AGENDA

THIRD 2011 BOARD OF DIRECTORS MEETING

California Museum
1500 11th Street, Sacramento, CA

September 24, 2011

Call to order on September 24, 2011, at 9 a.m. by President Dave Hart

Roll Call – Secretary-Treasurer David Okumura

Pledge of Allegiance – Vice President Donna Snodgrass

Communications – Secretary-Treasurer David Okumura

Report of Executive Session – Secretary-Treasurer David Okumura

Reading and Approval of Second 2011Board of Directors Minutes – Secretary-Treasurer David Okumura

Report of Agenda Committee – Secretary-Treasurer David Okumura

Report of President

Report of Vice President

Report of Secretary-Treasurer

Report of General Manager/Director of Organizational Development

Affiliate Reports

TIMES CERTAIN

Friday – September 23, 2011
Secretary of State building, multipurpose room, main floor – bring I.D.
(1500 11th Street, Sacramento)

9 – 9:30 a.m.	Closed Session
9:30 a.m. – 5 p.m.	Board Workshop – (closed)

Saturday – September 24, 2011
California Museum, 2nd floor (parking available across the Street from the CA Museum entrance
(1020 O Street, Sacramento)

8:45 – 9 a.m.	Board Agenda Committee Meeting – (open)
9 a.m. – 5 p.m.	Board of Directors Meeting – (open)

BENEFITS ITEMS

FISCAL ITEMS

INFORMATION ITEMS

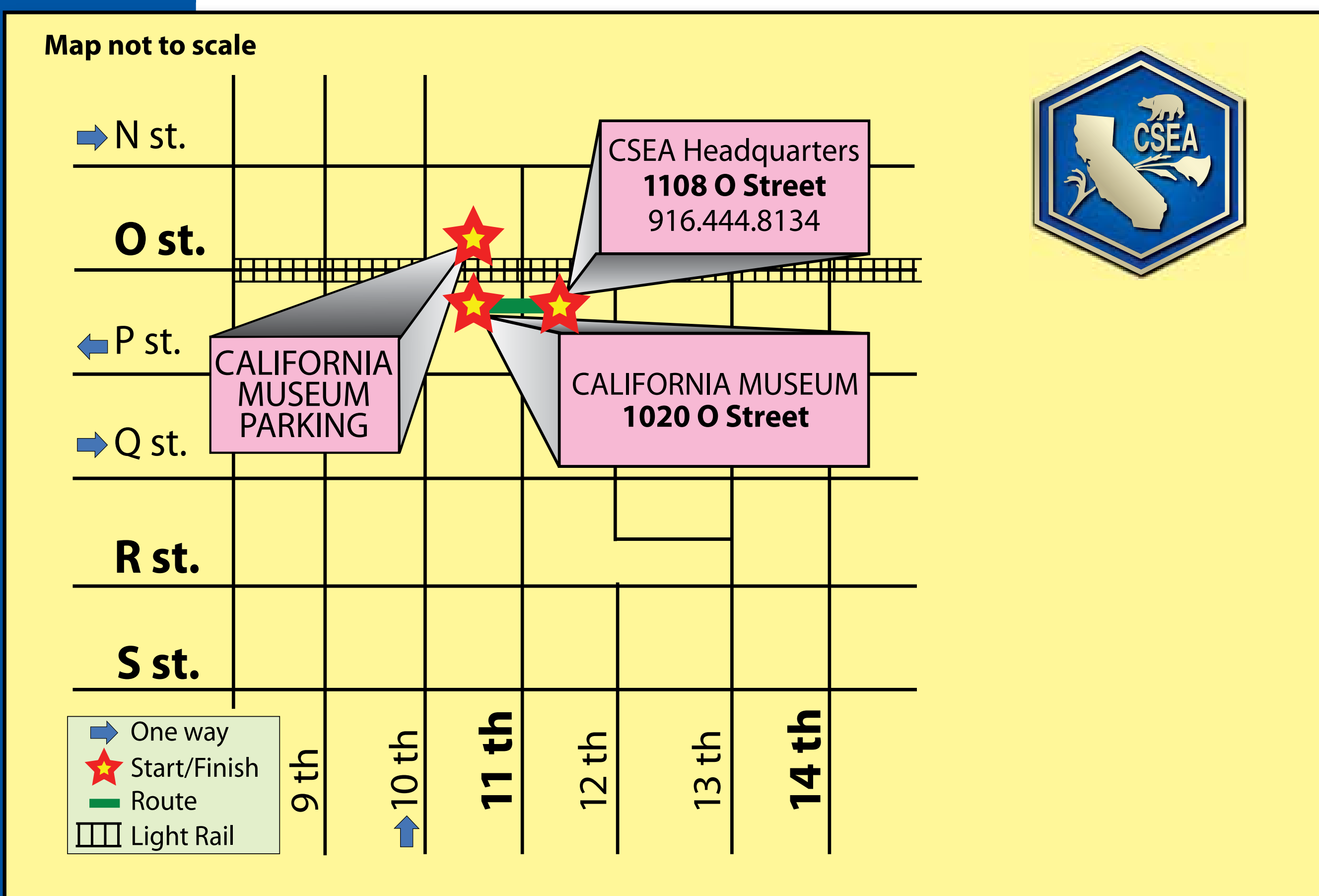
Third 2011

CSEA
BOARD OF DIRECTORS MEETING

Location: The California Museum
1020 O Street,
Conference Room, 2nd Floor
Sacramento 95814,

(Free Parking located across the street)

September 24, 2011
9:00 a.m. - 3:00 p.m.



BOARD AGENDA ITEM | **BEN 5/11/3** (Snodgrass)

ACTION ITEM | Date: 9/24/11

SUBJECT: Group Term Life Insurance Plan - Anthem Life Insurance Company - Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

OFFICER ASSIGNED: Donna Snodgrass, Vice President

ASSIGNED TO: Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is substantial surplus in the contingency reserve.
2. Continue working with the carrier to implement improved plan designs and rates, and to increase member participation.
3. Monitor the impact of the new rates and plan designs on the contingency reserve.

BACKGROUND:

This plan, which became effective more than seventy years ago, offers coverage under a schedule which increases with salary and decreases at ages 65 and 70. Monthly premium rates per $1,000 coverage vary from .05¢ under age 25 to $1.90 at age 70 and older. The plan provides maximum basic coverage of $100,000 for those under age 65 whose salary is at least $2,500 per month. Supplemental coverage is available to bring total coverage up to as much as $300,000 for members in that age and salary group. Accidental death and premium waiver benefits are included under the plan, and dependent life insurance coverage is also available. In July, 2002 a temporary premium rate discount of 20 percent was implemented to release excess margin in the contingency reserve. In December, 2005 this goal was met and premium rates were restored to the contractual levels.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

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TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

GROUP TERM LIFE

This letter constitutes our annual report concerning the Group Term Plus life insurance plan underwritten by Anthem Life. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective more than seventy years ago, offers coverage under a schedule which increases with salary and decreases at ages 65 and 70. Monthly premium rates per $1000 coverage vary from 5¢ under age 25 to $1.90 at age 70 and older. The plan provides maximum basic coverage of $100,000 for those under age 65 whose salary is at least $2500 per month. Supplemental coverage is available to bring total coverage up to as much as $300,000 for members in that age and salary group. Accidental death and premium waiver benefits are included under the plan, and dependent life insurance coverage is also available. In July, 2002 a temporary premium rate discount of 20% was implemented to release excess margin in the contingency reserve. In December, 2005 this goal was met and premium rates were restored to the contractual levels.

Enrollment

The membership count provided by Anthem for 2010 indicates a decrease in both retired plan enrollment, and active participants. The reported numbers of covered members for the last five years were:

YEAR	ACTIVE	RETIRED	MEMBERS
2006	5,222	5,678	10,900
2007	5,341	5,322	10,663
2008	5,403	5,010	10,413
2009	4,895	5,030	9,925
2010	4,522	4,821	9,343

Coverage

While overall plan participation dropped 6% during 2010, plan coverage decreased only 4% as a result of a 2% increase in the average coverage amount. Aggregate amounts below are in millions of dollars, while the average amounts are in dollars:

YEAR	AGGREGATE	AVERAGE
2006	625	57,400
2007	671	62,900
2008	716	68,700
2009	723	72,900
2010	694	74,300

Experience

A history of plan loss ratios for the last five years, based on claims incurred and premiums earned, is shown below (ratios are shown as percentages):

YEAR	RATIO
2006	116
2007	104
2008	94
2009	99
2010	80

Expenses

Plan expenses include administrative service fees, state premium taxes and guaranty association assessments, and carrier retention. Carrier retention dropped from 5.15 to 3.15 in August, 2009. Fees as a percent of earned premium, increased in 2009 due primarily to the transition of administration to AGIA. Expense ratios for the last five years have been (as percentages of earned premium):

YEAR	FEES	TAXES	RETEN	TOTAL
2006	14.9	2.9	5.2	23.0
2007	13.9	2.7	5.2	21.8
2008	13.0	2.7	5.2	20.9
2009	21.5	2.4	4.3	28.2
2010	20.2	2.4	3.2	25.8

Interest Credits

Interest is credited on all plan reserves (extended disability, claim, statutory, and contingency) at 90% of the rate earned by the carrier during the year (%):

YEAR	RATE
2006	4.63
2007	4.81
2008	4.67
2009	4.68
2010	4.44

Contingency Reserve

The contingency reserve is the excess (from plan inception) of premiums earned and investment income over expenses paid and claims incurred, including provision, through the policy and claim reserves, for future claim payments (premiums and reserves are in dollars, ratios are in percentages):

YEAR	PREMIUM	RESERVE	RATIO
2006	3,789,586	3,122,092	82
2007	3,994,184	3,791,707	95
2008	4,159,294	4,782,517	115
2009	4,217,667	5,613,208	133
2010	4,173,994	6,753,235	162

Other Reserves

Policy (statutory) and claim (extended disability and other) reserves decreased slightly last year:

YEAR	POLICY RESERVES	CLAIM RESERVES	COMBINED RESERVES	RATIO TO PREMIUM
2006	15,997,810	8,846,316	24,844,126	656
2007	15,626,561	8,593,657	24,220,218	606
2008	15,322,344	8,171,563	23,493,907	565
2009	14,640,403	7,862,341	22,502,744	534
2010	14,486,298	7,302,546	21,788,844	522

Recommendations:

1. Conclude that there is substantial surplus in the contingency reserve.

2. Continue working with the carrier to implement improved plan designs and rates, and to increase member participation.

3. Monitor the impact of the new rates and plan designs on the contingency reserve

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 6/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Group Ordinary Life Insurance Plan - Anthem Life Insurance Company - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is a small surplus in the contingency reserve.
2. Continue working with the carrier to implement improved plan designs and rates, and to increase member participation.

