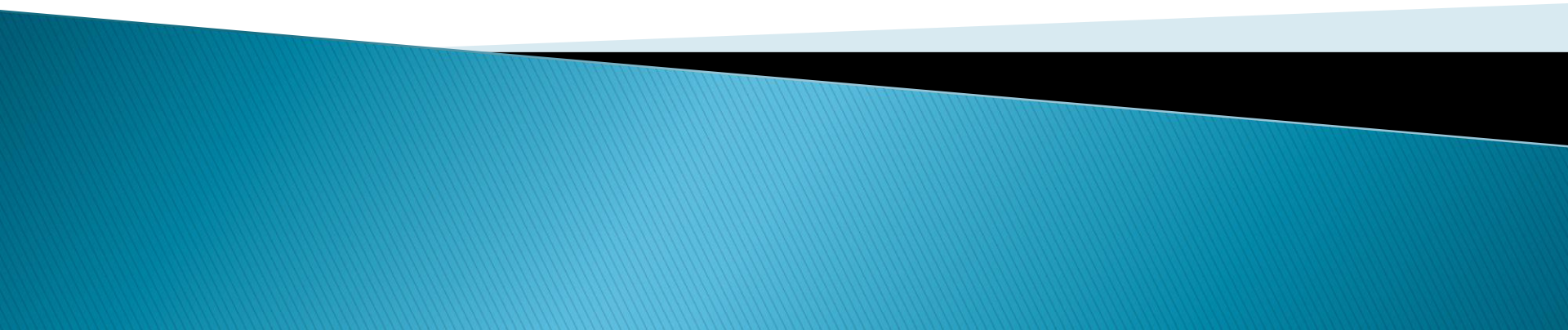


# Community Benefits Agreement (CBA)

## Section 7.2: Fringe Benefit Analysis

Project Labor Coordinator's  
Internal Standards / Methodology



# CBA – Benefit Payment Requirement

- ▶ **CBA contractors cannot take “credit” for payments to their existing (non-Union) benefit plans in lieu of the requirement to pay all benefit contributions to the Union Trust Funds**
- ▶ **CBA §7.2 (a):**  
*“Contractors shall pay contributions for all employees to the established employee benefit funds in the amounts designated in the appropriate Schedule A; and make all employee-authorized deductions in the amounts designated in the appropriate Schedule A; provided, however, that the Contractor and Unions agree that only such bona fide employee benefits as accrue to the direct benefit of the employees (such as pension and annuity, health and welfare, vacation, apprenticeship, and training funds) shall be included in this requirement and required to be paid by the Contractor on the Project; and provided further, however, that such contributions shall not exceed the contribution amounts set forth in the applicable prevailing wage determination.”*

# CBA §7.2(b) – Benefit Plan Exemption

- ▶ Section 7.2(b) allows Contractors the opportunity to continue to pay fringe benefit contributions to their own established benefit plans rather than pay those benefit contributions to the Union Trust Fund.

“(b) Unless otherwise required by law, Contractors who have fringe benefits for their core workforce equal to or better than those designated in the Schedule A do not have to pay the fringe benefit contribution designated in the Schedule A on the core workforce and may utilize their own fringe benefits.”

- ▶ Requirements for Benefit Plan Evaluation
  - The fringe benefit package evaluation must be submitted to the Project Labor Coordinator at least 14 days prior to bidding on a CBA-covered project
  - The Project Labor Coordinator will be responsible for determining whether the benefits are equal to or better than those designated in the Schedule A's

# CBA Coordinator's Two Methodologies for Benefit Plan Evaluation

- ▶ Cost Methodology
- ▶ Quality or Value Methodology



# COST Methodology

## Compares Department of Industrial Relations (DIR) Rates vs. Union Plan Hourly Rates

- ▶ This economic principle of reviewing the DIR rates against the contractor's benefit contributions paid is based upon the SWC CBA's Article 7, Section 7.1 and 7.2, which specifically mandates that a contractor performing upon covered work shall pay "the hourly wage rates for those classification in compliance with the applicable prevailing wage rate determination established pursuant to the California Labor Code by the Department of Industrial Relations" (CBA §7.1). Further, "that such contributions shall not exceed the contribution amounts set forth in the applicable prevailing wage determination" (CBA §7.2(a)) [excerpt below].

