

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on: 8/28/03
Department Name: Human Resources
Department No.: 064
Agenda Date: 9/9/03
Placement: Departmental
Estimate Time: 15 minutes
Continued Item: YES
If Yes, date from:

TO: Board of Supervisors

FROM: Scott J. Ullery, Deputy County Administrator
568-2817

STAFF CONTACT: Lila Deeds, Employee Relations Manager
568-2819

SUBJECT: Implementation of Government Code Section 31648.3, Authorizing Purchase of Retirement Service Credit by Laid-Off Employees

Recommendation(s):

That the Board of Supervisors:

- a) Consider cost information requested by the Board of Supervisors on July 15, 2003, related to Purchase of Retirement Service Credit; and
- b) Provide direction to staff whether to return to the Board with amendments to Board Resolution No. 03-226, which established the Purchase of Retirement Service Credit Program.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 3. A Strong, Professionally Managed County Organization.

Executive Summary and Discussion:

The resolution adopting this program was approved by the Board of Supervisors on July 22, 2003. Attached is a copy of the Board agenda letter dated July 15, 2003, which originally presented this issue for your formal adoption. A subsequent Board agenda letter dated August 19, 2003, providing examples of potential costs is also attached. This matter is being brought back to your Board to allow further consideration of additional cost information.

Government Code Section 31648.3, which becomes operative upon adoption by Board of Supervisors' resolution, provides that a retirement system member who is a full-time employee and returns within twelve months of the date of layoff to full-time service following a period of layoff not to exceed twelve months,

may receive service credit for the period of the absence upon the payment of the contributions that the member would have paid during the period of layoff, plus interest. If the employee elects to purchase this service credit, then the County is required to make its corresponding contribution.

Forecasting costs to the County associated with this benefit would involve numerous and unreliable assumptions including such factors as the number, classifications and ages of employees laid off; which of those laid off employees are rehired within twelve months; which of those rehired elect to purchase service credit, and for what length of time. As an alternative methodology, we have provided examples of per employee costs for a clerical, a professional and a public safety employee. These examples result in County costs ranging from \$2700 to \$9413 (see attached memo dated July 28, 2003).

As part of our effort to provide information to the Retirement System's Actuary, the Human Resources Department researched layoff records for approximately ten years and did not identify any employee who returned to County employment within one year after separation due to layoff. In large measure, this is because there have been very few employees actually separated as the result of layoff due to the County's efforts to place employees in alternative positions. If the County were to experience a period of serious economic hardship, this record may of course change.

In terms of the County's recent layoffs, four employees were actually separated from employment as the result of layoff. Of those, two were part-time employees and ineligible for this benefit. The maximum potential County cost for the two employees who would be eligible and may elect this benefit if they return to County employment within twelve months of the date of layoff is \$20,077, plus interest. However, one of these two employees has elected service retirement and it is highly unlikely that that employee will return to County service. The maximum potential County cost for the single remaining employee is \$4,781, plus interest.

Based on Board direction, in 2002 the County met and conferred and reached tentative agreements with all recognized employee organizations for adoption of this benefit.

Fiscal and Facilities Impacts:

There is no fiscal impact associated with these specific recommendations. The Purchase of Retirement Service Credit benefit previously adopted by your Board has potential cost impacts as described above.

cc: Oscar Peters, Retirement Administrator
Retirement Board Members
All Department Heads
All Employee Organizations