BACKGROUND:

This plan, which became effective in 1960, provides whole life insurance with increasing cash values. Coverage varies with salary from a low of $12,000 to a maximum of $30,000 basic coverage, but up to an additional $50,000 of supplemental group ordinary life insurance may be purchased. Accidental death and premium waiver benefits are included under the plan, and dependent life coverage is also available. Separate sub-plans are maintained for policies issued prior to November of 1971 (old policies) and those issued subsequently (new policies). From 1984 to 2002, mortality dividends (varying from 25 percent to 75 percent on old policies) were utilized to help reduce excess margin in the plan's contingency reserve. In addition, premium rates have been discounted 50 percent for supplemental coverage, and as shown below for basic coverage (%):

YEAR	OLD	NEW
1973-1974	46	10
1975-1976	60	10
1977	60	25
1978	70	25
1979	80	40
1980-1985	90	50
1986-2010	95	50

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

GROUP ORDINARY LIFE

This letter constitutes our annual report concerning the Group Ordinary life insurance plan underwritten by Anthem Life. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective in 1960, provides whole life insurance with increasing cash values. Coverage varies with salary from a low of $12,000 to a maximum of $30,000 basic coverage, but up to an additional $50,000 of supplemental group ordinary life insurance may be purchased. Accidental death and premium waiver benefits are included under the plan, and dependent life coverage is also available. Separate subplans are maintained for policies issued prior to November of 1971 (old policies) and those issued subsequently (new policies). From 1984 to 2002, mortality dividends (varying from 25% to 75% on old policies) were utilized to help reduce excess margin in the plan's contingency reserve. In addition, premium rates have been discounted 50% for supplemental coverage, and as shown below for basic coverage (%):

YEAR	OLD	NEW
1973-1974	46	10
1975-1976	60	10
1977	60	25
1978	70	25
1979	80	40
1980-1985	90	50
1986-2010	95	50

Enrollment

The group ordinary life plan enrollment has declined in recent years, particularly among active members. Total enrollment dropped 5% last year:

YEAR	ACTIVE	RETIRED	TOTAL
2006	860	1,217	2,077
2007	805	1,187	1,992
2008	764	1,137	1,901
2009	716	1,117	1,833
2010	633	1,100	1,733

Coverage

Total coverage under the plan has declined due to the reduction in plan participation. Aggregate coverage below is in millions of dollars, while active and retired average coverage amounts are in dollars:

YEAR	AGG COV	ACT AVG	RET AVG
2006	42	31,000	12,700
2007	40	31,300	12,700
2008	38	31,500	12,700
2009	37	32,200	12,700
2010	35	32,100	13,000

Experience

Ordinary life loss ratios are of limited significance, since much of the premium is used to develop cash values rather than for current claims. The application of various discounts to basic premium rates further complicates the development of loss ratios. Loss ratios for the past five years are shown below as percentages of discounted premiums:

YEAR	RATIO
2006	140
2007	151
2008	173
2009	172
2010	170

Expenses

Plan expenses include administrative service fees, state premium taxes and guaranty association assessments, and carrier retention. Expense ratios, based on expenses paid and contract (i.e. undiscounted) premiums earned, are shown below for the last five years (%):

YEAR	FEES	TAXES	RETEN	TOTAL
2006	10.1	1.4	5.2	16.7
2007	10.5	1.3	5.2	17.0
2008	10.7	1.3	5.2	17.2
2009	17.6	1.1	4.3	23.0
2010	16.8	1.0	3.2	21.0

Interest Credits

Interest is credited on all plan reserves (policy reserves, extended disability, claim, premium waiver, and contingency) at the same rate as that for the group term plan (%):

YEAR	RATE
2006	4.63
2007	4.81
2008	4.67
2009	4.68
2010	4.44

Contingency Reserve

The contingency reserve is the excess (from plan inception) of premiums earned and investment income over expenses paid and claims incurred, including provision, through the other reserves, for future payments. Although the plan has a shrinking and aging group of participants, and premiums have been heavily discounted, experience over the last few years, combined with investment income, has generated a significant increase in the contingency reserve:

YEAR	EARNED PREMIUM	CONTRACT PREMIUM	CONTINGENCY RESERVE	RESERVE RATIO (%)
2006	466,727	980,311	-3,678	-0.4
2007	445,786	935,534	55,840	6
2008	425,616	892,854	237,938	27
2009	424,563	910,656	282,442	31
2010	383,211	887,873	461,584	52

Other Reserves

Claim reserves decreased about one million dollars in 2001 due to the reduction in the premium waiver reserves as a result of the actuarial audit. Overall, combined reserves (apart from the contingency reserve) remain very substantial, reflecting the aging of participants, and are now about fifteen times as large as annual contract premiums:

YEAR	POLICY RESERVES	CLAIM RESERVES	COMBINED RESERVES	RATIO TO PREMIUM
2005	13,531,471	1,049,939	14,581,410	1403
2006	13,333,359	1,036,606	14,369,965	1466
2007	13,161,033	1,048,541	14,209,574	1519
2008	12,821,533	976,430	13,797,963	1545
2009	12,641,716	1,092,692	13,734,408	1508

Recommendations:

1. Conclude that there is a small surplus in the contingency reserve.

2. Continue working with the carrier to implement improved plan designs and rates, and to increase member participation.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 7/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Accidental Death and Dismemberment Insurance Plan - New York Life Insurance Company - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is a surplus in the contingency reserve.

2. Continue the plan with New York Life at current rates.

3. Continue efforts to increase plan participation, particularly among active members.

BACKGROUND:

This New York Life plan, which replaced the Mutual of Omaha plan in 2003, provides accidental and dismemberment benefits for employed members and their dependents, with continuing coverage for retired members and their families. Coverage is in units of $50,000, with a maximum of $500,000 for active participants and $200,000 for retirees. Coverage terminates at age 80. Several supplementary benefits are provided, such as inflation hedge and a 12-month waiver of dependent coverage premiums following the death of the insured. Dependent coverage is directly related to member coverage, being 40 percent for spouses (50 percent without children) and 10 percent for children. The monthly premium is $2.50 per unit plus $1.00 per unit for dependents.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Fellow, Canadian Institute of Actuaries
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TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

ACCIDENTAL DEATH AND DISMEMBERMENT

This letter constitutes our annual report concerning the Accidental Death and Dismemberment insurance plan, underwritten by New York Life. Our report includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This New York Life plan, which replaced the Mutual of Omaha plan in 2003, provides accidental death and dismemberment benefits for employed members and their dependents, with continuing coverage for retired members and their families. Coverage is in units of $50,000 with a maximum of $500,000 for active participants and $200,000 for retirees. Coverage terminates at age 80. Several supplementary benefits are provided, such as an inflation hedge and a 12-month waiver of dependent coverage premiums following the death of the insured. Dependent coverage is directly related to member coverage, being 40% for spouses (50% without children) and 10% for each child. The monthly premium is $2.50 per unit plus $1.00 per unit for dependents.

Enrollment

Plan enrollment decreased about 7% last year. The numbers of total covered members at the end of each of the indicated years were:

YEAR	MEMBERS
2006	17,623
2007	17,879
2008	18,150
2009	15,929
2010	14,836

Experience

Data shown below is policy year (beginning on June 1 of the indicated year). Premiums and claims are in thousands of dollars, and loss ratios are percentages:

YEAR	EARNED PREMIUMS	INCURRED CLAIMS	LOSS RATIO
through 2006	36,422	23,770	65
2007	2,482	341	14
2008	2,518	991	39
2009	2,555	1,309	51
2010	2,512	1,284	51
Totals	46,489	27,695	60

Expenses

Total expenses for policy year 2010 decreased 6% to about $1,001,000. This was due, primarily, to a reduction in promotion and marketing expense. The ratios of expenses to earned premium, for the last five years, have been as follows:

YEAR	EXPENSES	RATIO
2006	882	39
2007	906	37
2008	972	39
2009	1,061	42
2010	1,001	40

Interest Credits

Recent experience has maintained the positive balance in the contingency reserve. Over the past year interest was credited in the amount of $44,382 on this reserve.

Contingency Reserve

Based on the retention agreement with New York Life, the contingency reserve for this plan consists of a Cost Stabilization Reserve (CSR) plus amounts in excess of the required CSR goal (the greater of $400,000 or 25% of annual earned premium). 100% of the net gain for each year is credited first to the CSR with any excess to be credited to insured members. Experience over the past year has maintained the CSR at 25.6% of earned premium (currently $643,388) and increased the total contingency reserve to $1,447,944, as of May 31, 2011.

Recommendations:

1. Conclude that there is surplus in the contingency reserve.
2. Continue the plan with New York Life at current rates.
3. Continue efforts to increase plan participation, particularly among active members.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 8/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Disability Income Insurance Plans (Short Term and Long Term) - New York Life Insurance Company - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is a modest surplus in the contingency reserve.