### WAGES AND BENEFITS

**Section 7.1 Wages.** All employees covered by this CBA shall be classified in accordance with work performed and paid the hourly wage rates for those classifications in compliance with the applicable prevailing wage rate determination established pursuant to the California Labor Code by the Department of Industrial Relations. If a prevailing rate increases under state law, the Contractor shall pay that rate in accordance with the California Labor Code. If the prevailing wage laws are repealed during the term of this CBA, the Contractor shall pay the wage rates established under the Schedule A's, except as otherwise provided in this CBA.

### **Section 7.2 Benefits.**

(a) Contractors shall pay contributions for all employees to the established employee benefit funds in the amounts designated in the appropriate Schedule A; and make all employee - authorized deductions in the amounts designated in the appropriate Schedule A: provided, however, that the Contractor and Unions agree that only such bona fide employee benefits as accrue to the direct benefit of the employees (such as pension and annuity, health and welfare, vacation, apprenticeship, and training funds) shall be included in this requirement and required to be paid by the Contractor on the Project; and provided further, however, that such contributions shall not exceed the contribution amounts set forth in the applicable prevailing wage determination.

# Basis for Cost Methodology

- ▶ The Cost Principle Methodology of comparing the contractor's hourly rate benefit payments against the *DIR established rates* (as opposed to comparing the benefit payments against the Union's Schedule A/trust fund hourly rates) is supported by the following:
  - CBA §7.2(a) mandates that the contractor's "contributions shall not exceed the contribution amounts set forth in the applicable prevailing wage determination." Therefore a comparison using the Union's trust fund hourly rates, which could be HIGHER than the rates published by the DIR, would not allow for compliance with the spirit of this CBA requirement.
  - *For this reason, the CBA directs the Administrator to compare the contractor's benefit plan contributions against the DIR's prevailing wage determinations.*
  - Furthermore, Labor Code §1773 affirms "in determining the rates, the Director of Industrial Relations shall ascertain and consider the applicable wage rates established by collective bargaining agreements..."

# Methodology for CBA Coordinator “Cost for Benefit Plan” Evaluation

**CRITERIA FOR EVALUATION:** *All criteria below must be met in order to proceed with the Request for Evaluation (RFE). If not met, RFE is rejected.*

- ▶ The Contractor’s RFE of its fringe benefit package must be received 14-calendar days prior to issuance of any bid in which it intends to employ its core workers whose benefits it seeks to pay into its established benefit plan.
- ▶ The RFE shall be issued on the Benefits Evaluation Form, “CBA Form 6,” (EXHIBIT ATTACHED) with all elements completed, which include: list of core workers; Craft/Work Classification Under Review; Benefit Plan’s Hourly Rate for health & welfare, pension, vacation, and/or “other;” evidence in the form of 3 months worth of benefit plan reports with core worker’s contribution data exposed; and proof of payments to the plans to support the hourly rate contributions reported. Also, identification of the prevailing wage determination periods associated with the public works projects the contractor was performing upon during the 3-month period; and benefit plan summary of services.

## **METHODOLOGY**

1. For each benefit plan report issued by the contractor, **confirm the total aggregate benefit payments** issued for each month by review of report’s total payment and validated contributions with **copies of cancelled checks**.
  - ***If unverifiable, RFE is rejected.***
2. Review the benefit plan summaries from the Contractor to determine if the plan benefits are irrevocable and directly accrue to the benefit of the worker.
  - ***If unverifiable, RFE is rejected.***
3. For each *core worker* identified by the Contractor seeking RFE, **identify & confirm the “hourly rate paid” in each of the benefit plan reports** issued by the Contractor.
  - ***If the hourly rate is unverifiable, RFE is rejected due to the contractor’s inability to evidence the “hourly” rate.*** If the benefit contributions are “monthly premium payments” the contractor must annualize the contributions in accordance with DLSE principle to deduce the hourly contribution rate (see DLSE Enforcement Manual 2013 .

