MEMORANDUM OF UNDERSTANDING

Articles 22 and 23-Paid Benefits
Article 24-Salary for Faculty Employees

This Memorandum of Understanding is entered into by and between the Foothill-De Anza Community College District ("District") and the Foothill-De Anza Faculty Association ("FA").

This memorandum serves to clarify the terms and conditions of the compensation settlement between the Board, represented by Jane Enright, Vice Chancellor of Human Resources, and FA, represented by Richard Hansen, Chief Negotiator for the Faculty Association.

The parties agree that the following provisions shall constitute the basis of a tentative agreement on Article 22, Paid Benefits, and Article 24, Salary. The provisions of this MOU shall be implemented immediately subsequent to ratification by the faculty and approval by the Board itself.

The 2002-03 compensation settlement includes the following:

1. a salary adjustment of 2 percent (State COLA) on all salary schedules, Appendices A, B, B.1, C, E, G effective July 1, 2002;

2. an adjustment in paid medical benefits to include the following:
   For the District Plan:
   - $20 per office visit
   - Change Prescription Co-pay: $5 generic
   - $10 brand
   - Add Emergency Room Co-pay $50/no admittance with maximum co-payment for employee of $100/per plan year and for employee and dependents of $300/per plan year.

   For the Kaiser Plan:
   - Add Co-pay: $10 per office visit
   - $50 Emergency Room/no admittance

   - Change Prescription Co-pay: $5 generic
   - $10 brand

3. FA and the District acknowledge that 1) the rising cost of medical benefits poses a significant financial challenge for the District and 2) the funding of medical benefits constitutes one among many competing demands on district resources. Therefore, the parties agree to undertake a study and determine appropriate action to address the challenge of balancing the high cost of benefits and maintaining a quality medical benefit plan in the future. Beginning in July, the parties agree to meet collaboratively to gather and analyze data on benefit costs and the impact on district resources. If necessary, these meetings will continue in Fall quarter with the mutual goal of formulating a medical benefits restructuring plan that will be forwarded to the negotiation table and can be put into effect as early as possible in 2003-04. The parties agree that all employee groups will be invited and encouraged to appoint representatives to participate in these discussions.

Dated: May 27, 2003