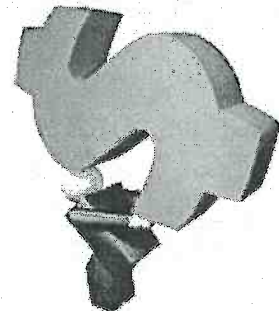


**County of Santa Barbara  
Retirement Program Alternatives  
Advisory Commission**

**Gary Feramisco, Chair  
Walter Hamilton  
John Nelson, Esq.  
Fletcher Phillips, Ph.D.  
Frank Troise**

**February 15, 2011  
Report and Recommendations to  
the County of Santa Barbara  
Board of Supervisors**



## Executive Summary

The County of Santa Barbara's pension costs have steadily increased since the beginning of the decade. With increases in salaries, as shown on Exhibit A, changes to benefits, benefit formulas used to compute retirement allowances, investment losses in recent years, and changes to the economic and demographic assumptions made by the Board of Retirement in October 2010, the County is facing a projected increase in employer contributions of approximately \$21 million beginning July 2011.

Anticipating an increase in the employer contribution rate, on March 23, 2010 the Board of Supervisors created a five-member Advisory Commission to assist with the development of retirement program alternatives designed to mitigate costs related to providing retirement benefits - not only in the near term but the long term as well. It was envisioned that the Advisory Commission would form a report with recommendations that would potentially be implemented through the collective bargaining process.

The Board appointed the following individuals to serve on the six-month Commission:

- 1<sup>st</sup> District – Walter Hamilton
- 2<sup>nd</sup> District – John R. Nelson, Esq.
- 3<sup>rd</sup> District – Fletcher Phillips, Ph.D.
- 4<sup>th</sup> District – Gary Feramisco
- 5<sup>th</sup> District – Frank Troise

Following the establishment of the Retirement Program Alternatives Advisory Commission (Commission), the Commission, supported by County staff, began meeting on a regular basis in July 2010 to explore retirement program alternatives. The Commission, as a Brown Act committee publicly noticed meetings and posted agendas at least 72 hours in advance of each meeting. In addition, all meeting materials were posted on the County's internet.

The Commission met numerous times from July 2010 to January 2011 and some members also attended Board of Retirement meetings regarding changes to actuarial assumptions.

The Commission considered numerous aspects of the County's current pension configuration, as governed by the Retirement Act of 1937 ('37 Act). Currently, the County's pension benefit structure includes the following aspects:

- **'37 Act Pension formulas:**
  - 2% @ 57 for all General Members (non-safety)
  - 3% @ 55 for Safety Members in Probation and Fire

- 3% @ 50 for Safety Members in law enforcement (Deputy Sheriff's Association, Sheriff Managers' Association, the Undersheriff, and the Sheriff)
- **Full rates vs. half rates** – Some employees currently pay the full share of the normal employee contribution to the pension benefit; other employees pay approximately one-half of the normal employee contribution with the County of Santa Barbara paying the remainder.
- **Negotiated Employer Offset** – Through collective bargaining, the County also provides a bi-weekly "offset" in varying amounts toward employee pension costs. This is an additional element of the pension benefit which adds to the employer's costs.
- **Final Average Salary** – The pension benefit is calculated based on either a Final Average Salary over the three highest years of salary (FAS3) or based on the final single highest year of salary (FAS1).

**Exhibit B** shows the current configuration of each of these elements for all employee groups.

The Commission also discussed and considered:

- Changes that could potentially be made for the existing workforce through collective bargaining;
- Changes that could be made for the future workforce through collective bargaining;
- Target retirement ages and income replacement levels at retirement;
- Inclusion of a defined contribution component as part of the pension structure; and
- Funding policy changes the Board of Retirement could potentially implement.

As a result of those meetings and discussions, the Commissioners identified the following key recommendations:

- A. The Commission recommends new pension "tiers" for the **future workforce** of the County and the Air Pollution Control District (APCD) be implemented immediately upon concluding the required collective bargaining:

All Future Employees	Future General Members	Future Safety Members
<ul style="list-style-type: none"> <li>• Pension benefit to be based on final three years of salary (FAS3)</li> <li>• Employees to pay the full employee contribution computed in accordance with statute</li> <li>• Eliminate Employer Offset*</li> <li>• Eliminate ability to convert vacation into pay (as it increases pension benefit as compensation earnable)*</li> <li>• Eliminate all performance-based lump sum payments*</li> <li>• Establish a defined contribution component to complement a reduced formula</li> <li>• Reduce the post-retirement COLA from 3% to 2%</li> </ul>	<p>That the Board consider one of the following reduced formulas coupled with a defined contribution component as well as the existing Social Security benefit:</p> <p><b>Alternative 1:</b> 1.62% @ 65; or</p> <p><b>Alternative 2:</b> 2% @ 61¼</p> <p><b>Note:</b> Alternative 1 would achieve the greater savings for the County.</p>	<p>That the Board consider one of the following reduced formulas coupled with a defined contribution component:</p> <p><b>Alternative 1:</b> 2%@50 for all safety bargaining groups; or</p> <p><b>Alternative 2:</b> 2% @ 50 for Probation and 3% @ 55 for Fire and Sheriff</p> <p><b>Note:</b> Alternative 1 would achieve the greater savings for the County.</p>

\* ***Could be implemented for unrepresented employees immediately by the adoption of a resolution by the Board of Supervisors.***

B. The Commission also recommends the Board of Supervisors explore the following pension reforms for the ***current workforce*** of the County of Santa Barbara and APCD:

- Pension benefit to be based on the highest final three years of salary (FAS3) instead of FAS1;

- Elimination of half-rate arrangements;
- Elimination of Employer Offset\*;
- Reduction of the post-retirement COLA from 3% to 2%;
- Elimination of the ability to convert vacation hours into pay\*; and
- Elimination of lump sum performance-based payments\*.

\* ***Could be implemented for unrepresented employees immediately by the adoption of a resolution by the Board of Supervisors.***

C. Although the Commission recognizes that funding policy (e.g. amortization methods, setting contribution rates, etc.) is the sole fiduciary responsibility of the Board of Retirement, the methods used by the Retirement Board are an attempt to protect the security of the benefits promised and the funded status of the System while maintaining predictable, affordable contribution rates for the County. As such, in considering its Fiscal Year 2011-2012 Budget, the Board of Supervisors could request that the Board of Retirement consider potential funding policy changes.

Each of these key recommendations is discussed in greater detail in the body of the report.

It was the pleasure of the Commission to serve at the request of the Santa Barbara County Board of Supervisors. The Commission wishes to express its thanks to the Board of Supervisors for bringing together a resident group to review alternatives to the current pension structure and to assist the County of Santa Barbara in identifying potential solutions to the high cost of public employee pension benefits.