# Methodology for CBA Coordinator “Cost for Benefit” Plan Evaluation

4. Confirm that all benefit plan reports cover the period of review (i.e. 3 months) identified in the CBA Form 6
5. Review the contractor's response to the CBA Form 6 criteria requesting the “prevailing wage determination period(s) associated with the public works projects the contractor was performing upon during the time the benefit plan contributions were paid.” Here the contractor lists the public works projects it was performing upon during the time period when the benefit plan contributions under review were paid. The contractor's **public works projects have distinct prevailing wage determination period(s) associated** with those projects (based on their respective bid-ad dates).
6. Obtain the prevailing wage rate determination rate sheets established pursuant to the California Labor Code by the Department of Industrial Relations. CBA Administrator analyzes each of the prevailing wage determination period(s) in order to select the project with the HIGHEST “Total Hourly Rate” for the work classification/crafts under review, per the DIR's rate sheet. The determination period (e.g. 2014-1, 2014-2, etc.) with the highest **Total Hourly Rate obligation will be used as the basis for cross-referencing the amount of prevailing wages paid by the contractor to each of its benefit plan(s) to determine if the contractor made payments that were equal-to or better** than the rates determined by the California DIR.
7. The results of the analysis of the contractor's rates against the DIR rates shall be recorded in the “FRINGE BENEFIT RATE COMPARISON PER CBA 7.2 [EXHIBIT ATTACHED]”.
  - ***If the aggregate of the contractor's rates are below the DIR's published PW Total Hourly Rate, the RFE is rejected.***
8. *If the Contractor's aggregate benefit plan contributions meet or exceed the Prevailing Wage Total Hourly Rate, approval of the contractor's continuance of its current plan's benefit payments for its identified core workers may be approved.*





## FRINGE BENEFIT RATE COMPARISON PER CBA 7.2 [EXHIBIT 7]

| Craft  | Basic Hourly Rate | Health  | Pension<br>(Rev.<br>20150730<br>Based on<br>Average<br>Hourly Rate) | Vacation | Training | Other   | TOTAL HOURLY RATE | Pre-Determined Increase #1 (7/1/14) | TOTAL w/ INCREASE #1 |  |  | RESULTS OF ANALYSIS: Equal to or Better? |
|--|-------------------|---------|---|----------|----------|---------|-------------------|-------------------------------------|----------------------|--|--|--|
| PLUMBER Industrial & General PIPE FITTER                           | \$ 40.57          | \$ 7.76 | \$ 10.80  | \$ 3.03  | \$ 1.60  | \$ 0.65 | \$ 64.41          | \$ 1.61                             | \$ 66.02             |  |  | THIS ROW REPRESENTS THE DIR WAGE RATE    |
| Plumber Industrial & General PIPE FITTER "Plumber" - "EE" Self     | \$ 42.50          | 3.34    | 17.93   | 0        | 1.60     | 0.65    | 66.02             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Plumber Industrial & General PIPE FITTER "Plumber" - "ES" Spouse   | \$ 42.50          | 7.54    | 13.73   | 0        | 1.60     | 0.65    | 66.02             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Plumber Industrial & General PIPE FITTER "Plumber" - "EC" Children | \$ 42.50          | 6.57    | 14.70   | 0        | 1.60     | 0.65    | 66.02             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Plumber Industrial & General PIPE FITTER "Plumber" - "EF" Family   | \$ 42.50          | 10.47   | 10.80   | 0        | 1.60     | 0.65    | 66.02             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Sewer & Storm Drain PIPE LAYER                                     | \$ 31.50          | \$ 7.65 | \$ 7.95   | \$ 1.00  | \$ 1.33  | \$ 0.65 | \$ 50.08          | \$ 1.24                             | \$ 51.32             |  |  | THIS ROW REPRESENTS THE DIR WAGE RATE    |
| Sewer & Storm Drain PIPE LAYER - "EE" Self                         | \$ 38.50          | 3.34    | 7.5   | 0        | 1.33     | 0.65    | 51.32             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Sewer & Storm Drain PIPE LAYER - "ES" Spouse                       | \$ 38.50          | 7.54    | 8.3   | 0        | 1.33     | 0.65    | 51.32             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Sewer & Storm Drain PIPE LAYER - "EC" Children                     | \$ 38.50          | 6.57    | 4.27  | 0        | 1.33     | 0.65    | 51.32             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |
| Sewer & Storm Drain PIPE LAYER - "EF" Family                       | \$ 38.50          | 10.47   | 0.37  | 0        | 1.33     | 0.65    | 51.32             | DIFFERENCE (Contractor Shortage):   | \$ -                 |  |  | YES = EQUAL TO DIR WAGE RATE             |

# CBA Form 6



## Southwestern College Community Benefits Agreement

### **FRINGE BENEFIT PACKAGE EVALUATION FORM**

(CBA §7.2)

\_\_\_\_\_ (Contractor) is hereby requesting that the CBA Administrator evaluate whether the Contractors' fringe benefit package for its core workforce is equal to or better than those designated in the affected Union's Schedule A.