2. Continue the plans with New York Life at current rates.

3. Continue to market both plans to rebuild plan membership.

BACKGROUND:

This plan has been underwritten by New York Life since May 1, 2002, and is the continuation of a plan first implemented in 1977. Coverage varies with salary, being designed to replace most of net after-tax earned income lost due to disability. The long-term version of the plan provides up to two years, or five years, of monthly income (based on plan selection) after a six-month elimination period (i.e., non-retroactive waiting period). The short-term version of the plan provides benefits up to six months after a one-month elimination period for sickness only (there is no elimination period for injury). Monthly premiums vary with salary and age. When New York Life took over the plan, existing rates were continued, benefit maximums were increased, and a five-year plan was added. The plan developed nearly a million-dollar deficit during the first three years of operation. After negotiations with AGIA on CSEA's behalf, New York Life agreed to continue the plan unchanged, but with a 38 percent rate increase effective December 1, 2005. In 2006, plan enrollment began to drop as a consequence of SEIU Local 1000 members becoming eligible for the state-sponsored SDI program. In response, New York Life developed an alternative plan for these members, which is offered at an average rate deduction of over 30% and is designed to augment SDI coverage. This plan was added in 2007.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

DISABILITY INCOME

This letter constitutes our annual report concerning the Disability Income insurance plan previously underwritten by Fortis Benefits Insurance Company, and currently by New York Life Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan has been underwritten by New York Life since May 1, 2002, and is the continuation of a plan first implemented in 1977. Coverage varies with salary, being designed to replace most of net after-tax earned income lost due to disability. The long-term version of the plan provides up to two years or five years of monthly income (based on plan selection) after a six-month elimination period (i.e. nonretroactive waiting period). The short-term version of the plan provides benefits up to six months after a one-month elimination period for sickness only (there is no elimination period for injury). Monthly premiums vary with salary and age. When New York Life took over the plan, existing rates were continued, benefit maximums were increased, and a five-year plan was added. The plan developed nearly a million-dollar deficit during the first three years of operation. After negotiations with AGIA on CSEA's behalf, New York Life agreed to continue the plan unchanged, but with a 38% rate increase effective December 1, 2005. In 2006 plan enrollment began to drop as a consequence of SEIU Local 1000 members becoming eligible for the state-sponsored SDI program. In response, New York Life developed an alternative plan for these members, which is offered at an average rate reduction of over 30%, and is designed to augment SDI coverage. This plan was added in 2007.

Enrollment

Plan membership continued to decline, dropping almost 12% last year. Approximately 20% of the members select the short term coverage:

YEAR	MEMBERS
2006	3026
2007	2899
2008	2574
2009	2345
2010	2070

Experience

Data shown below is policy year (beginning on May 1 of the indicated year). Because of the switch from calendar-year to policy-year record keeping, the first four months of 2002 are not included in the totals. Premiums and claims below are in thousands of dollars, and loss ratios are percentages:

POLICY YEAR	EARNED PREMIUMS	INCURRED CLAIMS	LOSS RATIO
through 2006	23,784	13,769	58
2007	1,531	657	43
2008	1,470	367	25
2009	1,401	559	40
2010	1,267	595	47
Totals	29,453	15,947	54

Expenses

Expenses were reported by Fortis through 2001, and have been reported by New York Life beginning May 1, 2002. New York Life expenses incurred below are net of interest credits. For 2010, expenses include a contribution of 5% toward building the contingency reserve. Expenses below are in thousands of dollars, while ratios are percentages:

YEAR	EXPENSES INCURRED	EXPENSE RATIO	COMBINED RATIO
through 2006	9,695	41	99
2007	752	49	92
2008	669	46	71
2009	550	39	79
2010	530	42	89
Totals	12,196	41	95

Expense ratios below are percentages of earned premium:

	2005	2006	2007	2008	2009	2010
• commission	11	11	11	11	11	11
• carrier charges	8	8	8	8	8	9
• marketing	6	3	11	8	1	3
• premium tax	3	3	3	3	3	3
• administration	12	12	12	12	12	12
• other	4	4	4	4	5	4
• totals	44	41	49	46	40	42

Interest Credits

Interest of $44,460 was credited by New York Life on the claim reserve for 2010, and was used to offset expenses. This credit has been reflected in the "other" category in the table above, along with the surplus contribution of $63,339 and federal income taxes of $38,004.

Contingency Reserve

There is provision for a contingency reserve under the new agreement with New York Life. Based on nine years of experience, the plan reached a positive cumulative reserve of about $453,000, or 36% of annual earned premium, as of May 1, 2011.

Recommendations:

1. Conclude that there is a surplus in the contingency reserve.
2. Continue the plans with New York Life at current rates.
3. Continue to market both plans to rebuild plan membership.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 9/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Cancer Insurance Plans - Monumental Life Insurance Company - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that the plans have begun to generate surplus in the contingency reserve.

2. Continue the plans with Monumental Life at current premium rates.

BACKGROUND:

The original plan became effective in 1996, replacing the Cancer and Other Specified Disease program which had previously been underwritten by National Foundation Life. The plan provides lump sum benefits payable directly to the insured member, as well as specified medical care coverage. It offers heart attack and stroke coverage as an optional benefit, in addition to the basic cancer coverage. The maximum lifetime amount for all benefits is $250,000. Dependent coverage is also available under this plan. The plan was put out to bid in 2001, with Monumental Life retained as the carrier. During 2006 a second plan was put out to bid, and Cancer CarePlus was added. Beginning in 2006 a retention agreement was implemented for both plans, which provides for a 50 percent share of plan surplus to be returned to plan participants. Experience for the two plans is combined in this report.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries
Fellow, Society of Actuaries

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fred@thekilbournecompany.com
TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

CANCER INSURANCE PLANS

This letter constitutes our annual report concerning the Cancer insurance plans underwritten by Monumental Life Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

The original plan became effective in 1996, replacing the Cancer and Other Specified Disease program which had previously been underwritten by National Foundation Life. The plan provides lump sum benefits payable directly to the insured member, as well as specified medical care coverage. It offers heart attack and stroke coverage as an optional benefit, in addition to the basic cancer coverage. The maximum lifetime amount for all benefits is $250,000. Dependent coverage is also available under this plan. The plan was put out to bid in 2001, with Monumental Life retained as the carrier. During 2006 a second plan was put out to bid, and CancerCare Plus was added. Beginning in 2006 a retention agreement was implemented for both plans, which provides for a 50% share of plan surplus to be returned to plan participants. Experience for the two plans is combined in this report.

Enrollment

Participation in the plans increased more than 10% last year:

YEAR	MEMBERS
2006	3942
2007	4487
2008	4521
2009	4591
2010	5075

Experience

Earned premium increased slightly last year. The incurred loss ratio remained low. Premiums and claims below are in thousands of dollars, and loss ratios are percentages:

YEAR	EARNED PREMIUM	INCURRED CLAIMS	LOSS RATIO
through 2006	12,845	5,394	42
2007	1,271	405	32
2008	1,592	199	13
2009	1,619	437	27
2010	1,690	334	20
Totals	17,398	6,332	36

Expenses

Last year expenses amounted to about 61% of earned premium. About 8% of the marketing expense (.9% of premium) reflects amortization of the plan's initial marketing costs, as called for by the retention agreement. Total expenses below are net of $2,623 of interest credited on the Contingency Reserve during 2010. This offset is reflected in the fees category.

YEAR	FEES	TAXES	RETEN	MKTG	TOTAL
2006	30.0	2.5	12.5	14.0	59.0
2007	29.4	2.5	12.5	19.3	63.7
2008	34.5	2.5	12.5	13.4	62.9
2009	34.8	2.5	12.5	13.0	62.8
2010	34.9	2.5	12.5	10.8	60.7

Contingency Reserve

The carrier agreed to enter into a retention agreement effective January 1, 2006, under which 50% of the excess of earned premium over claims incurred and expenses paid is credited to the participants, after any contribution that is needed to maintain the stabilization reserve at a level equal to 15% of earned premium. During 2010 earned premium increased, requiring that an additional $10,595 be added to maintain the Contingency Reserve at 15% of earned premium. Of the remaining aggregate balance, $159,713 (50%) was added to the CSEA Surplus account, bringing the total in that account to $416,191.

Recommendations:

1. Conclude that the plans have begun to generate surplus in the contingency reserve.
2. Continue the plans with Monumental Life at current premium rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 10/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Family Life Insurance Plan - American United Life Insurance Company - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.

2. Continue the plan with American United at current rates.

BACKGROUND:

This plan, which became effective over thirty years ago, provides dependent term life insurance on an individual policy basis. Coverage has been provided by the same carrier throughout that period.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Member, American Society of Pension Actuaries
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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

FAMILY LIFE

This letter constitutes our annual report concerning the Family Life plan, underwritten by American United Life. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective over thirty years ago, provides dependent term life insurance on an individual policy basis. Coverage has been provided by the same carrier throughout that period.

Enrollment

Initial enrollment was about 700 members. This remained stable for a number of years, but has subsequently declined. At the end of 2010 there were 41 members covered under the plan.

Experience

Paid premiums were $2,062 in 2010, and paid claims were $3,038.

Expenses

Paid expenses in 2010 were $1,863.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.

2. Continue the plan with American United at current rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**11/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Legal Plan - Legal Club of America - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Legal Club of America at current rates.

BACKGROUND:

This plan, which became effective in 2000, provides specified legal services through a network of attorneys, plus other legal services for $75 per hour. It has been provided since inception by the same provider.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

LEGAL PLAN

This letter constitutes our annual report concerning the legal service plan provided by Legal Club of America. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective in 2000, provides specified legal services through a network of attorneys, plus other legal services for $75 per hour. It has been provided since inception by the same provider.

Enrollment

Plan membership increased by about 35% during the past year. There were 1343 covered members at the end of 2010, with access to 1098 California law firms.

Experience

A total of about $661,000 of premium has been paid over the life of the plan, of which about $113,000 was paid in 2010. Since this is a service plan, and not insurance, the provider makes no claim payments. Approximately half of the plan participants (683 members) used plan services during 2010.

Expenses

Reimbursement of service costs totaled about $26,000 in 2010. Other provider costs have not been provided.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.

2. Continue the plan with Legal Club of America at current rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BENEFITS AGENDA ITEM **BEN 12/11/3** (Snodgrass)

ACTION ITEM Date: 9/24/11

SUBJECT: Auto and Homeowners Insurance Plan - Unitrin Direct *preferred insurance* - Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

OFFICER ASSIGNED: Donna Snodgrass, Vice President

ASSIGNED TO: Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude there is no contingency reserve surplus.