## ACTIVE MEMBER VALUATION DATA 1999-2010

Valuation Date	Plan Type	Number	Annual Payroll	Average Annual Salary	Increase in Average Pay
December 31, 1999	General	3,351	\$146,141,000	\$43,611	
	APCD	64	3,599,000	56,234	
	Safety	915	49,708,000	54,326	
	<b>Total</b>	<b>4,330</b>	<b>\$199,448,000</b>	<b>\$46,062</b>	
December 31, 2000	General	3,509	\$163,159,000	\$46,497	6.6%
	APCD	61	3,484,000	57,115	1.6%
	Safety	945	53,097,000	56,187	3.4%
	<b>Total</b>	<b>4,515</b>	<b>\$219,740,000</b>	<b>\$48,669</b>	<b>5.7%</b>
Note: No valuation was performed in 2001					
December 31, 2002	General	3,600	\$185,697,000	\$51,583	10.9%
	APCD	59	3,672,000	62,237	9.0%
	Safety	961	62,463,000	64,998	15.7%
	<b>Total</b>	<b>4,620</b>	<b>\$251,832,000</b>	<b>\$54,509</b>	<b>12.0%</b>
June 30, 2003	General	3,562	\$189,274,000	\$53,137	3.0%
	APCD	61	3,828,000	62,754	0.8%
	Safety	950	64,135,000	67,511	3.9%
	<b>Total</b>	<b>4,573</b>	<b>\$257,237,000</b>	<b>\$56,251</b>	<b>3.2%</b>
June 30, 2004	General	3,502	\$195,664,000	\$55,872	5.1%
	APCD	57	3,701,000	64,930	3.5%
	Safety	944	67,596,000	71,606	6.1%
	<b>Total</b>	<b>4,503</b>	<b>\$266,961,000</b>	<b>\$59,285</b>	<b>5.4%</b>
June 30, 2005	General	3,502	\$195,460,000	\$55,814	-0.1%
	APCD	56	3,911,000	69,839	7.6%
	Safety	947	68,414,000	72,243	0.9%
	<b>Total</b>	<b>4,505</b>	<b>\$267,785,000</b>	<b>\$59,442</b>	<b>0.3%</b>
June 30, 2006	General	3,602	\$210,289,000	\$58,381	4.6%
	APCD	56	4,116,000	73,500	5.2%
	Safety	982	72,977,000	74,315	2.9%
	<b>Total</b>	<b>4,640</b>	<b>\$287,382,000</b>	<b>\$61,936</b>	<b>4.2%</b>
June 30, 2007	General	3,569	\$214,717,000	\$60,162	3.0%
	APCD	53	3,940,000	74,340	1.1%
	Safety	1,003	75,506,000	75,280	1.3%
	<b>Total</b>	<b>4,625</b>	<b>\$294,163,000</b>	<b>\$63,603</b>	<b>2.7%</b>
June 30, 2008	General	3,552	\$226,426,000	\$63,746	6.0%
	APCD	48	3,608,000	75,167	1.1%
	Safety	1,006	77,230,000	76,769	2.0%
	<b>Total</b>	<b>4,606</b>	<b>\$307,264,000</b>	<b>\$66,710</b>	<b>4.9%</b>
June 30, 2009	General	3,450	\$223,831,000	\$64,879	1.8%
	APCD	50	3,955,000	79,100	5.2%
	Safety	967	79,596,000	82,312	7.2%
	<b>Total</b>	<b>4,467</b>	<b>\$307,382,000</b>	<b>\$68,812</b>	<b>3.2%</b>
June 30, 2010	General	3,261	\$223,995,000	\$68,689	5.9%
	APCD	46	3,716,000	80,783	2.1%
	Safety	921	79,795,000	86,640	5.3%
	<b>Total</b>	<b>4,228</b>	<b>\$307,506,000</b>	<b>\$72,731</b>	<b>5.7%</b>

**Retirement Benefits  
General Members**

General Members						
Employee Organizations	Formula	FAS 1	FAS 3	Half Rates	Full Rates	Employer Offset
<b>Confidential - Unrepresented</b>	2% @ 57					\$30.00 biweekly \$780.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Deputy District Attorneys Association</b>	2% @ 57					\$96.04 biweekly \$2,497.04 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	
<b>Deputy Sheriff's Association - non-safety</b>	2% @ 57					\$40.00 biweekly \$1,040.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	
<b>Engineers &amp; Technicians Association</b>	2% @ 57					\$25.00 biweekly \$650.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>SEIU, Local 620 *</b>	2% @ 57					\$25.00 biweekly \$650.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>SEIU, Local 721 **</b>	2% @ 57					\$25.00 biweekly \$650.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Union of American Physicians &amp; Dentists</b>	2% @ 57					\$80.00 biweekly \$2,080.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	
<b>Management (non-safety) ***</b>	2% @ 57					\$80.00 biweekly**** \$2,080.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	

**Retirement Benefits  
Safety Members**

Employee Organizations	Formula	FAS 1	FAS 3	Half Rates	Full Rates	Employer Offset
<b>Safety Employee Organizations</b>						
<b>Deputy Sheriff's Association</b>	3% @ 50					\$73.00 biweekly \$1,898.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Fire, Local 2046</b>	3% @ 55					\$70.00 biweekly \$1,820.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Sheriff's Managers Association</b>	3% @ 50					\$80.40 biweekly \$2,090.04 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Probation Peace Officers Associaton</b>	3% @ 55		x	x		\$72.33 biweekly \$1,880.58 annually
<b>Safety Management</b>						
<b>Sheriff &amp; Undersheriff</b>	3% @ 50					\$60.00 biweekly \$1,560.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Fire Chief</b>	3% @ 55	x			x	Up to \$172.30 biweekly* up to \$4,479.80 annually
<b>Other Fire Managers</b>	3% @ 55					\$60.00 biweekly \$1,560.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Probation Managers</b>	3% @ 55	x			x	\$60.00 biweekly \$1,560.00 annually



**Retirement Program Alternatives  
Advisory Commission  
Report to the  
County of Santa Barbara  
Board of Supervisors**

**February 15, 2011**

***Introduction***

Retirement costs related to providing a pension benefit to Santa Barbara County employees presents an increasing financial challenge. As increases in salaries, as shown in Exhibit A, and changes to benefits, benefit formulas used to compute retirement allowances, investment losses in recent years, and changes to the economic assumptions made by the Board of Retirement in October 2010, the County is facing a projected increase in employer contributions of approximately \$21 million beginning July 2011. Beside the expected cost of providing the benefit, the cost associated with the unfunded liability of the Santa Barbara County Employees Retirement System (SBCERS) has grown steadily since the year 2000, and the unfunded liability of the system significantly grew due to the market downturn of 2008. It is important to note that the full impact of market losses and gains are not recognized immediately by the System in the calculation of the County's contribution rate, and their impact on the required contribution by the County continues over many years. The County of Santa Barbara is facing a significant increase in its pension-related costs in July 2011. These costs come at a time of decreasing or flat revenue for the County.

In response to concerns related to the sustainability of the County's pension program, on March 23, 2010, the Board of Supervisors created a five-member Advisory Commission (Commission) to assist with the development of retirement program alternatives designed to mitigate pension costs in both the near term as well as the long term. The Commission began meeting in July 2010 and concluded meeting in January 2011. During those meetings, Commissioners thoroughly reviewed the County's pension structure, surveyed other jurisdictions, reviewed elements of compensation that increase the cost of the pension benefit, looked at various changes that could potentially be negotiated for the future workforce as well as those that could be negotiated for the current workforce, and considered potential funding policy options.

The Commission did not consider the County's retiree medical program which has an annual cost of approximately \$10 million and an unfunded liability of approximately \$200 million. Reforms to the retiree medical program are the purview of the Board of Supervisors and subject to the collective bargaining process. In addition to the

recommendations made in this Report, the Board may wish to consider potential reforms to the retiree medical program to further control future costs.

### ***Pension Benefit Overview***

The Retirement Act of 1937 ('37 Act) governs the manner in which pensions are administered in '37 Act counties. The County of Santa Barbara is a '37 Act County, and the Santa Barbara County Employees' Retirement System (SBCERS), which has a Retirement Board as prescribed in the '37 Act, is responsible for administering the County's pension plans. The Board of Supervisors, as the governing body, is responsible for adopting benefits.

The County's pension plan is a "defined benefit." A defined benefit is an employer-sponsored plan in which the monthly pension benefit received by a retiree is based on a "formula" (as found in the '37 Act, negotiated with labor organizations, and adopted by the Board of Supervisors). In defined benefit plans, the employee, the employer, or both contribute to an individual's account, and the contributions are generally invested. When employees retire, they are promised a certain pension amount based on factors such as salary history and duration of employment. In a defined benefit plan, the investment risk is borne solely by the employer.

Another means of providing pension benefits is through a "defined contribution" plan. Unlike a defined benefit plan, a defined contribution plan does not promise a specific amount of benefit at retirement. In defined contribution plans, the employee, the employer, or both contribute to an individual's account, and the contributions are generally invested. When the employee retires, he/she receives the balance in the account, which is based on contributions plus or minus investment gains or losses. The value of the account fluctuates with changes in the value of investments; therefore, in a defined contribution plan, investment risk is shifted from the employer to the employee. A defined contribution plan, in and of itself, is not guaranteed to provide any certain level of retirement income.

As the County of Santa Barbara adopted the '37 Act, it is now required to provide a defined benefit plan; however, the County can also provide a defined contribution plan to supplement the defined benefit.