**Contractor is submitting the following documentation to evidence the validity of the below-selected benefit package(s) for the following Craft/Work Classification:** \_\_\_\_\_

*(Note: Submit one (1) form for each separate craft/work classification to be reviewed)*

|   |  |   |
|---|--|---|
| ___ Health & Welfare hourly rate benefits   | Benefit Plan's Hourly Rate for H&W:<br>\$ _____      | Evidence supporting hourly rate contributions are included / Labeled as "Exhibit _____" |
| ___ Pension hourly rate benefits            | Benefit Plan's Hourly Rate for Pension:<br>\$ _____  | Evidence supporting hourly rate contributions are included / Labeled as "Exhibit _____" |
| ___ Vacation hourly rate benefits           | Benefit Plan's Hourly Rate for Vacation:<br>\$ _____ | Evidence supporting hourly rate contributions are included / Labeled as "Exhibit _____" |
| ___ "Other" Benefits; Specify here<br>_____ | Benefit Plan's Hourly Rate for _____:<br>\$ _____    | Evidence supporting hourly rate contributions are included / Labeled as "Exhibit _____" |

|  |  |
|--|--|
| <b>Contractor Submitting this Form:</b>  |  |
| <b>Completed By (Print):</b>   |  |
| <b>Signed:</b>   |  |
| Date Submitted to CBA Administrator (Contractor to maintain proof of transmittal): |  |
| Total # of Pages Issued in this Evaluation:  |  |

# Methodology for Quality or Value Benefit Plan Evaluation




What is the Principle?

To determine if the Contractor's benefit plan(s) provide services that are fundamentally equal to or better than the services provided by the Union Trust Fund's plans.

# Quality or Value of Benefit Plan Evaluation

## **METHODOLOGY**

1. Once a Contractor meets the requirements established by the “Cost” methodology, the RFE is elevated to Benefit Plan Experts for further evaluation. Project Labor Coordinator obtains the “Schedule A” (rate schedule provided by the Unions affected by the RFE) in addition to the Benefit Plan Summaries for the Union’s Benefit Plan(s) and forwards the Schedule A to the Contractor.
  2. Contractor secures his Benefit Plan Provider/Expert to review the Union’s rate sheet and benefit plan summaries in order to compare against the Contractor’s benefit plan summaries.
  3. The Benefits Plan Expert will produce a report illustrating how the Contractor’s benefit plans are equal to or better than the Union benefit plans, in terms of the value or quality of services rendered by the plans.
  4. If the Contractor’s benefits are deemed equal-to or better-than the Union plans, the Project Labor Coordinator will evaluate the documents submitted by the contractor for final approval or denial relative to the Contractor’s exemption to the CBA 7.2 which allows the Contractor to continue to pay fringe benefit contributions to their own established benefit plans rather than pay those benefit contributions to the Union Trust Fund.
- 

# Sample Medical Benefits Analysis

| Medical   | Company 1   | Company 2   |   |
|---|---|---|---|
| Network of providers                                    | Benefit Providing Company   | Fee-For-Service   | C1 vs. Fee  |
| Deductibles   | None  | \$500 Individual/ \$1,500 Family  | C1  |
| Out-Of-pocket Limit                                     | \$1,000 Individual/\$3,000 Family   | Charges reaching \$30,000 for an individual per calendar year, benefits increase to 100%.   | C1  |
| What is not included in the out-of-pocket limit?        | Premium, balance-billed charges, health care this plan doesn't cover, and prescription drugs. | Premium, balance-billed charges, health care this plan doesn't cover, and prescription drugs.   | EQUAL   |
| Is there an overall annual limit on what the plan pays? | Unlimited   | None  | EQUAL   |
| Referral to see a specialist?                           | Yes, Written or oral approval is required based upon medical policies.                        | Yes   | EQUAL   |
| Are there services this plan doesn't cover?             | Yes   | Yes   | EQUAL   |
| Primary care visit                                      | \$25 copay per visit  | Contracting, no deductible 100% of allowable charges  | EQUAL (if paid with in-network with C2)                           |
| Specialist visit  | \$25 copay per visit  | N/A   | C1  |
| Preventive care/screening/immunization                  | Paid in Full  | If performed by a contracting provider, no deductible, 100% of allowable charges. Non-contracting provider 50% of allowable charges (subject to deductible) | EQUAL (if paid with in-network)                                   |
| Diagnostic test (blood work)                            | No Charge   | Contracting provider 80%, non-contracting provider 50%  | C1  |
| Imaging - Radiology Services (CT /PET scans, MRIs)      | Standard: Paid in Full, Complex: \$50 copay   | Contracting provider 80% allowable charges, non-contracting will be 50% of allowable charges  | C1  |
| Radiation Therapy                                       | Standard: Paid in Full, Complex: \$50 copay   | N/A   | C1  |
| Hospital stay Facility fee                              | \$500 copay per admit   | Contracting provider 80% of allowable charges, non-contracting provider 50% of allowable charges  | C1  |
| Hospital stay Physician / surgeon fees                  | No Charge   | Contracting physician 80%, non-contracting 50%  | C1  |
| Outpatient surgery facility fee                         | \$250 copay   | 80% of allowable charges at a contracting facility, 50% at a non-contracting facility with a max of \$5,000 per operative session.                          | Depending on charges would depend on which would be cheaper plan. |
| Outpatient surgery Physician /surgeon fees              | No Charge   | If performed by contracting physician 80% of allowable charges and by a non-contracting physician 50% of allowable charges.                                 | C1  |
| Reconstructive Surgery                                  | \$500 copay per admit   | N/A   | C1  |
| Emergency room services                                 | \$100 copay per visit, copay waived if admitted   | \$250 copay per visit (waived if admitted), contracting facility 80% of allowable charges, non-contracting facility 50% (max. allowable \$3,500)            | C1  |
| Urgent care   | \$25 per visit  | N/A   | C1  |