2. Continue the plan with Unitrin Direct *preferred insurance* at current rates, pending the outcome of RFP discussions.

3. Continue marketing to increase plan participation.

4. Negotiate a retention agreement or improved premium rates.

BACKGROUND:

This plan became effective in 2001. It provides auto and homeowners insurance along with umbrella and boat coverage. Coverage is offered on an individual, rather than a group, basis. Records of problems and complaints, maintained by the Member Benefits staff, have shown favorable results. In January of 2003 Merastar replaced Rewards Plus as plan administrator, creating a direct relationship between CSEA and the carrier. In June 2007 Merastar was purchased by Unitrin, Inc. and now operates as a subsidiary of Unitrin Direct Insurance Company. Unitrin is a $3 billion financial services company and maintains an "A" (Excellent) rating from A.M. Best.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

AUTO AND HOMEOWNERS

This letter is our annual report concerning the Auto and Homeowners insurance plan underwritten by Merastar Insurance Company and marketed as UNITRIN Direct *preferred insurance*. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan became effective in 2001. It provides auto and homeowners insurance along with umbrella and boat coverage. Coverage is offered on an individual, rather than a group, basis. Records of problems and complaints, maintained by Member Benefits staff, have shown favorable results. In January of 2003 Merastar replaced Rewards Plus as plan administrator, creating a direct relationship between CSEA and the carrier. In June 2007, Merastar was purchased by Unitrin, Inc. and now operates as a subsidiary of Unitrin Direct Insurance Company. Unitrin is a $3 billion financial services company and maintains an "A" (excellent) rating from A.M. Best.

Enrollment

Total policy counts as of December 31, 2010 decreased 9% relative to last year. The history below shows total policy counts (auto, homeowners, boat, and umbrella) over the last five years:

YEAR	POLICIES
2006	2477
2007	2394
2008	2196
2009	2166
2010	1975

Experience

Insured members paid about $2.8 million in premium in 2010. Premiums and claims below are in thousands of dollars, and loss ratios are percentages:

POLICY YEAR	EARNED PREMIUMS	INCURRED CLAIMS	LOSS RATIO
2006	3526	2531	72
2007	3509	1571	45
2008	3433	1927	56
2009	3192	1605	50
2010	2818	1529	54

Expenses

The carrier reports paid commission and marketing costs only. Those expenses are shown below in thousands of dollars, while ratios are percentages:

YEAR	EXP PAID	EXP RATIO
2006	190	5
2007	227	6
2008	276	8
2009	245	8
2010	244	9

Contingency Reserve

There is no provision for a contingency reserve under the agreement with Merastar. The plan is stable, however, and appears to be profitable for the carrier.

Recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Unitrin Direct *preferred insurance* at current rates, pending the outcome of RFP discussions.
3. Continue marketing to increase plan participation.
4. Negotiate a retention agreement or improved premium rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 13/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	Emergency Assistance Plan (EA+) - OnCall International - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.

2. Continue the plan with OnCall International at current rates.

BACKGROUND:

This plan, which became effective in 2004, provides medical and associated assistance in the event of sickness or injury when traveling. Coverage is available on a family or member-only basis.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

EMERGENCY ASSISTANCE PLAN

This letter constitutes our annual report concerning the Emergency Assistance Plan provided by On Call International. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan, which became effective in 2004, provides medical and associated assistance in the event of sickness or injury when traveling. Coverage is available on a family or member-only basis.

Enrollment

The plan experienced a significant decrease in participants (27%) during 2010. Membership for the last five years of the program has been as follows:

YEAR	MEMBERS
2006	3686
2007	3790
2008	3984
2009	3759
2010	2726

Experience

Paid premiums plus fees totaled $281,000 in 2010. This is primarily a service plan, but the provider does make some direct payments to insured members under certain circumstances.

Expenses

No information about the costs of operating the plan has been provided.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with On Call International at current rates.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM	**BEN 14/11/3** (Snodgrass)
ACTION ITEM	Date: 9/24/11
SUBJECT:	24PetWatch Pet Insurance Plan – Pethealth Incorporated - Annual Review
SOURCE AND/OR PROPONENT:	Member Benefits Committee
OFFICER ASSIGNED:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.

2. Continue the plan with Pethealth at current rates, pending the outcome of RFP discussions.

BACKGROUND:

This plan provides medical coverage for dogs and cats. The basic monthly premium varies from $10.95 to $46.95 for dogs and from $9.95 to $26.95 for cats. The maximum benefit is $2,500 for cats and $3,000 for dogs.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

Member, American Academy of Actuaries
Member, American Society of Pension Actuaries
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TKC is a Member of NORACS

Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

24PETWATCH PET INSURANCE PLAN

This letter constitutes our annual report concerning the 24PetWatch Pet Insurance Plan provided by Pethealth Incorporated. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan provides medical coverage for cats and dogs. The basic monthly premium varies from $10.95 to $46.95 for dogs and from $9.95 to $26.95 for cats. The maximum benefit is $2,500 for cats and $3,000 for dogs.

Enrollment

Enrollment remained at 26 participants last year, which is very low in the sixth year of the plan's availability.

Experience

Premiums of about $7,000 were collected during 2010. The carrier does not report claim experience.

Expenses

No information about the costs of operating the plan has been provided.

Contingency Reserve

There is no provision in the plan for a contingency reserve.

Recommendations

1. Conclude that there is no contingency reserve surplus.

2. Continue the plan with Pethealth at current rates, pending the outcome of RFP discussions.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM **BEN 15/11/3** (Snodgrass)

ACTION ITEM Date: 9/24/11

SUBJECT: Comprehensive Accident Plan (CAP) - Hartford Life and Accident Insurance Company - Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

OFFICER ASSIGNED: Donna Snodgrass, Vice President

ASSIGNED TO: Kay Thomas

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

3. Conclude there is no contingency reserve surplus.

4. Continue the plan with Hartford Life and Accident Insurance Company at current rates.

3. Continue marketing to increase plan participation.

4. Discuss potential for a retention agreement with the carrier as the plan grows.

BACKGROUND:

This plan was implemented in 2007 to provide additional coverage for accident-related loss not included in the AD&D plan underwritten by New York Life. Two levels of coverage are offered, providing benefits for death, disability and hospitalization.

Attached is the 2010 Annual Actuarial Report. This data was reviewed by the committee and used as a resource in evaluating the plan.

ESTIMATED COST/SAVINGS: None. (Staff estimate: No cost).

FUNDING SOURCE:

BOARD ACTION:

THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

FREDERICK W. KILBOURNE

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Ms. Kay Thomas, Benefits Manager
California State Employees Association
1108 O Street, Sacramento, CA 95814

July 18, 2011

Dear Ms. Thomas:

COMPREHENSIVE ACCIDENT PLAN

This letter is our annual report concerning the Comprehensive Accident insurance plan underwritten by Hartford Life and Accident Insurance Company. It includes a brief review of the actuarial condition of the plan and of recent activity, as well as our conclusions and recommendations for action this year.

Background

This plan was implemented in 2007 to provide additional coverage for accident-related loss not included in the AD&D plan underwritten by New York Life. Two levels of coverage are offered, providing benefits for death, disability and hospitalization.

Enrollment

Policies increased slightly during 2010:

YEAR	POLICIES
2007	416
2008	561
2009	587
2010	595

Experience

Claim experience is still limited. Premiums and claims below are in thousands of dollars, and loss ratios are as percentages:

POLICY YEAR	EARNED PREMIUMS	INCURRED CLAIMS	LOSS RATIO
2007	83	0	0
2008	154	14	9
2009	164	0	0
2010	194	68	35

Expense

Expenses, which still include some amortized start up cost, remain high as a percent of premium. Expense ratios have been as follows based on premiums earned and expenses paid:

YEAR	FEES	MKTG	RETEN	TOTAL
2007	44.8	89.2	9.6	143.6
2008	31.5	38.3	9.6	79.3
2009	25.0	25.5	9.6	60.1
2010	25.0	17.7	9.6	52.3

Contingency Reserve

There is no provision for a contingency reserve with this plan. Experience for the first four years has been good, but the plan is still too new to evaluate its profitability.

Recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Hartford Life and Accident Insurance Company at current rates.
3. Continue marketing to increase plan participation.
4. Discuss potential for a retention agreement with the carrier as the plan grows.

Sincerely,

Fred Kilbourne

Frederick W. Kilbourne

Cc: Kathleen A. Blum

BOARD AGENDA ITEM **FIS 7/11/3**

ACTION ITEM Date: 9/24/2011

SUBJECT: Approval of CSEA Entering Into a Line of Credit Agreement With Wells Fargo Bank in the Amount of $250,000

SOURCE AND/OR PROPONENT: David Okumura

PRESENTATION BY: Lee King

ASSIGNED TO:

RECOMMENDED ACTION: That the Board of Directors direct the General Manager to consummate a line of credit with Wells Fargo in the amount of $250,000.

BACKGROUND: CSEA previously maintained a $750,000 line of credit with Wells Fargo that was terminated by the bank because of CSEA's extensive pension and post retirement liabilities. The bank is now willing to extend a smaller line of credit to CSEA since the pension liability has been shifted to SEIU after the pension merger. The line of credit would be accessed by CSEA only if there was an occasional, intermittent need for a cash infusion due to cash flow demands. The Finance Committee recommends adoption of this motion.

ESTMATED COST/SAVINGS: N/A

FUNDING SOURCE: N/A

BOARD ACTION:

BOARD AGENDA ITEM	**FIS 8/11/3**
ACTION ITEM	Date: 9/24/2011
SUBJECT:	2010 Audit Report
SOURCE AND/OR PROPONENT:	David Okumura
PRESENTATION BY:	Lee King
ASSIGNED TO:	

RECOMMENDED ACTION: That the Board of Directors adopt the 2010 Audit Report of CSEA.

BACKGROUND: The 2010 Audit Report of CSEA and the management letter has been reviewed by the Finance Committee and they have recommended adoption of the Audit Report and findings to the Board for adoption.