### ***Funding of the Pension Benefit***

The County of Santa Barbara's pension benefit is funded through:

- **Employee Contributions** – deducted from employee paychecks on a pre-tax basis. Currently the County picks up a portion of the employee's contribution through the half-rate structure (which will be discussed later) and/or an "Employer Offset" to the employee's cost. In addition "General Members" are enrolled in Social Security, and both the County and employees pay into the Social Security system.

- **Employer Contributions** – employer contribution rates are set by SBCERS and the County is obligated to pay its contributions as required by the '37 Act. Currently the County is paying 28.88% of its covered payroll; however, with recent changes the Board of Retirement made to economic and demographic assumptions, it is anticipated that the July 2011 rate will increase to approximately 34.5% of payroll. The increase is estimated to represent an increased cost of **\$21 million** (for a total of \$105 million) for Fiscal Year 2011-2012 (see Exhibit C). The Safety Member rate will increase from 38.9% to 47.3%, a cost increase of \$9 million, for a total of \$40 million for 942 employees. Safety Members do not participate in Social Security. The General Member rate will increase from 25.4% to 29.9%, a cost increase of \$11 million, for a total of \$65 million for 3,074 employees. In addition, the County pays 6.2% at a cost of \$12.4 million for Social Security.

The employer contribution rate is based on three factors:

- **The pension benefit** – this is the formula for the defined benefit as well as other associated elements of the benefit. The benefit configuration is both limited by statute and determined through collective bargaining between the County and its unions, and is subsequently adopted by the Board of Supervisors. The greater the benefit provided to members and/or survivors, the greater the current and projected liability to the employer. Once negotiated and vested the County is contractually obligated to pay for these benefits;
  - **The actuarial methods and assumptions** used by the SBCERS' actuary (i.e., amortization periods, smoothing methods, economic and demographic assumptions, etc.). These methods are determined by the Board of Retirement and its actuary; and
  - **The actual return on investments.** The Board of Retirement has full authority for establishing an investment policy and investing accordingly.
- **Investment Returns** – the Retirement System invests both employee and employer contributions and investment earnings to fund the pension benefit. With the recent downturn in the economy, SBCERS, like most other retirement systems, experienced significant investment losses. The upcoming increase in the County of Santa Barbara employer contribution rate from 28.88% to approximately 34.5% of payroll is a result of investment losses as well as recent changes to economic and demographic assumptions adopted by the Board of Retirement. This increase will not recoup all of the System's losses and losses are smoothed into the employer's rate over five years.

## **Retirement Benefits**

Under a defined benefit plan, the County undertakes to provide a stipulated set of benefits, as defined by benefit formulas, to employees who meet certain age and service requirements. As previously discussed, a defined benefit plan is designed to provide eligible participants with a specified benefit at retirement based on a specific formula. Generally, counties have both General Members and Safety Members (law enforcement, fire, probation, etc.) and there are different formulas available to Safety Members than are available to General Members.

Both General and Safety member plans are designed to pay each member a lifetime benefit based upon a formula which includes the following three factors:

- Member's age at retirement;
- Member's length of credited service; and
- Member's final compensation.

Benefits provided include income for service retirement, non-service connected disability retirement, active duty and retired member death and survivor benefits, and funded and/or ad hoc COLAs. In addition, reciprocal retirement benefits are provided to members who are entitled to retirement benefits from two or more retirement systems established pursuant to the '37 Act and the Public Employees' Retirement System.

Benefits provided are expressed as a percentage of the employees' final compensation during a one-year or three-year consecutive period in which earnings were at their highest level. This is expressed as a "Final Average Salary" (FAS1 or FAS3).

The factors that impact pension benefit **costs** include:

- The benefit formula;
- Compensation;
- The number of years' salary used to calculate the benefit – FAS1 or FAS3
- Whether the employee pays "half" the rate<sup>1</sup> or the "full" rate;<sup>2</sup> and
- The amount of the "Employer Offset" to the employee's pension contribution.

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<sup>1</sup> **Half Rate** – the employer picks up half the **employee's** retirement contribution. This is in addition to any bi-weekly employer contribution referred to as the "Employer Offset."

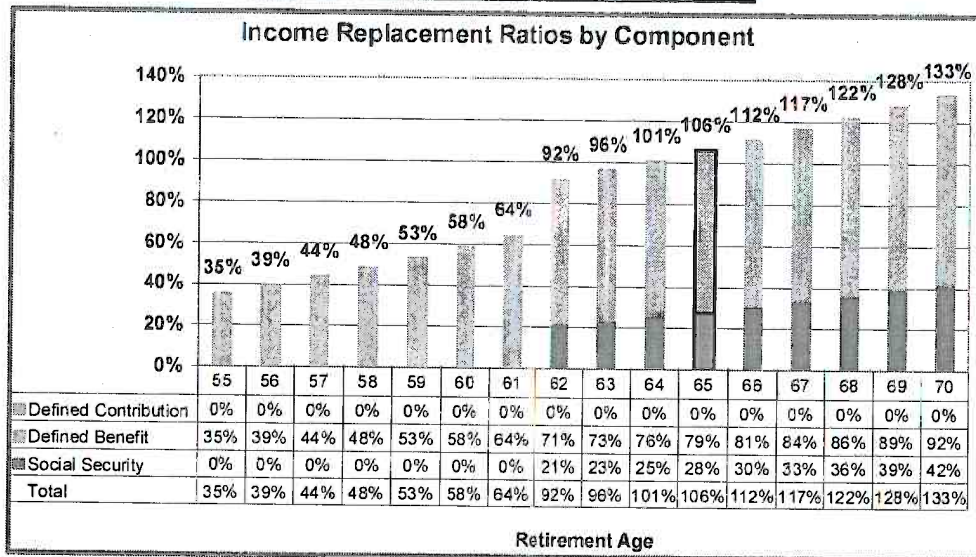
<sup>2</sup> **Full Rate** – the employee pays the full cost of his/her retirement contribution, with the exception of the "Employer Offset" amount provided to the employee as a bi-weekly contribution.

Exhibit B compares these elements across all employee groups; however, to summarize the information:

- All General Members have a 2% @ 57 formula and also contribute to Social Security.
- Safety employees have different formulas: Fire and Probation: 3% @ 55; and Sheriff: 3% @ 50. Safety employees do not participate in Social Security.
- Depending on the date of hire, employees' pension annuities are calculated on either a FAS1 or FAS3<sup>3</sup>.

As previously noted, General employees in the County of Santa Barbara participate in Social Security. This, in addition to the defined benefit plan, provides not only a monthly pension benefit from SBCERS, but also Social Security benefits upon meeting certain criteria and achieving a minimum number of quarters of coverage and attained age. The combination of retirement incomes from both systems is designed to provide a replacement percentage of pre-retirement income. As the following chart shows, current General employees who have the 2% @ 57 formula combined with Social Security achieve 100% income replacement if they retire at age 64 with 29 years of service. In addition, those retiring beyond age 64 currently achieve greater than a 100% income replacement. It should be noted this calculation is based on the assumption that Social Security benefits will remain at the current level.

