

		Policy # 205
Subject: Agenda Notice of Salary or Benefit Adjustment		
Responsible Department: Personnel Services		
Effective Date: 03/1993		Revision Date: N/A
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1. **Purpose**

The purpose of these administrative instructions is to provide for compliance with Government Code Section 23026 (Chapter 1047, Statutes of 1992), which requires agenda notice of salary or benefit increases for County employees and a determination of the impact such increases will have on the funding of the County Employees' Retirement System.

2. **Authority**

Government Code Section 23026

3. **Scope**

This contains the County's administrative instructions for complying with Government Code Section 23026 (Chapter 1047, Statutes of 1992), which requires agenda notice of salary or benefit increases for County employees and a determination of the impact such increases will have on the funding of the County Employees' Retirement System.

4. **Policy**

Government Code Section 23026 provides that in all counties subject to the County Employees' Retirement Law of 1937:

- The Board of Supervisors shall make public, at a regularly scheduled meeting of the Board, all salary and benefit increases that affect either or both represented and non-represented employees.
- Notice of any salary or benefit increase shall be included on the agenda for the meeting as an item of business in compliance with the requirements of Government Code Section 54954.2 (which requires

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that the agenda be made public at least 72 hours prior to the Board acting on the item).

- The **notice** shall include an explanation of the financial impact that the proposed salary or benefit increase will have on the funding status of the retirement system.
- The Retirement Board may have an actuary prepare an estimate of the actuarial impact of the salary or benefit increase.
- If an actuarial estimate is prepared, it shall be reported to the Board of Supervisors.
- This section does not limit or lessen the requirement of Government Code Section 7507 that the costs associated with retirement plan benefit increases be determined by an actuary and publicly disclosed two weeks prior to an adoption of the increase in retirement plan benefits.

EXAMPLES OF WHEN SECTION 23026 APPLIES

The following are examples of salary or benefit increases which require proper notice under Section 23026:

- An increase in salary for one or more classes, whether a COLA increase, a special equity adjustment, or any other increase in salary range.
- A pay differential or special pay allowance applicable to one or more classes.
- Benefit increases such as increases in contribution to employee group insurance, automobile reimbursement, uniform allowances, tuition reimbursement, paid leave, or any other benefit increase that results in increased cost to the County.

NOT COVERED BY SECTION 23026

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The following are examples of matters which are not covered by the notice requirement of Section 23026:

- The reallocation of positions from one class to another if there is no change in the respective salary ranges of the classes.
- Increases resulting from the administration of salary or benefit policies already adopted by the Board of Supervisors, such as salary step increases and pay differentials which apply pursuant to existing policies.
- Increasing positions from part-time to full-time or other similar actions which do not affect the salary range of the class.

AGENDA NOTICE

Agenda items which require notice in compliance with Section 23026 shall be given an appropriate title which clearly identifies that a salary or benefit increase is being recommended, and immediately below the title shall be this line:

(Financial Impact on Retirement System: _____). **Note: For most S.R.A.'s, financial impact will be "none."** Examples of agenda item titles are:

SALARY RESOLUTION AMENDMENT NO. ____ - ____, ____ (department name)
(Financial Impact on Retirement System: _____), or

SALARY INCREASE FOR ____ (class title)
(Financial Impact on Retirement System: _____), or

1992-93 SALARY INCREASES FOR NON-BARGAINING UNIT EMPLOYEES
(Financial Impact on Retirement System: _____), or

SALARY AND BENEFIT INCREASES PROVIDED FOR IN PROPOSED LABOR AGREEMENT WITH ____ (name of recognized employee organization)
COVERING ALL EMPLOYEES IN ____ (name of bargaining unit)
(Financial Impact on Retirement System: _____), or

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INCREASE IN TUITION REIMBURSEMENT FOR EMPLOYEES REPRESENTED BY (name of recognized employee organization) (Financial Impact on Retirement System: _____)

DESCRIPTION OF FINANCIAL IMPACT ON RETIREMENT SYSTEM

Most salary or benefit increases do not impact the funding of the Retirement System.

- Salary increases normally do not impact the funding of the Retirement System because retirement contributions are a percentage of salary, and when salaries increase, the contribution amounts increase in a corresponding amount.
- Most benefits increases do not impact retirement funding because compensation paid in the form of benefits normally does not have an impact on retirement benefits. For example, County contributions to employee insurance do not affect retirement benefit levels in any way. Similarly, tuition reimbursement, automobile allowances and mileage reimbursement, and other similar benefits in and of themselves have no impact on retirement benefits.

WHAT MIGHT IMPACT RETIREMENT FUNDING

What could impact the funding of the Retirement System, is any decision which would increase an employee's "final compensation" for purposes of computing pension in some lump sum manner which avoided prior on-going contributions to the system.

The Retirement System is funded on the assumption that final pension amounts are based on a level of compensation on which contributions are made to the Retirement System over an extended period of time.

STATEMENT TO APPEAR ON BOARD AGENDA REGARDING RETIREMENT SYSTEM FUNDING

What can be seen from the above examples is that most salary or benefit increases will not have an impact on the funding of the Retirement System.

Thus most often the notice on the Board agenda will read "None."

COORDINATION WITH RETIREMENT ADMINISTRATOR

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Unless you know a salary or benefit increase has no impact on Retirement System funding, based on your personal knowledge or examples given in these instructions, always consult in writing with the Retirement Administrator to determine whether the proposed salary or benefit increase will impact Retirement System funding.

The Retirement Administrator normally will be the person best able to determine whether a salary or benefit increase impacts Retirement System funding.

5. Review Not Applicable