ESTMATED COST/SAVINGS: N/A

FUNDING SOURCE: N/A

BOARD ACTION:

BOARD AGENDA ITEM	**FIS 9/11/3** (Hart)
ACTION ITEM	Date: 09/24/11
SUBJECT:	CSEA History Project
SOURCE AND/OR PROPONENT:	Dave Hart, President
PRESENTATION BY:	Janis Mickel-Szichak
ASSIGNED TO:	Janis Mickel-Szichak

RECOMMENDED ACTION:

That the Board of Directors approves an additional $50,000 to be used solely for the CSEA History Project.

Deliverables include the following:

1) Complete work consolidating, organizing and scanning photo and subject files in CSEA archive, as well as disposal of duplicates and irrelevant materials.
2) Create an interactive website to make photos and documents accessible; to make it possible for members to participate in the process of identification and to add comments or additional documents.
3) Partner with educational and archival institutions such as the State Archives and CSU-Sacramento to preserve and house these materials
4) Partner with educational institutions, such as CSU-Sacramento and UC Berkeley to design an oral history program, and to train and monitor volunteers conducting oral history interviews.
5) Work with institutions identified above, to compete for grants from agencies such as the California Council for the Humanities for continuation of this project.
6) Partner with the affiliates, if possible, to manage historical records now in the affiliates' possession.
7) Survey individual members for donations of items of historical interest from their own private collections.

BACKGROUND:

In January 2011 the CSEA Board of Directors approved the expenditure of $19,000 to begin work on the CSEA History project. Since that time, the Project has accomplished the following

1) Created a system for scanning photos, along with keywords enabling labeling and searching these materials.
2) Scanned approximately 50% of the archive of photographs belonging to CSEA,
3) Posted a preliminary CSEA History Project web page.
4) Requested the CSU-San Francisco Labor Archive, CSU-Sacramento and California State Archives to submit proposals for storage, preservation and accessing the CSEA Archive
5) Requested CSU-Sacramento and the Regional Oral History Office at UC Berkeley to submit proposals to assist CSEA in developing and implementing an oral history program, including training volunteers to conduct such interviews.
6) Created promotional and educational materials for the CSEA History Project.
7) Received training in archival standards and techniques.
8) Organized an Advisory Committee, with representation from each affiliate, to exercise overall supervision over the project.

All of these activities have been undertaken within a Project Management framework, with Janis Mickel-Szichak serving as Project Sponsor.

EXPENDITURES TO DATE: JANUARY 1, 2011-SEPTEMBER 30, 2011

As of September 30, 2011, with History Project will have spent the $19,000 that was appropriated by the Board in January 2011, as follows:

Student assistants (scanning)	$10,500
Computer software	400
Hardware (document scanner)	2,200
Travel (Retirees Delegate Assembly)	1,100
Printing (brochures)	700
Training (Western Archives Institute)	2,195
Photo display	1,500
Miscellaneous supplies	350
TOTAL	**$18,945**

[Continued]

PROJECTED EXPENDITURES: OCTOBER 1, 2011-SEPTEMBER 30, 2012

Complete scanning of CSEA collection	$20,000
Purchase website software	$3,000
Marketing	$1,000
Purchase video equipment	$2,000
Recruit/train volunteer interviewers	$20,000
Conduct interviews	$4,000
TOTAL	**$50,000**

FUNDING SOURCE:

Unallocated budgeted savings for 2011

BOARD ACTION:

BOARD AGENDA ITEM	**A**	[INCOMPLETE]
INFORMATION ITEM	Date: 9/24/11	
SUBJECT:	Disposition of Board Assignments	
SOURCE AND/OR PROPONENT:	Board of Directors Minutes	
ASSIGNED TO:	Karen Jensen	

Following is a status report on board motions referred on which action has not been completed:

No incomplete items.

Item:	Description:	Division/Program:
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BOARD AGENDA ITEM **A-1** [COMPLETE]

INFORMATION ITEM Date: 9/24/11

SUBJECT: Disposition of Board Assignments

SOURCE AND/OR PROPONENT: Board of Directors Minutes

ASSIGNED TO: Karen Jensen

Following is a status report on board motions referred on which action has been completed as of this meeting:

BENEFITS ITEMS		
Item:	**Description:**	**Division/Program:**
BEN 4/11/2 **BD 8/11/2**	CSEA Life Program Proposal	Member Benefits
BYLAWS, POLICIES, PROCEDURES, & PROGRAMS ITEMS:		
Item:	**Description:**	**Division/Program:**
B&P 3/11/2 **BD 9/11/2**	Policy-Making Procedures	General Administration
B&P 4/11/2 **BD 10/11/2**	General Council	General Administration
B&P 5/11/2 **BD 11/11/2**	Association Governance	General Administration
B&P 6/11/2 **BD 12/11/2**	Association Committees	General Administration
B&P 7/11/2 **BD 13/11/2**	Headquarters	General Administration
B&P 8/11/2 **BD 14/11/2**	Public Relations & Communications	General Administration
B&P 9/11/2 **BD 15/11/2**	Discipline & Grievances	General Administration

Item:	Description:	Division/Program:
B&P 10/11/2 **BD 16/11/2**	Association Travel Expense	General Administration
B&P 11/11/2 **BD 17/11/2**	Association Finances	General Administration
B&P 12/11/2 **BD 18/11/2**	Association Elections	General Administration
B&P 13/11/2 **BD 19/11/2**	Member Benefits Program	General Administration
B&P 14/11/2 **BD 20/11/2**	Rep. and Equal Employment Opportunity (EEO)	General Administration
B&P 15/11/2 **BD 21/11/2**	Relations with Other Organizations	General Administration
B&P 16/11/2 **BD 22/11/2**	Legislation and Political Action	General Administration
B&P 17/11/2 **BD 23/11/2**	Association Communications	General Administration
B&P 18/11/2 **BD 24/11/2**	Reorganization of Part II: Association Policy and Procedures	General Administration

FISCAL ITEMS:

Item:	Description:	Division/Program:
FIS 2/11/2 **BD 25/11/2**	401 K Plan Amendment	Chief Financial Officer
FIS 3/11/2 **BD 26/11/2**	Reaffirm Ratification of CBA with UAW	Chief Financial Officer
FIS 4/11/2 **BD 27/11/2**	Retention of FY 2010 Member Benefits	Chief Financial Officer
FIS 5/11/2 **BD 28/11/2**	Authorization to Pursue Sale of Alliance Print & Design *(Closed Session, Confidential)*	Chief Financial Officer
FIS 6/11/2 **BD 29/11/2**	Authorization to Sell Real Property at 930 R Street *(Closed Session, Confidential)*	Chief Financial Officer

BOARD AGENDA ITEM	**B**
INFORMATION ITEM	Date: 9/24/11
SUBJECT:	Semi-Annual Report Member Benefits Electronic Marketing and Communications
SUBMITTED BY:	Donna Snodgrass, Vice President
ASSIGNED TO:	Kay Thomas

Semi-Annual Report
Member Benefits Electronic Marketing and Communications
August 25, 2011

BACKGROUND

The Member Benefits electronic communications program was completely revised in March 2011. The project included:

- A redesigned website, with a shopping cart and other new features.
- A redesigned monthly electronic newsletter program:
    - A shorter affiliate-specific version for all members with email addresses on the CSEA database
    - A longer version for subscribers to the Member Benefits mailing list.
- Extensive promotion of the e-newsletter list and website.
- A new presence on Facebook.

Taken as a whole so far the data indicates:

- Increased use of the Member Benefits website
- Successful implementation of the shopping cart feature
- Increased use of the Member Benefits e-newsletter
- Member support for Facebook communications.
- Increased revenue.

The results of these changes over the last six months—February - July, 2011—are summarized below, along with data for the comparable period in 2010.

Please read this report with several reservations in mind:

- Member Benefits activity is influenced by many factors, from seasonal patterns to overall economic conditions, which may outweigh any changes in marketing strategy. We will continue to generate data to determine long range patterns.

- Members cannot buy revenue-producing items—insurance policies for example—online because of requirements for a “wet signature.” We are working with our insurance vendors to facilitate such online sales. We are also closely monitoring another major revenue source—Purchasing Power—which does not require a wet signature, to determine responsiveness to online marketing.

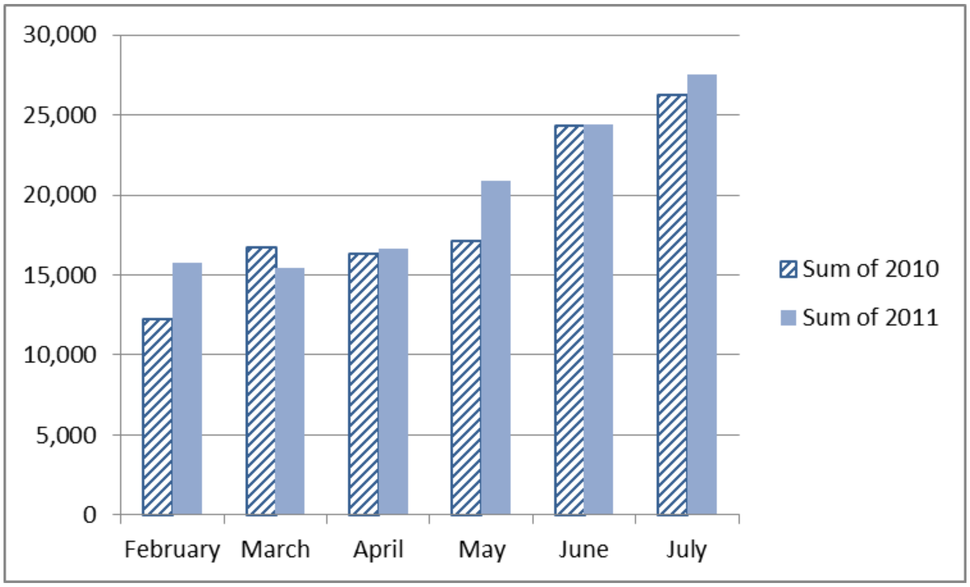
- Online marketing is limited by the CSEA database. Shopping cart purchases must still be checked to verify membership.

