken via Governor's Executive Order by mid-year. To reiterate, the retirement rates in effect for 1998/99 are as follows:

<u>CSU Employee Group</u>	<u>CSU Contributions to PERS Retirement</u>		<u>% Decrease</u>
	<u>FY 1997/98</u>	<u>FY 1998/99</u>	
Miscellaneous, First Tier	12.721%	8.541%	-32.8
Peace Officer (Unit 8)	23.270%	17.591%	-24.4
Peace Officer (Unit 9 - P.O. Mgmt)	15.270%	9.591%	-37.2

For 1998/99 budgeting purposes, campuses should continue to budget at current rates, but, be advised that there will be a decrease via PFA to your campus budget as a result of these decreases. The decrease will be a pro-rated share of your 1997/98 retirement expenditures. As soon as those figures become available, the Budget Office will inform your office of your campus' pro-rata share.

2. Long-Term Disability rates are increasing effective July 1998. The long term rates are as follows:

Units	Deduction Code	1997/98 Premiums	1998/99 Revised Premiums	Amount of Increase	% of Increase
M80, M98	250-100	\$7.93	\$8.32	\$0.39	4.92%
Unit 3	250-101	7.25	7.47	0.22	3.03
Unit 4	250-102	2.94	3.08	0.14	4.76
Unit 1	250-103	33.55	34.53	0.98	2.92

It is expected that the new rates will result in a systemwide increase of approximately \$51,000 and will be funded by the campuses.

3. Campuses were provided an allocation of \$560 thousand for 1998/99 as Delta Dental rates are increasing. Safeguard dental rates are also increasing effective August 1998. The new rates will not have significant systemwide cost implications (approximately \$37,600). The new rates for Safeguard dental are as follows:

Active Employees			
Safeguard Basic			
CSU Employee Group	Old Rates	New Rates	Change
Single	\$10.30	\$10.82	\$0.52
Double	16.88	17.72	0.84
Multiple	23.30	24.47	1.17
Safeguard Enhanced			
Single	15.46	16.23	0.77
Double	28.40	29.82	1.42
Multiple	45.58	47.86	2.28

4. In January 1999, CSU will experience an increase in health premiums. The budget office expects the six months cost for the increased premiums to approximate \$3.0 million (approximately 7%). As done in the past, the Budget Office will provide an allocation for these premiums in December 1998 that will cover the six-month period of January 1999 to June 1999. The final budget letter for 1999/2000 will allocate the full year costs for the health premium increase.

cc: Richard West