**Current General Member Program**

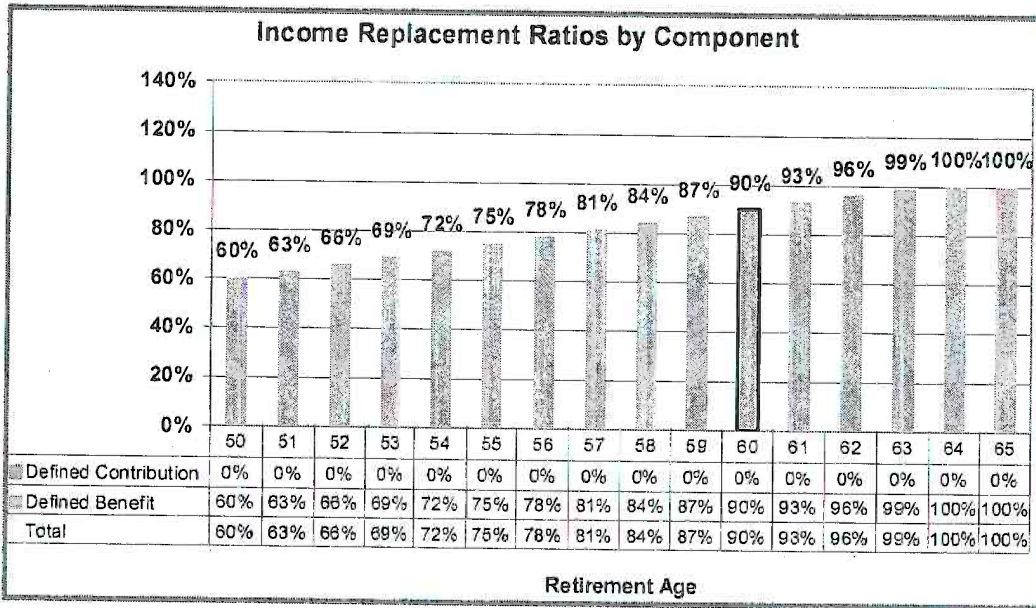


*Note: Data is shown for a General Member hired at age 35 at a salary of \$50,000 with increases following the actuarial assumptions from the June 30, 2009 actuarial valuation. Members retiring before age 62 would be entitled to Social Security benefits upon attaining age 62.*

<sup>3</sup> In order to eliminate employees paying "full rates," many labor organizations negotiated that employees would pay "half rates" in exchange for moving from FAS1 to FAS3 – to offset the cost associated with moving them from a full rates to half rates.

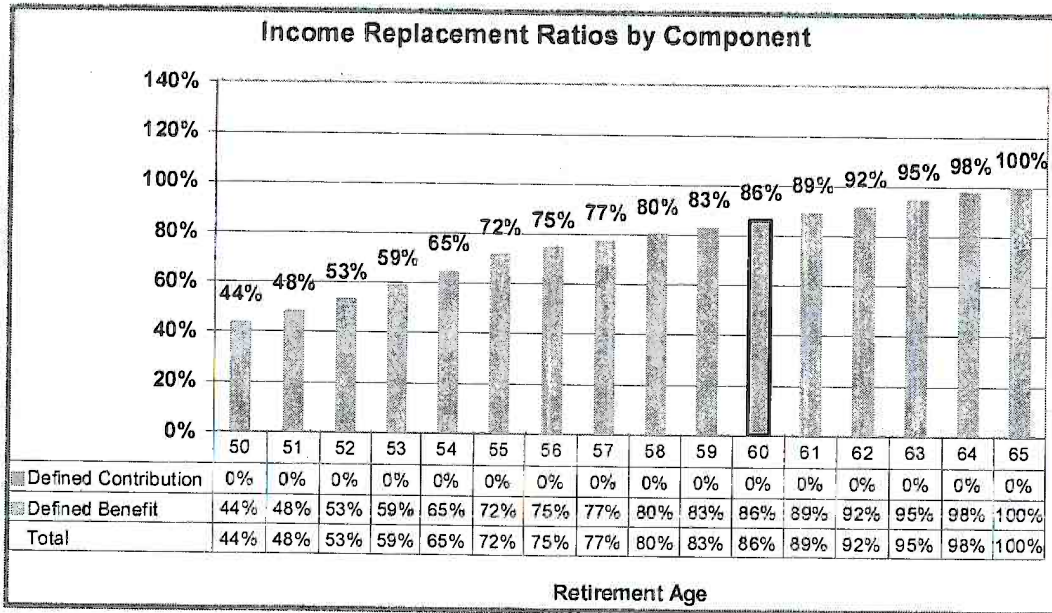
The following two charts demonstrate the income replacement value of the current Safety Member formulas. In these plans, Safety employees also achieve a 100% income replacement value with 34 (FAS 1) or 35 (FAS 3) years of service. Safety benefits are capped at 100%, and Safety Members do not receive Social Security benefits for their employment with the County.

**Current Safety Member 3% @ 50 (FAS 1) Program**



*Note: Data is shown for a Safety Member hired at age 30. Safety members are not covered by Social Security.*

**Current Safety Member 3% @ 55 (FAS 3) Program**



*Note: Data is shown for a Safety Member hired at age 30. Safety members are not covered by Social Security.*

The recommended Fiscal Year 2010-2011 County Budget reflected an estimated employer cost for retirement benefits as \$98.7 million. Of the \$98.7, an approximate \$8.8 million of the budgeted amount can be attributed to Other Post Employment Benefits costs (OPEB – retiree medical). Therefore, the basic pension benefit and all its components were estimated at approximately **\$90 million** in the Recommended Fiscal Year 2010-2011 budget.

The pension benefit is established through the collective bargaining process and certain changes to the benefit can be negotiated. A public employer cannot administratively make changes to the benefit once it is “vested.” There are also legal limitations on the degree to which an employer can negotiate benefit changes for the existing workforce, absent legislative changes. There is, however, the opportunity to negotiate some changes to certain elements of the benefit for the current workforce as well as an entirely different benefit structure for a future workforce. These changes would need to occur through the collective bargaining process and adopted by the Board of Supervisors.

### ***Potential Changes for the Board’s Consideration***

In reviewing possible changes to the pension benefit and its structure, the Commission considered changes that could potentially be negotiated for the future workforce as well as others that could be potentially negotiated for the current workforce. For unrepresented employees, these changes could be implemented by the Board of Supervisors through the adoption of a resolution. The focal areas for each group (future and current workforce) are discussed in the following sections of this report.

### **Future Workforce**

The Commission identified specific reforms that could potentially be implemented through the collective bargaining process which would create a new level of pension benefit (new tier) for the future workforce. The recommendations include changes to formulas and benefit levels as well as employee contributions.

1. A lesser benefit level for both General and Safety employees, coupled with a defined contribution plan for both groups as well as the current Social Security benefit for General employees. In regard to General employees, the Commission set certain targets around providing an adequate and sustainable pension benefit and identified:

- **Age at retirement:** 65 for General Members; 60 for Safety Members
- **Years of service:** 30 years
- **Income replacement:** 80% income replacement that would be achieved through a combination of:

**Defined Benefit + Social Security + Defined Contribution Plan**

This assumes a 2.5% contribution of pay to a defined contribution plan with an annualized 5% investment gain over the life of the employee. Actual returns may be greater or lesser than the assumed rate.

The Commission focused on two formula alternatives for each of the Groups:

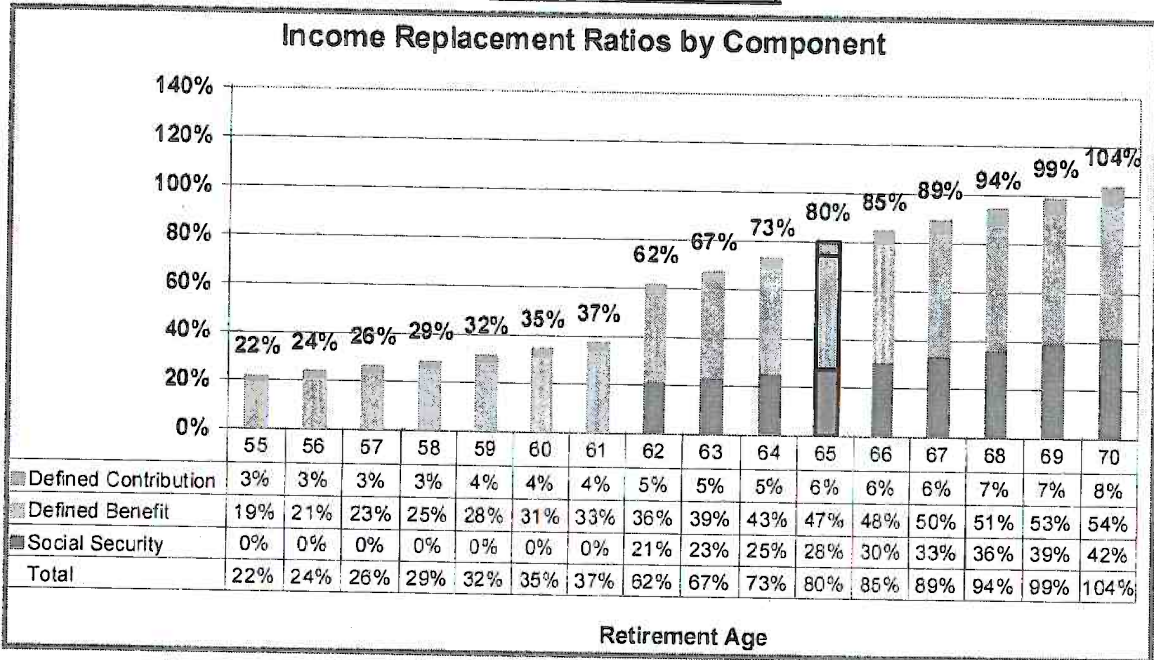
<b>Group</b>	<b>Alternative 1</b>	<b>Alternative 2</b>
General Members	1.62% @ 65	2% @ 61¼
Safety Members	All: 2% @ 50	<b>Probation:</b> 2% @ 50 <b>Fire and Sheriff:</b> 3% @ 55