This summary will be provided semi-annually. A detailed monthly report is also available.

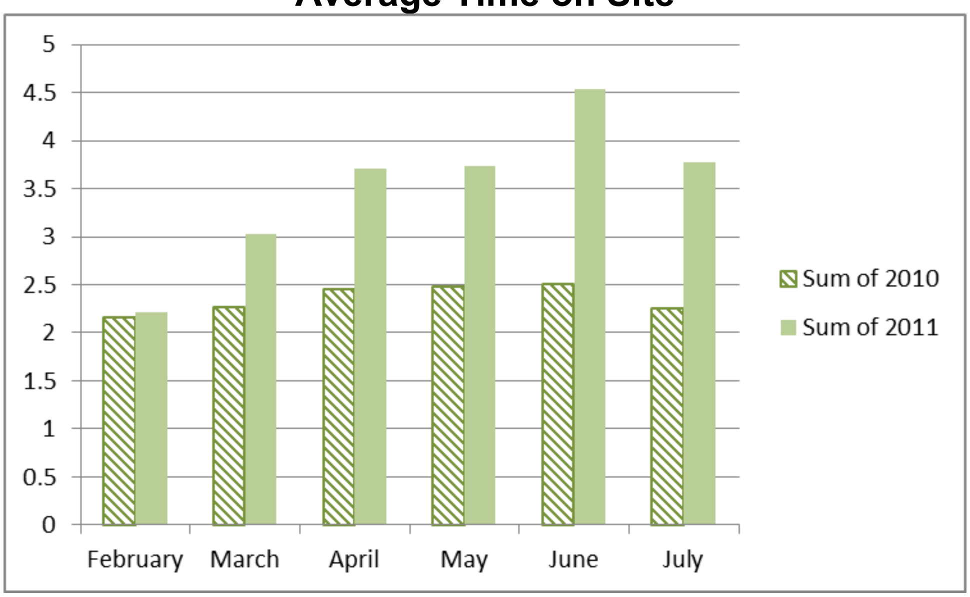
WEBSITE TRAFFIC

Since the redesign, more members are visiting the site. They are spending more time on the site, viewing more pages and they are "bouncing" off the site less often.

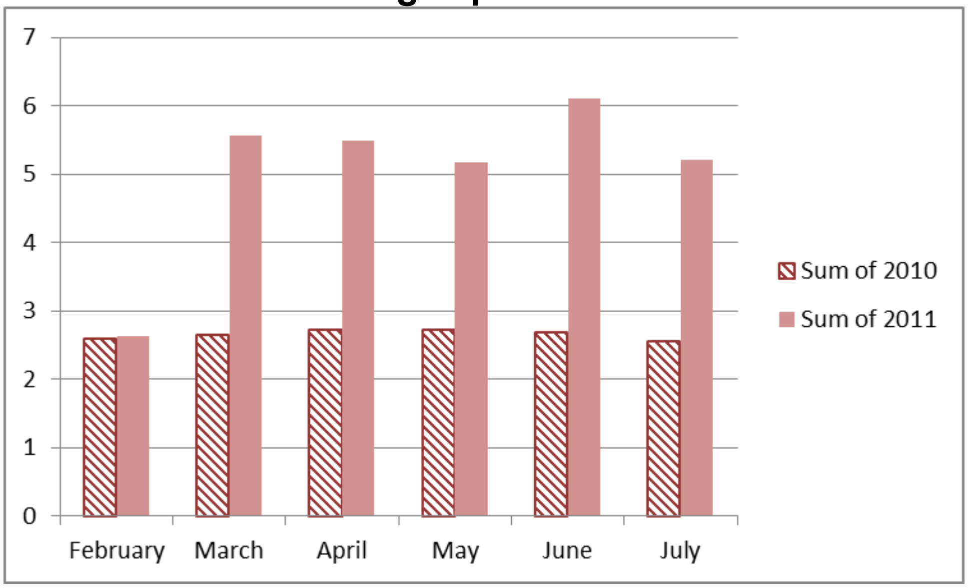
Visits to Site



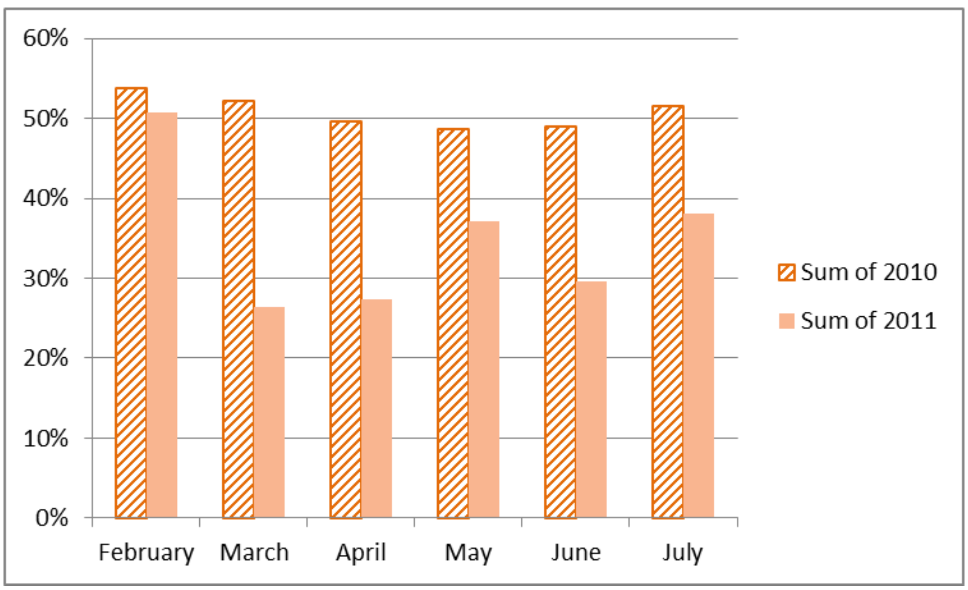
Average Time on Site



Pages per Visit



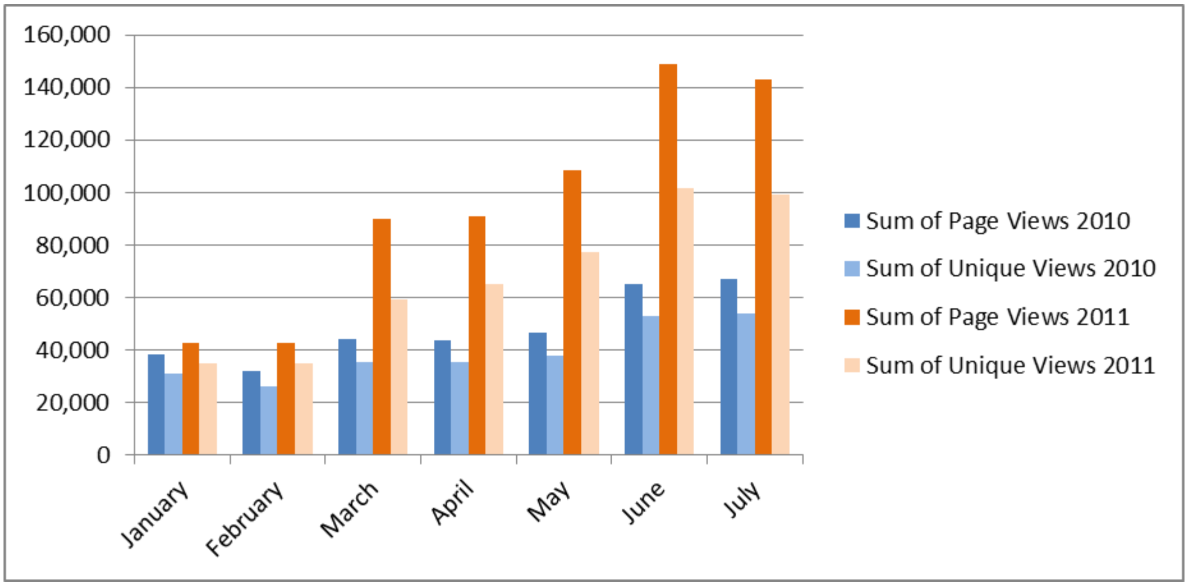
Bounce Rate



<u>Visits to Site</u> – A session of interaction between a visitor's browser and a website.

<u>Bounce Rate</u> – The bounce rate is the percentage of single-page visits or visits in which the person left your site from the entrance (landing) page. This measures how quickly people leave the site. High bounce rates are bad. Low bounce rates are good.

Page views and Unique Views, 2010 vs. 2011



Page Views – an instance of a page being loaded by a browser. Viewers may have clicked on a page more than once. If a user clicks on a page 5 times during their visit, it will be recorded as 5 page views.

Unique Views – represents the number of pages viewed during each visit. If a user clicks on a page 5 times during their visit, it will be recorded as 1 unique view.

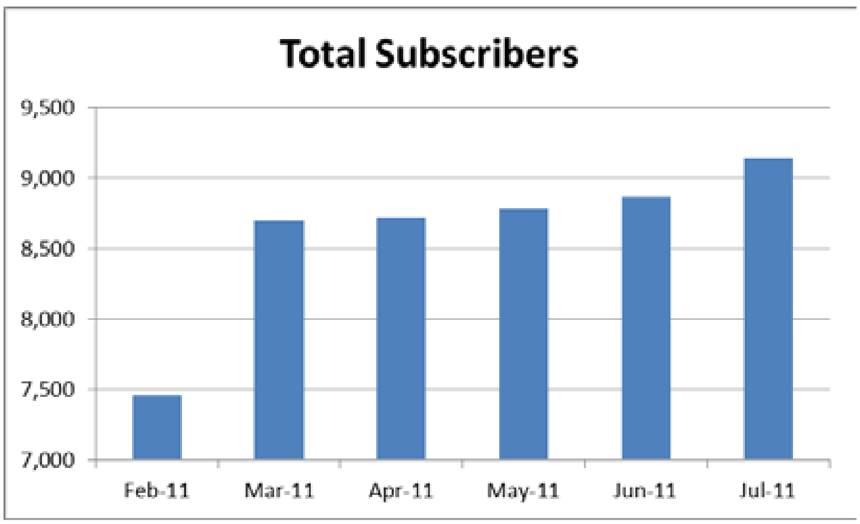
THE MEMBER BENEFITS E-NEWSLETTER LIST

Since 2008 Member Benefits has sent monthly affiliate-specific e-newsletters to all members on the membership database with e-mail addresses. At the same time, members could subscribe to a separate Member Benefits e-mail list to receive additional offers and information.