# Sample Dental Benefits Analysis

| Company 1                             |   | Company 2                 |  |
|---------------------------------------|---|---------------------------|--|
| Benefit Providing Company             |   | Benefit Providing Company |  |
| Oral Exams (once every 6 mos)         | \$0   |                           | \$0  |
| Full mouth X-Rays (once every 3 yrs)  | \$0   |                           | \$0  |
| Bitewing X-Rays (once every 12 mos)   | \$0   |                           | \$25 copay   |
| Teeth Cleaning (once every 6 mos)     | \$0   |                           | \$10 copay per cleaning  |
| Fluoride (children under age 15)      | \$0   |                           | \$0  |
| Emergency Palliative Treatment        | \$5   |                           | Not Covered  |
| Fillings                              | \$0-\$90  |                           | \$0-\$150  |
| Endodontic (root canals)              | \$50-\$135  |                           | \$50-\$135   |
| Space Maintainers (children under 19) | \$10-\$20   |                           | \$10-\$20  |
| Oral Surgery                          | Varies  |                           | Varies   |
| Local Anesthesia                      | \$0   |                           | \$5  |
| Inlays                                | \$150-\$200 (1 or more surfaces)  |                           | \$200 (1 or more surfaces)   |
| Onlays                                | \$225-\$250 (3 or more surfaces)  |                           | \$225-\$275 (3 or more surfaces)   |
| Crowns                                | \$150-\$165 – replacement limit to 1 every 5 yrs. Cases involving 7 or more crowns in same treatment plan require \$125 member fee per unit in addition to copay. |                           | 165 replacement limit is 1 every 5 yrs. If needing more then a fee of \$125 is required in addition to copay. \$75 fee per |
|                                       | \$75 fee per crown unit above for porcelain.  |                           | crown unit above for porcelain.  |
| Prosthodontic Services – All          | Repair \$10, Complete to partial \$150-\$180<br>Reline \$20-\$50  |                           | Repair \$15, Complete to partial \$140-\$160<br>\$20-\$50  |
|                                       | Replacement limit 1 every 5 yrs. Includes up  |                           | Replacement limit 1 every 5 yrs. Includes up   |
|                                       | to 3 adjustments within 6 months and relines twice in 1 year.   |                           | to 3 adjustments within 6 months and relines twice in 1 year.  |
| Orthodontics                          | \$1,095-\$1,995<br>Benefits cover 24 months of treatment.   |                           | \$1,080-\$2,000<br>Benefits cover 24 months of treatment.  |
| Oral Surgery                          | \$10-\$200  |                           | \$10-\$200   |

# Considerations for Cost vs Quality or Value Methodology

## Cost Method

A number of Merit Shops ( "Non-Union Contractors") will have an equal benefits plan.

Comparison is based upon DIR-stipulated rates & the rates paid by Contractor upon its public works projects.

## Quality/Value Method

Most Merit Shops can not evidence having an equal plan due to the Trust Fund economies of scale in negotiating benefit plans.

Determines if the Contractor's core workers receive a benefit that is equal to or better in type of service(s) rendered (once the core worker accrues enough hours to vest the benefits)

If the merit contractor must pay into the Union Trust Fund, they pay this over and above the benefits they already provide to the core workers.