In both cases, Alternative 1 offers the greatest financial savings to the County of Santa Barbara, assuming the County can continue to recruit and retain qualified employees with this reduced benefit. The two alternatives for Safety Employees would still be richer than the recent new tiers proposed/implemented by the State of California for certain future safety personnel. Though the two alternatives identified for General Members would be less than the State's proposed/implemented 2% @ 60 formula, when combined with a defined contribution plan, they may be more comparable. A reduction in formula for the future workforce will require consideration of the competitiveness of the benefit level offered and the County's ability to attract and retain employees.

The following charts show the difference between the two proposed General Member formulas, coupled with Social Security and a 2.5% of pay defined contribution plan with assumed annual investment earnings of 5% as well as a 2% post-retirement COLA.

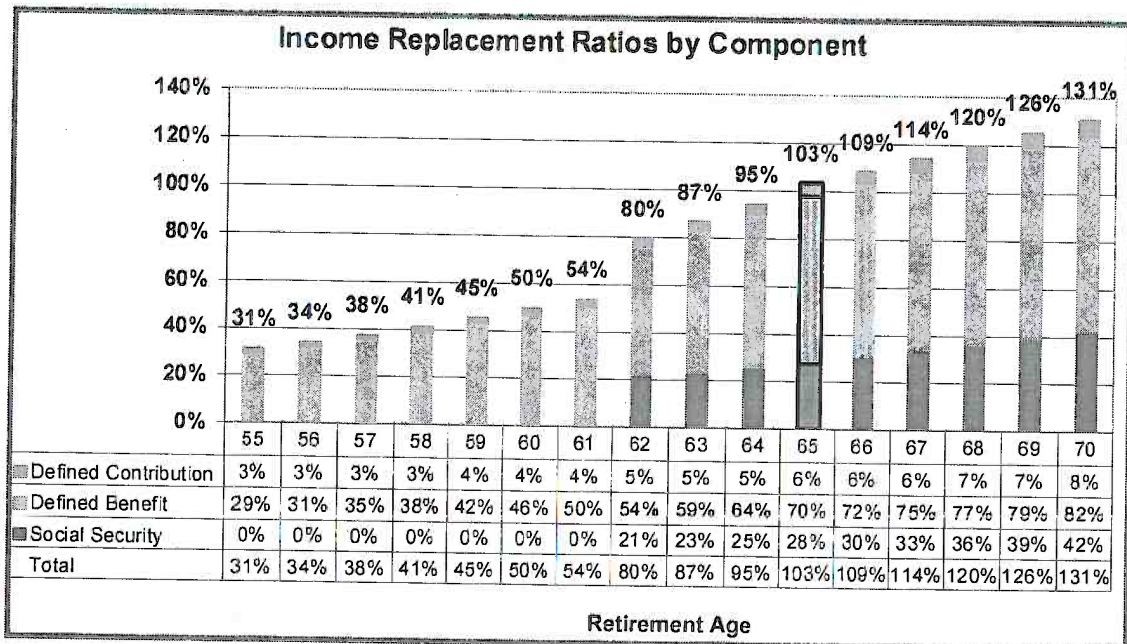


**General Employees Alternative 1  
1.62% @ 65 (FAS 3)**



*Note: Data is shown for a General Member hired at age 35 at a salary of \$50,000 with increases following the actuarial assumptions from the June 30, 2009 actuarial valuation. Members retiring before age 62 would be entitled to Social Security benefits upon attaining age 62.*

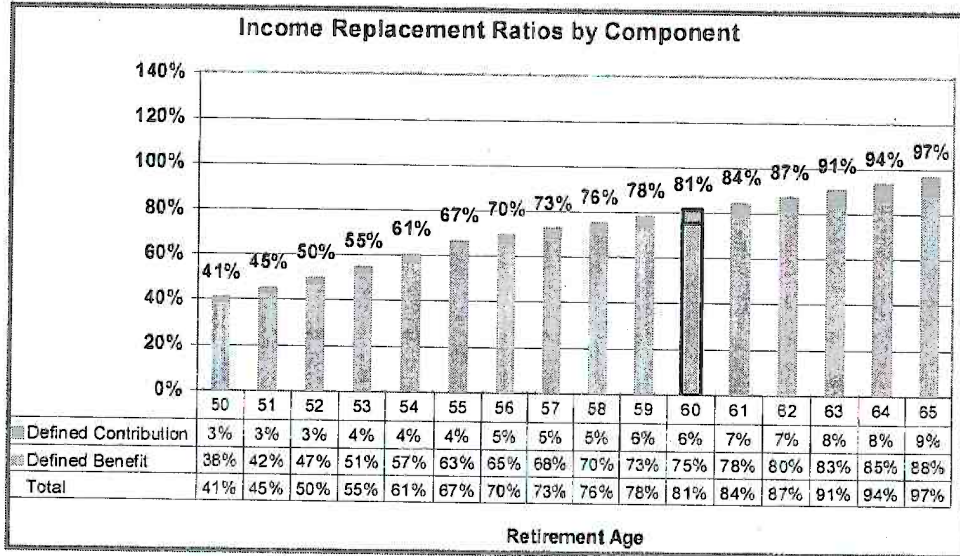
**General Employees – Alternative 2  
2% @ 61¼ (FAS 3)**



*Note: Data is shown for a General Member hired at age 35 at a salary of \$50,000 with increases following the actuarial assumptions from the June 30, 2009 actuarial valuation. Members retiring before age 62 would be entitled to Social Security benefits upon attaining age 62.*

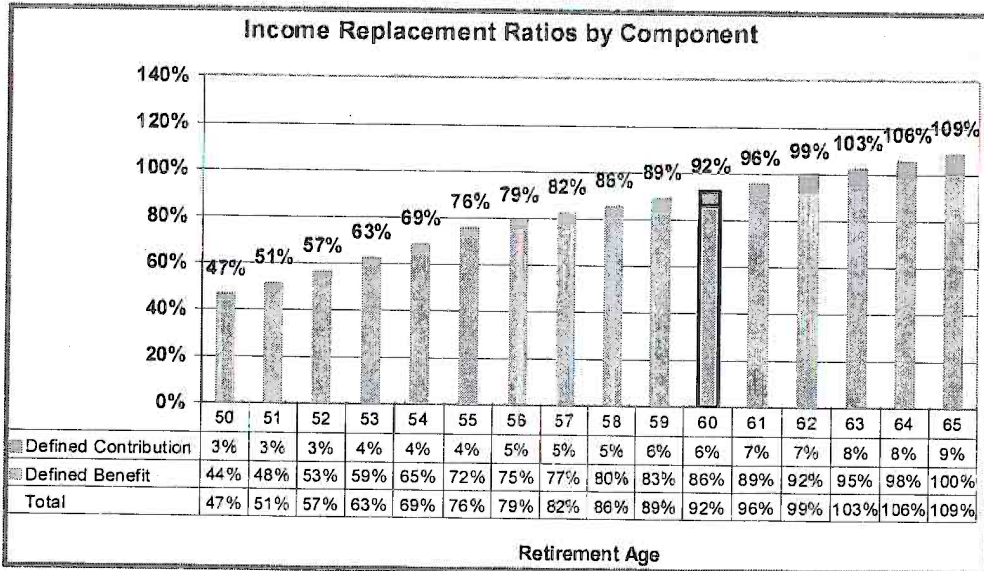
The following charts show the difference between the two proposed Safety Member formulas, coupled with a 2.5% of pay defined contribution plan with assumed annual investment earnings of 5% and a 2% post-retirement COLA upon retirement.