Beginning in February, 2011 Member Benefits began sending out a comprehensive monthly newsletter only to subscribers, and in June, 2011 began sending a shorter newsletter to all affiliate members. The newsletters were all redesigned to reflect seasonal offers. Subscriptions were promoted with special prize drawings.

The number of subscriptions rose dramatically in March, and more slowly since then. We attribute this pattern to incentives that were offered in March, and we are planning to offer additional incentives periodically.

Since January, 2011 subscriptions have increased an average of 344 per month.



Averages: Subscription rate: +344/month, Average Unsubscribe rate: -12/month
Annual Increase: 40 percent

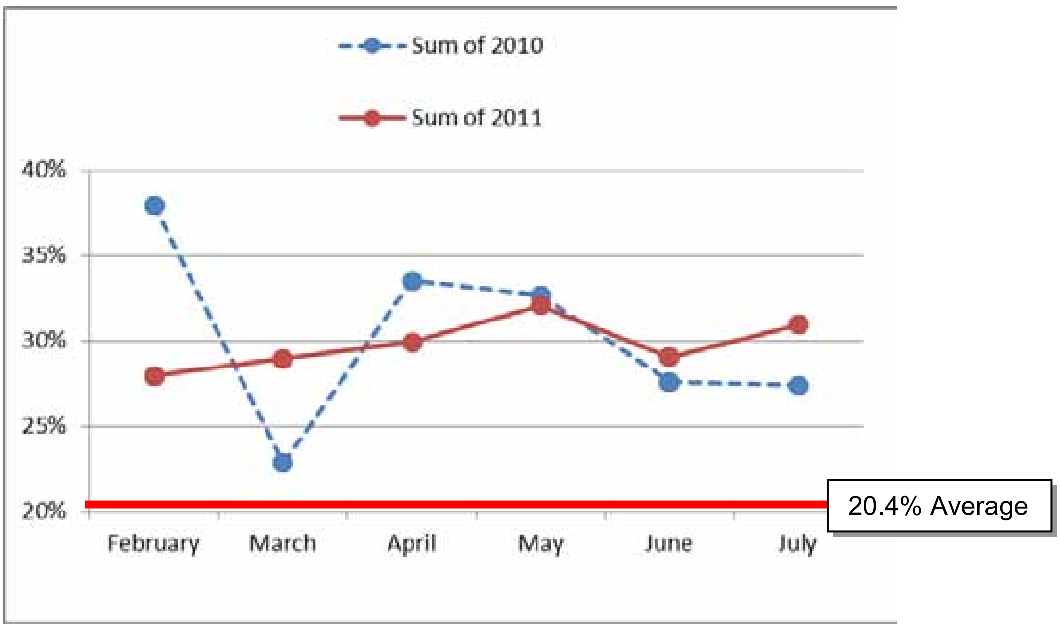
As of 8/24/2011, subscriber count is **9447. We have experienced a dramatic increase in subscribers in August.*

NEWSLETTER PERFORMANCE

Since the redesign more members are opening the e-mails containing the Member Benefits e-newsletters and more of them are exploring the links provided.

1. Open rate –the rate at which newsletter recipients open the e-newsletter. Subscribers receive it directly from Member Benefits. Non-subscribers receive a shorter version from their affiliate. According to industry standards, a 20.4 % open rate is average for non-profits. Member Benefits' open rate is substantially higher.

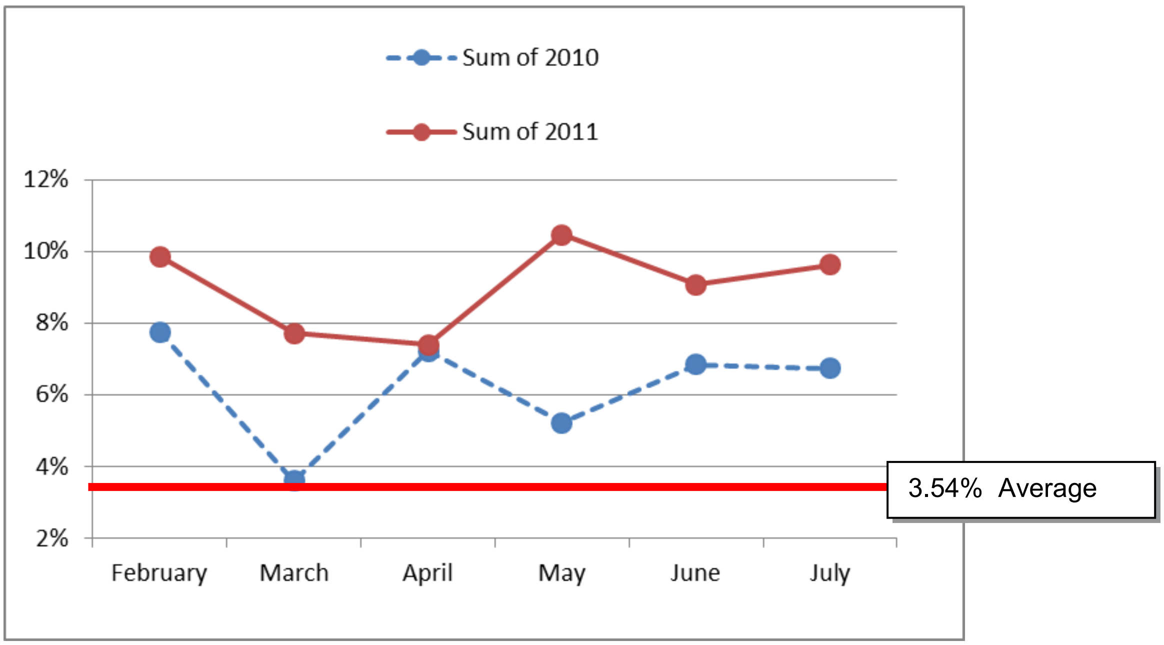
Average Open Rate



(Note the unusually high open rate in February 2010 reflects the first-time mailing to the Member Benefits list.)

2. Click rate- This is the rate at which recipients who have opened the e-mail click on specific links. **A 3.54% click rate is average for non-profits. Again, the Member Benefits rate is substantially higher than average.**

Average Click Rate



<u>SHOPPING CART ACTIVITY</u>

The shopping cart function for ticket purchases was launched in late March 2011. It does not yet permit completely automated purchasing—Member Benefits staff still has to manually check membership status before mailing out tickets. We plan to investigate ways to leverage the upcoming database management system to improve the shopping cart experience in 2012.

Revenue generated by the shopping cart is increasing dramatically, more than doubling between May and June, after a slight dip in May.

Month	Total Sales	Orders	Units Sold
Mar-11 *	$5,318	26	98
Apr-11	$21,480	60	328
May-11	$19,319	77	383
Jun-11	$43,462	146	831
Jul-11	$36,878	172	722
TOTALS	**$126,457**	**481**	**2,362**

* Shopping cart launched

SURVEY RESULTS

On-line surveys were conducted in October 2010 and in July 2011. The results combining the two most positive ratings (always, sometimes, etc) indicate increasing customer satisfaction.

<u>What do you think about information you find on the Member Benefits web pages?</u>
Just the right amount, about the right amount
October 2010 77%
July 2011 81%

<u>How easy is it to navigate around the Member Benefits web pages?</u>
Easy or somewhat easy
October 2010 87%
July 2011 96 %

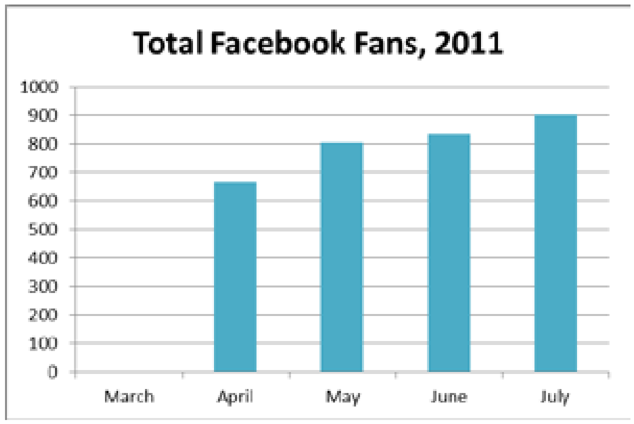
<u>How often do you read the Member Benefits newsletter?</u>
Once in a while, once a month
October 2010 88%
July 2011 93%

<u>How informative is the newsletter?</u>
Very informative, somewhat informative
October 2010 77%
July 2011 95%

FACEBOOK PAGE

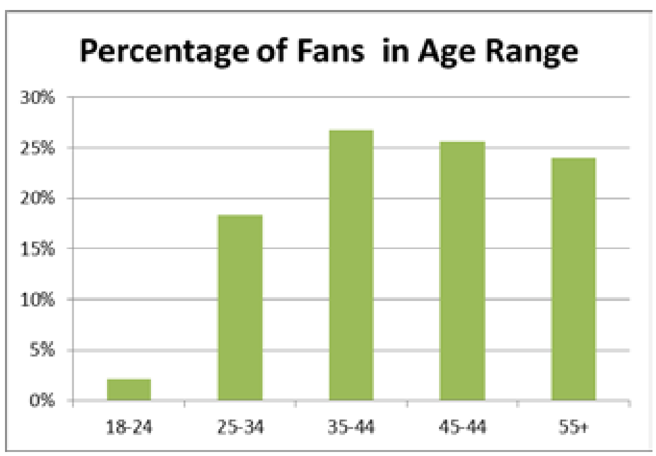
CSEA Member Benefits, with the support of their consultant, launched a Facebook page in February of 2011 and started driving traffic consistently to the page in mid-March. Results have been very encouraging to-date with 928 active fans.

The following chart shows the increase in Fan support since March.



80% of the Fans of the CSEA Member Benefits Facebook page are women, while 18% are men (2% unknown).

The following is a breakdown of the age groups that have become fans of the CSEA Member Benefits Facebook page.

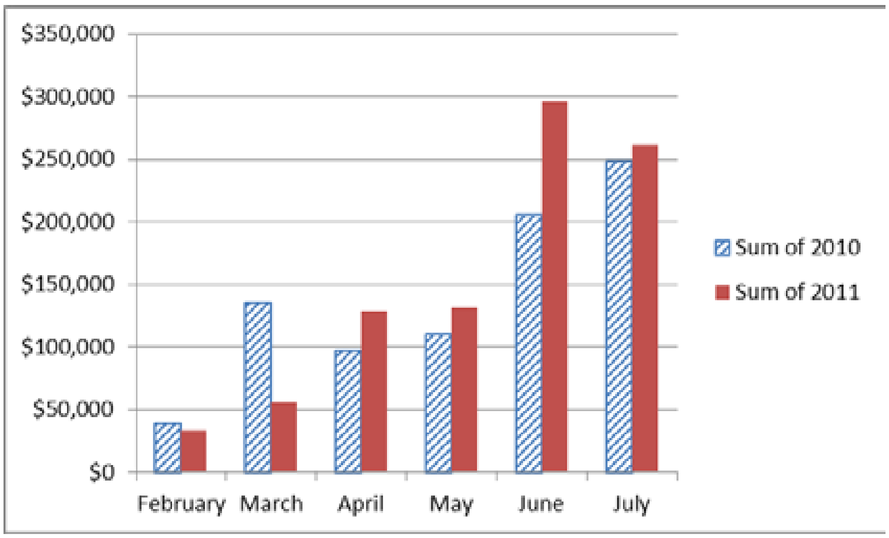


Two posts per month have been “shared” regarding information contained within the monthly “Did You Know” article, in order to keep a consistent marketing theme between the Member Benefits Website, e-Newsletter, “Did You Know” article and Facebook. Additional posts have been included to make members aware of upcoming Member Benefits Committee Meetings and “family fun days”.

THE BOTTOM LINE

Aside from the work of Central Support staff, Member Benefits has invested in consulting, software and other costs.

While it is impossible to tie increased revenue to these improvements with complete certainty, the month-to-month comparisons below are extremely promising. Launch of the shopping cart in particular transformed a losing first quarter into a very profitable second quarter.



In the four months since the launch of the shopping cart, total ticket sales are up by $158,013 over 2010 sales. This is an increase of 24%.

Total Ticket Sales	2010	2011	Increase
April	$96,538	$128,658	33%
May	$109,857	$131,957	20%
June	$205,071	$296,034	44%
July	$248,363	$261,193	5%
Total	**$659,829**	**$817,842**	**24%**

Ticket sales are an indicator of the responsiveness of members to a more useful and user-friendly website. To the degree that we can make other more profitable products and services available on line the evidence to date is that Member Benefits--and therefore the affiliates of CSEA--could anticipate a significant increase in revenue.

At the same time, we are working to make more profitable products subject to on-line marketing. The potential is shown by a recent promotion for Purchasing Power. The open rate was 42% and the click rate was 18%; both numbers are considerably well above average standards. We can deduce that additional sales were indeed made, however we are waiting to obtain accurate sales figures from the vendor. Studies have proven that stand-alone emails advertising a single product generate increased sales.

BOARD AGENDA ITEM	**C**
INFORMATION ITEM	Date: 9/24/11
SUBJECT:	Status of 2009 General Council Resolutions [*Updated 9/10/11]*
SOURCE AND/OR PROPONENT:	Board of Directors Minutes
ASSIGNED TO:	Karen Jensen

STATUS OF 2009 GENERAL COUNCIL RESOLUTIONS

Updated 9/10/11

Resolutions highlighted in dark grey were either withdrawn, out of order, rejected or combined in another resolution at the 2009 General Council, or referred to an Affiliate.

ASSOCIATION BYLAWS, POLICIES, PROCEDURES AND PROGRAMS

B&P 1/09 Completed.	BYLAWS ARTICLES II, III, IV, V, IX, X, XI,XIII, XIV, XV and XIX Adopted and placed in the Bylaws
B&P 2/09 Failed	BYLAWS ARTICLE II: Purposes and Objectives
B&P 3/09 Completed.	BYLAWS ARTICLE III, MEMBERSHIP Adopted and placed in the Bylaws
B&P 4/09 Completed.	BYLAWS ARTICLE IV, GOVERNANCE Adopted and placed in the Bylaws
B&P 5/09 Completed.	BYLAWS ARTICLE V, ELECTIONS AND TERMS OF OFFICE Adopted and placed in the Bylaws
B&P 6/09 Completed.	BYLAWS ARTICLE VI, THE CHAPTER/DLC Adopted and placed in the Bylaws
B&P 7/09 Completed.	BYLAWS ARTICLE VII, REGIONS Adopted and removed from the Bylaws Article Numbers changed accordingly
B&P 8/09 Completed.	BYLAWS ARTICLE VIII, DIVISIONS AND BARGAINING UNITS Adopted and placed in the Bylaws
B&P 9/09 Completed.	BYLAWS ARTICLE IX, AFFILIATED ORGANIZATIONS Adopted and placed in the Bylaws

B&P 10/09 Failed	BYLAWS ARTICLE X: GENERAL COUNCIL
B&P 11/09 Failed	BYLAWS ARTICLE XI: COMMITTEES
B&P 12/09 Completed.	BYLAWS ARTICLE XII, POLITICAL ACTION Adopted and placed in the Bylaws
B&P 13/09 Completed.	BYLAWS ARTICLE XIII, DUES AND FEES Adopted and placed in the Bylaws
B&P 14/09 Completed.	BLAWS ARTICLE XIV, FINANCIAL Adopted and placed in the Bylaws
B&P 15/09 Completed.	BYLAWS ARTICLE XV, HEADQUARTERS Adopted and placed in the Bylaws
B&P 16/09 Completed.	BYLAWS ARTICLE XVI, LIMITATIONS Adopted and placed in the Bylaws
B&P 17/09 Completed.	BYLAWS ARTICLE XVII, MEETINGS Adopted as Amended and placed in the Bylaws
B&P 18/09 Completed.	BYLAWS ARTICLE XVIII, AMENDMENTS Adopted and placed in the Bylaws
B&P 19/09 Completed.	BYLAWS ARTICLE XIX, SUPREMACY OF THE BYLAWS Adopted and placed in the Bylaws
B&P 20/09 Failed.	Affiliation With AFSCME
B&P 21/09 Referred to CSEA Retirees, Inc.	BYLAWS ARTICLE II, Section 1: Purpose of the Association
B&P 22/09 Resolved.	[Formerly FIS 2/09] Maintenance of Health Benefits in Retirement Accepted Committee Recommendation to Refer to Board of Directors for Further Study and Appropriate Action. *[The Board of Directors, as in the past, restated the CSEA health benefits plan at the first Board of Directors' meeting in 2010 and 2011.]*
B&P 23/09 Resolved.	Request to Reinstate CalPERS Ombudsman Program *Accepted Committee Recommendation to Refer to Board of Directors for Further Action.*
B&P 24/09 Resolved.	Women's Equality Through CSEA Accepted Committee Recommendation to Refer to Board of Directors for Further Study and Appropriate Action.

FISCAL

FIS 1/09 Implemented	2010-2012 CSEA BUDGET

MEMBER BENEFITS

MB 1/09 Rejected	Employees Free Choice Act
MB 2/09 Completed 1/29/11	Recognition of Harold Rose and Sherrie Golden • Referred to Board of Directors (Sherrie Golden: Plaque presented at BOD Meeting 1/29/11)
MB 2/09 Referred to CSEA Retirees, Inc.	• Recognition of Harold Rose
MB 3/09 Donations Completed 1/10.	Moment of Silence in Honor of Fran Dillon Donation to CSEA Scholarship Fund and American Cancer Society in the name of Fran Dillon. [Referred to Board of Directors and completed: B&P 6/10/2; BD 25/10/2]
MB 4/09 Item Withdrawn	Recognition of Noby Reidell
MB 5/09 Resolved.	Dr. Keith Richman Pension Initiative Paul McCauley Public Pension Employees Pension Contracts Referred to Board of Directors. Resolved through CSEA's active endorsement and contribution to Californians for Health Care and Retirement Security (CHCRS)
MB 6/09 Referred to Affiliates	Emphasizing Respect for Each State Worker

MB 7/09 Completed.	CalPERS CANDIDATE NIGHTS President Dave Hart wrote a letter on 11/17/2009 to CalPERS Board President Rob Feckner with a copy to CalPERS CEO Ann Stausboll with a short description of the motion as passed by our delelgates. In that letter, Jim McRitchie was identified as the point person to engage in discussion with CalPERS staff and Board to explore how to bring this about. Due to Mr. McRitchie's efforts, the first such open forum was conducted for

	the first CalPERS election following General Council 2009 on September 7, 2010. The open forum was sponsored by PERSWATCH and the Sacramento Central Labor Council and moderated by the Sacramento County League of Women Voters. Video coverage of the debate was made available on the CalPERS website after the debate through the election deadline. *Similar open forums planned for the election up to the May, 2011 election.*
MB 8/09 Completed.	INCREASE AVAILABILITY OF CalPERS PROXY VOTES Referred to Board of Directors. President Hart wrote a letter on 11/17/2009 to CalPERS Board President Rob Feckner with cc to CalPERS CEO and identified Jim McRitchie as the point person to engage in discussion with CalPERS staff and Board to explore how to bring this about. As president, I wrote a letter on 11/17/2009 to CalPERS Board President Rob Feckner with cc to CalPERS CEO and identified Jim McRitchie as the point person to engage in discussion with CalPERS staff and Board to explore how to bring this about. *Jim McRitchie will be contacted to update the status of this item.*
MB 9/09 Under consideration	Healthcare Reform Before Congress Referred to Board of Directors.

9/10/11