**Safety Employees – Alternative 1  
2% @ 50 (FAS 3)**



*Note: Data is shown for a Safety Member hired at age 30. Safety members are not covered by Social Security.*

**Safety Employees – Alternative 2  
3% @ 55 (FAS 3)**



*Note: Data is shown for a Safety Member hired at age 30. Safety members are not covered by Social Security.*

- Eliminating the use of Final Average Salary based on highest one year of salary (FAS1) and using the highest three years of salary (FAS3) to calculate the benefit for the future workforce;

3. Requiring employees to pay the full employee normal cost (this would mean the employer would no longer provide "half-rates" or an Employer Offset as part of the benefit structure);
4. Eliminating the ability to convert vacation hours into pay (as it increases the Final Average Salary upon retirement);
5. Eliminating any performance-based lump sum payments (as it also increases the Final Average Salary upon retirement); and
6. A post-retirement 2% COLA instead of the current 3% COLA.

The Commission found that negotiating and implementing the structure outlined above would provide considerable long-term savings for the County of Santa Barbara as shown in the table below comparing the estimated normal cost rates of the different formulas.

### Comparison of Current Formula to Alternatives 1 and 2

7/1/10 Valuation Results and Estimates for Potential Changes

General Members	Current Formula 2% @ 57 Current 3% COLA	Alternative 1 1.62% @ 65 2% COLA	Alternative 2 2% @ 61-1/4 2% COLA
Total Normal Cost	18.0%	10.2%	14.2%
Employee Contributions	4.1%	5.6%	5.6%
Employer Normal Cost	13.9%	4.6%	8.7%
Safety Members	Current Formulas 3% @ 50 / 3% @ 55 Current 3% COLA	Alternative 1 2% @ 50 2% COLA	Alternative 2 3% @ 55 2% COLA
Total Normal Cost	30.0%	22.9%	25.5%
Employee Contributions	5.7%	10.3%	10.5%
Employer Normal Cost	24.3%	12.6%	14.9%

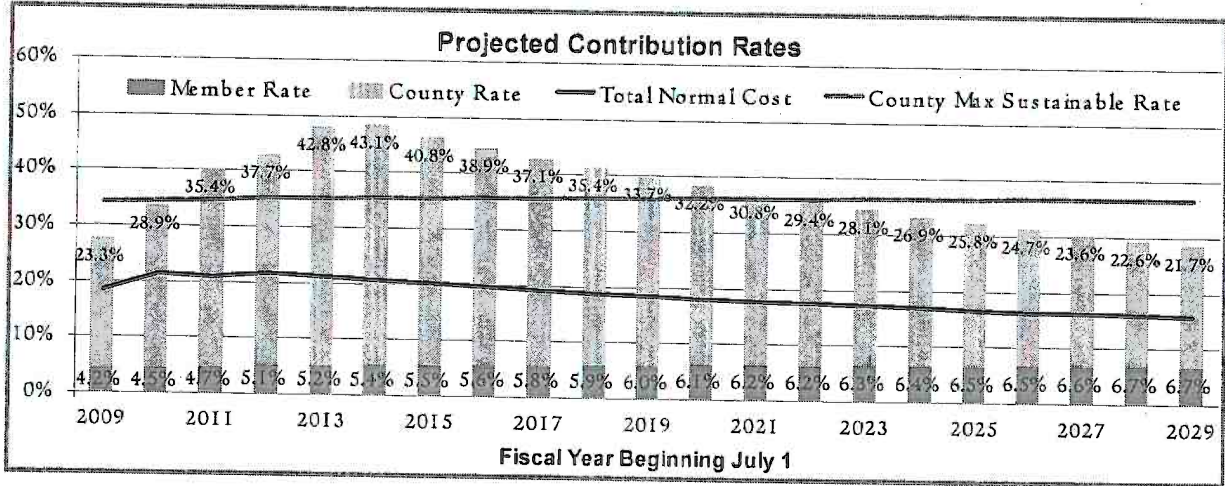
*Note: The normal cost rates for the current formulas are those reported in aggregate for general and safety members by Milliman in the June 30, 2010 actuarial valuation. The normal cost rates for the potential formulas are based on calculations of rates for the census data as of June 30, 2009, the assumptions as of June 30, 2009, and estimated adjustments to approximate the assumptions adopted for the June 30, 2010 valuation.*

It should be clear, however, that any savings will not become significant until the current workforce leaves employment or retires and a new workforce is hired. The Commission's actuary estimates the first-year savings for the County to be approximately \$1.5 million if the 1.62% @ 65 formula (with FAS3, full rates, and a 2% post-employment COLA) is adopted for new General Members and the 2% @ 50 formula (with FAS3, full rates, and a 2% post-retirement COLA) is adopted for all new Safety Members. This estimate assumes a normal level of hiring of new employees.

The chart below shows the projected long-term impact on contribution rates if these two formulas are adopted for new hires. As the chart shows, it isn't until 2023

(approximately thirteen years) before the County's rates return to approximately the 2010 level.

**Long-Term Impact on Contribution Rates – Alternative 1**



The table below shows the estimated dollar amount of savings in the first year the new formula is adopted and when all employees are covered by the new formula. The estimates are based on projected payroll for Fiscal Year 2011-2012.

County of Santa Barbara Estimated Annual Cost Savings		
	First Year	All Ees Covered
<b>General Members (Payroll = \$220 million)</b>		
1.62% @ 65 w/ 2% COLA, FAS 3, Full Rates	\$ 1,000	\$ 20,200
2% @ 61-1/4 w/ 2% COLA, FAS 3, Full Rates	\$ 600	\$ 11,400
<b>Safety Members (Payroll = \$81 million)</b>		
2% @ 50 w/ 2% COLA, FAS 3, Full Rates	\$ 500	\$ 9,500
3% @ 55 w/ 2% COLA, FAS 3, Full Rates	\$ 400	\$ 7,600

*Amounts in thousands*

**Current Workforce**

The Commission also focused on some potential changes for the current workforce, if County Counsel should determine any of the changes in benefits listed below can be collectively bargained.

- a) Eliminating the use of Final Average Salary based on highest one year of salary (FAS1) and using FAS3 to calculate the benefit for all employees;
- b) Eliminating the half-rate contributions and adopting full rates for all employees;
- c) Eliminating Employer Offsets;
- d) Eliminating the ability to convert vacation hours into pay, as it can increase Final Average Salary upon retirement;
- e) Eliminating lump-sum performance-based payments, as it can increase Final Average Salary upon retirement: and
- f) Adopting a post-retirement COLA of 2% instead of the current 3% COLA.

The Commission found that considering reforms in the areas identified above would result in significant savings for the County of Santa Barbara. The following chart demonstrates the estimated savings that could be achieved if all items were *not* vested and could be implemented through the collective bargaining process.

Change	Estimated Annual Savings*
Eliminate FAS1	\$2,700,000
Eliminate half-rates	\$8,900,000
Eliminate Employer Offset	\$4,200,000
Eliminate vacation conversion	\$900,000***
Eliminate lump-sum payments for managers and executives	\$300,000****
Reduce post-retirement COLA to 2%**	\$14,300,000
<b>Totals:</b>	<b>\$31,300,000</b>

\* Estimates are based on a general member payroll of approximately \$216 million and a safety member payroll of approximately \$85 million.

\*\* For members who are not yet retired.

\*\*\* Estimate is based on the cost of vacation conversions in Calendar Year 2009; this amount fluctuates based on the number of employees who take the conversion each year. Eliminating the vacation conversion would also reduce the amount of employees who retire as it would no longer be counted as compensation earned for the purposes of calculating the pension benefit.

\*\*\*\* Estimate is based on the single year in which performance-based lump sum payments were received by County managers and executives; it does not include the actuarial impact on the Final Average Salary and increased pension allowance.

## ***Funding Policy***

The Commission also considered potential changes to the funding policy. The funding policy is the sole fiduciary responsibility of the Board of Retirement; however, the Board of Retirement can consider funding policy changes to mitigate the short-term costs to the employer. This, however, is secondary to its fiduciary responsibility to the beneficiaries of the system. In October 2010, the Board of Retirement voted to not consider any other funding policy changes at that time and to focus on the completion of the 2010 Valuation of the System. Nonetheless, in considering its Fiscal Year 2011-2012 Budget, the Board of Supervisors could request that the Board of Retirement consider potential funding policy changes, should it appear warranted. Given this, the Commission recommends that the Board of Retirement and the Board of Supervisors consider the following funding policy options, as well as the pros and cons of each, when it next addresses funding policy.

- A. **Lengthen the asset smoothing period (possibly just for the losses incurred in 2008 and 2009).** Currently investment gains and losses are recognized over a five-year period. Lengthening this period would cause contribution rates to change more gradually and allow for the possibility of better market returns to mitigate the peak contribution rates. However, if worse market returns are realized, delaying contribution increases may ultimately result in even higher contributions in the future.
- B. **Lengthen the amortization period for some or all parts of the unfunded liability.** SBCERS currently uses a 17-year rolling amortization period to pay for the entire unfunded liability. Lengthening this period essentially defers more contributions to the future resulting in lower contributions today and higher expected contributions later. This may be an appropriate funding strategy if current contribution rates are unaffordable.

There are different components to the unfunded liability which might call for different amortization periods. For example, changes in benefits may be amortized over a shorter period reflecting the average future working life of those members receiving the benefit change. Changes in assumptions, however, reflect a reassessment of the cost of the promised benefits for both active and retired members and may be amortized over a longer period reflecting the average time until the benefits are paid. A longer amortization period may require the use of a closed amortization instead of a rolling amortization and may result in an increase in the unfunded liability, at least in the short-term.

The Commission recognizes that the assessment of these trade-offs is not simple, either for the Board of Supervisors or the Board of Retirement. At such time as the Boards consider changes in funding policy an actuarial study of the financial implications would need to be performed.

## **Recommendations**

The Commission respectfully makes the following recommendations to the County of Santa Barbara Board of Supervisors:

**Recommendation #1:** That the Board of Supervisors directs staff to negotiate and subsequently adopts one of the following new tiers for *future* General employees. The new tier would include a defined contribution component and the existing Social Security benefit:

- **Future General Employee Alternative 1:** 1.62% @ 65; or
- **Future General Employee Alternative 2:** 2% @ 61¼.

Alternative 1 provides the greatest savings to the County.

**Recommendation #2:** That the Board of Supervisors directs staff to negotiate and subsequently adopts one of the following new tiers for *future* Safety employees. The new tier would include a defined contribution component:

- **Future Safety Alternative 1:** 2% @ 50 formula for all Safety employees; or
- **Future Safety Alternative 2:** 2% @ 50 for Probation and 3% @ 55 for Fire and Sheriff.

Alternative 1 provides the greatest savings to the County.

**Recommendation #3:** That the Board of Supervisors directs staff to negotiate the following changes for *future* General *and* Safety employees:

- Pension benefit to be based on the highest final three years of salary (FAS3) instead of FAS1;
- Elimination of half-rate contributions<sup>4</sup>;
- Elimination of Employer Offset<sup>5</sup>;
- Reduction of the post-retirement COLA<sup>6</sup> from 3% to 2%;
- Elimination of the ability to convert vacation hours into pay; and

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<sup>4</sup> **Half-Rate** – the employer picks up half the employee's retirement contribution.

<sup>5</sup> **Employer Offset** – A negotiated, bi-weekly additional employer contribution to the employee's portion of the pension contribution.

<sup>6</sup> **COLA** – Cost of Living Adjustment for retirees

- Elimination of lump sum performance-based payments.

**Recommendation #4:** That the Board of Supervisors directs staff to explore the feasibility of negotiating the following changes for *current* General and Safety employees:

- Pension benefit to be based on the highest final three years of salary (FAS3) instead of FAS1;
- Elimination of half-rate contributions<sup>7</sup>;
- Elimination of Employer Offset<sup>8</sup>;
- Reduction of the post-retirement COLA<sup>9</sup> from 3% to 2%;
- Elimination of the ability to convert vacation hours into pay; and
- Elimination of lump sum performance-based payments.

**Note:** Elimination of the Employer Offset, vacation conversion, and lump-sum payments, could be implemented by Management Resolution immediately for unrepresented employees.

**Recommendation #5:** That the Board of Supervisors request that the Air Pollution Control District (APCD) Board consider negotiating and adopting Recommendations 1, 3, and 4, as applicable, given that APCD employees do not participate in Social Security.

**Recommendation #6** – Although the SBCERS Board of Retirement (BOR) has the sole fiduciary responsibility to set actuarial funding policy, the County Board of Supervisors may request the BOR to consider the actuarial funding policy changes outlined in this report. Therefore, the Commission recommends that the Board of Supervisors consider funding policy options it may wish to ask the Board of Retirement to consider, as well as the associated pros and cons and the accountability and sustainability of such a change, when it appears warranted doing so.

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<sup>7</sup> **Half-Rate** – the employer picks up half the employee's retirement contribution.

<sup>8</sup> **Employer Offset** – A negotiated, bi-weekly additional employer contribution to the employee's portion of the pension contribution.

<sup>9</sup> **COLA** – Cost of Living Adjustment for retirees



### ***Additional Items for the Board's Consideration***

In addition to the key recommendations outlined in this report, at the appropriate time, the Board may also wish to direct staff to explore and evaluate the effectiveness of the following additional potential reforms which the Commission did not have an opportunity to consider and analyze:

1. The conversion of 2080 sick leave balance hours for one year of service credit;
2. The feasibility to negotiate an employer 401(a) contribution in exchange for elimination of pensionable premium pays and allowances (currently 180 pay codes are being used); and
3. Potential reforms to the retiree medical program to further control future costs.

## ACTIVE MEMBER VALUATION DATA 1999-2010

Valuation Date	Plan Type	Number	Annual Payroll	Average Annual Salary	Increase in Average Pay
December 31, 1999	General	3,351	\$146,141,000	\$43,611	
	APCD	64	3,599,000	56,234	
	Safety	915	49,708,000	54,326	
	<b>Total</b>	<b>4,330</b>	<b>\$199,448,000</b>	<b>\$46,062</b>	
December 31, 2000	General	3,509	\$163,159,000	\$46,497	6.6%
	APCD	61	3,484,000	57,115	1.6%
	Safety	945	53,097,000	56,187	3.4%
	<b>Total</b>	<b>4,515</b>	<b>\$219,740,000</b>	<b>\$48,669</b>	<b>5.7%</b>
Note: No valuation was performed in 2001					
December 31, 2002	General	3,600	\$185,697,000	\$51,583	10.9%
	APCD	59	3,672,000	62,237	9.0%
	Safety	961	62,463,000	64,998	15.7%
	<b>Total</b>	<b>4,620</b>	<b>\$251,832,000</b>	<b>\$54,509</b>	<b>12.0%</b>
June 30, 2003	General	3,562	\$189,274,000	\$53,137	3.0%
	APCD	61	3,828,000	62,754	0.8%
	Safety	950	64,135,000	67,511	3.9%
	<b>Total</b>	<b>4,573</b>	<b>\$257,237,000</b>	<b>\$56,251</b>	<b>3.2%</b>
June 30, 2004	General	3,502	\$195,664,000	\$55,872	5.1%
	APCD	57	3,701,000	64,930	3.5%
	Safety	944	67,596,000	71,606	6.1%
	<b>Total</b>	<b>4,503</b>	<b>\$266,961,000</b>	<b>\$59,285</b>	<b>5.4%</b>
June 30, 2005	General	3,502	\$195,460,000	\$55,814	-0.1%
	APCD	56	3,911,000	69,839	7.6%
	Safety	947	68,414,000	72,243	0.9%
	<b>Total</b>	<b>4,505</b>	<b>\$267,785,000</b>	<b>\$59,442</b>	<b>0.3%</b>
June 30, 2006	General	3,602	\$210,289,000	\$58,381	4.6%
	APCD	56	4,116,000	73,500	5.2%
	Safety	982	72,977,000	74,315	2.9%
	<b>Total</b>	<b>4,640</b>	<b>\$287,382,000</b>	<b>\$61,936</b>	<b>4.2%</b>
June 30, 2007	General	3,569	\$214,717,000	\$60,162	3.0%
	APCD	53	3,940,000	74,340	1.1%
	Safety	1,003	75,506,000	75,280	1.3%
	<b>Total</b>	<b>4,625</b>	<b>\$294,163,000</b>	<b>\$63,603</b>	<b>2.7%</b>
June 30, 2008	General	3,552	\$226,426,000	\$63,746	6.0%
	APCD	48	3,608,000	75,167	1.1%
	Safety	1,006	77,230,000	76,769	2.0%
	<b>Total</b>	<b>4,606</b>	<b>\$307,264,000</b>	<b>\$66,710</b>	<b>4.9%</b>
June 30, 2009	General	3,450	\$223,831,000	\$64,879	1.8%
	APCD	50	3,955,000	79,100	5.2%
	Safety	967	79,596,000	82,312	7.2%
	<b>Total</b>	<b>4,467</b>	<b>\$307,382,000</b>	<b>\$68,812</b>	<b>3.2%</b>
June 30, 2010	General	3,261	\$223,995,000	\$68,689	5.9%
	APCD	46	3,716,000	80,783	2.1%
	Safety	921	79,795,000	86,640	5.3%
	<b>Total</b>	<b>4,228</b>	<b>\$307,506,000</b>	<b>\$72,731</b>	<b>5.7%</b>

**Retirement Benefits  
General Members**

General Members						
Employee Organizations	Formula	FAS 1	FAS 3	Half Rates	Full Rates	Employer Offset
<b>Confidential - Unrepresented</b>	2% @ 57					\$30.00 biweekly \$780.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Deputy District Attorneys Association</b>	2% @ 57					\$96.04 biweekly \$2,497.04 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	
<b>Deputy Sheriff's Association - non-safety</b>	2% @ 57					\$40.00 biweekly \$1,040.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	
<b>Engineers &amp; Technicians Association</b>	2% @ 57					\$25.00 biweekly \$650.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>SEIU, Local 620 *</b>	2% @ 57					\$25.00 biweekly \$650.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>SEIU, Local 721 **</b>	2% @ 57					\$25.00 biweekly \$650.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Union of American Physicians &amp; Dentists</b>	2% @ 57					\$80.00 biweekly \$2,080.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	
<b>Management (non-safety) ***</b>	2% @ 57					\$80.00 biweekly**** \$2,080.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94		x			x	

**Retirement Benefits**  
**Safety Members**

Employee Organizations	Formula	FAS 1	FAS 3	Half Rates	Full Rates	Employer Offset
<b>Safety Employee Organizations</b>						
<b>Deputy Sheriff's Association</b>	3% @ 50					\$73.00 biweekly \$1,898.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Fire, Local 2046</b>	3% @ 55					\$70.00 biweekly \$1,820.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Sheriff's Managers Association</b>	3% @ 50					\$80.40 biweekly \$2,090.04 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Probation Peace Officers Associaton</b>	3% @ 55					\$72.33 biweekly \$1,880.58 annually
			x	x		
<b>Safety Management</b>						
<b>Sheriff &amp; Undersheriff</b>	3% @ 50					\$60.00 biweekly \$1,560.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Fire Chief</b>	3% @ 55	x			x	Up to \$172.30 biweekly* up to \$4,479.80 annually
<b>Other Fire Managers</b>	3% @ 55					\$60.00 biweekly \$1,560.00 annually
Hired on or before 10/10/94		x		x		
Hired after 10/10/94			x	x		
<b>Probation Managers</b>	3% @ 55	x			x	\$60.00 biweekly \$1,560.00 annually

**Exhibit C**

**County of Santa Barbara  
Employer Contributions by Retirement Plan (for County Plans only)**

**Based on Salaries and Retirement Rates for FY 11-12 Budget using Positions Adopted for FY 10-11**

Retirement Plan	Plan Formula	Employee Count	Covered Payroll	Pension Rate	Pension Amount	FICA Rate	FICA Amount	Total Pension & FICA	Percent of Total
General 5A	2 @ 57, FAS 1, 1/2 Rate	717	54,664,012	29.4800%	16,108,673	6.2000%	3,066,730	19,175,402	16.3799%
General 5B	2 @ 57, FAS 1, Full Rate	611	52,712,505	29.2700%	15,498,827	6.2000%	2,885,889	18,384,716	15.7045%
General 5C	2 @ 57, FAS 3, 1/2 Rate	1,735	107,775,780	30.5400%	32,843,215	6.2000%	6,401,795	39,245,010	33.5237%
General Tier 2	SSI Integrated @ 65	11	708,881	18.9300%	134,191	6.2000%	40,781	174,972	0.1495%
General Plans		3,074	215,861,178	29.9196%	64,584,906		12,395,195	76,980,101	65.7575%
Safety 4A	3 @ 55, FAS 1, 1/2 Rates	75	8,475,861	46.7600%	3,963,313		-	3,963,313	3.3855%
Safety 4B	3 @ 55, FAS 1, Full Rates	11	1,248,953	41.9300%	530,329		-	530,329	0.4530%
Safety 4C	3 @ 55, FAS 3, 1/2 Rates	366	29,404,183	45.6800%	13,399,267		-	13,399,267	11.4458%
Safety 6A	3 @ 50, FAS 1, 1/2 Rates	143	14,946,310	48.3900%	7,237,595		-	7,237,595	6.1825%
Safety 6B	3 @ 50, FAS 3, 1/2 Rates	347	30,622,498	48.8400%	14,956,028		-	14,956,028	12.7757%
Safety Plans		942	84,697,805	47.3289%	40,086,531		-	40,086,531	34.2425%
Total All Plans		4,016	300,558,983	34.8256%	104,671,437		12,395,195	117,066,632	100.0000%

**Based on Salaries and Retirement Rates for FY 10-11 Budget using Positions Adopted for FY 10-11**

Retirement Plan	Plan Formula	Employee Count	Covered Payroll	Pension Rate	Pension Amount	FICA Rate	FICA Amount	Total Pension & FICA	Percent of Total
General 5A	2 @ 57, FAS 1, 1/2 Rate	749	55,484,491	24.9300%	13,831,896	6.2000%	3,096,783	16,928,679	17.6396%
General 5B	2 @ 57, FAS 1, Full Rate	477	44,247,654	24.9000%	11,074,817	6.2000%	2,381,043	13,455,859	14.0210%
General 5C	2 @ 57, FAS 3, 1/2 Rate	1,838	109,325,073	25.8200%	28,198,821	6.2000%	6,449,270	34,648,090	36.1032%
General Tier 2	SSI Integrated @ 65	13	827,038	15.7000%	139,651	6.2000%	47,249	186,900	0.1947%
General Plans		3,077	209,884,256	25.3688%	53,245,184		11,974,345	65,219,528	67.9585%
Safety 4A	3 @ 55, FAS 1, 1/2 Rates	79	8,497,750	38.6300%	3,282,681		-	3,282,681	3.4205%
Safety 4B	3 @ 55, FAS 1, Full Rates	11	1,308,134	32.3500%	423,181		-	423,181	0.4410%
Safety 4C	3 @ 55, FAS 3, 1/2 Rates	358	27,344,667	37.9300%	10,371,832		-	10,371,832	10.8074%
Safety 6A	3 @ 50, FAS 1, 1/2 Rates	152	14,624,989	39.5100%	5,781,475		-	5,781,475	6.0243%
Safety 6B	3 @ 50, FAS 3, 1/2 Rates	338	27,166,067	40.0900%	10,890,876		-	10,890,876	11.3483%
Safety Plans		938	78,941,607	38.9529%	30,750,046		-	30,750,046	32.0475%
Total All Plans		4,015	288,825,863	29.0816%	83,995,230		11,974,345	95,969,575	100.0000%
Variance	11-12 minus 10-11		11,733,120	5.7440%	20,676,207		420,850	21,097,057	