



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 21-194

Board Meeting Date: 3/9/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Rocio Kiryczun, Director of Human Resources
Subject: Actuarial analysis on impact of adopting the provisions of Government Code section 31646(b)

RECOMMENDATION:

Accept an analysis on the actuarial impact upon future annual costs if the board were to adopt a resolution making the provisions of Government Code section 31646(b) applicable to the County which would allow employees to receive retirement service credit for an unpaid parental leave.

BACKGROUND:

Assembly Bill 2101 amended Government Code section 31646 to include a provision that would allow employees who take an unpaid parental leave to receive service credit toward retirement. AB 2101 went into effect on January 1, 2021 but the provision allowing an employee the option to receive service credit is only effective after the Board of Supervisors adopts a resolution making the provisions of 31646(b) applicable to the County.

Government Code section 7507 requires a local legislative body when considering changes in retirement benefits or other postemployment benefits, to secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing changes in public retirement plan benefits or other postemployment benefits. The future costs of the changes as determined by the actuary, must be made public at a public meeting at least two weeks prior to the adoption of the changes.

DISCUSSION:

Pursuant to the newly amended Government Code section 31646(b), a member who returns to active service following an uncompensated leave of absence on account of parental leave may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of the amendment, parental leave is defined as any time, up to one year, during which a member is granted an approved maternity or paternity leave and returns to employment at the end of the approved leave

for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

As provided in the statute, employees who wish to receive service credit must contact SamCERA to pay for the employee and employer portion of their retirement contribution during their approved parental leave. As outlined by the County's Maternity/ parental leave policy, Parental Leave can be approved up to six months after the medical leave ends during the first year following the birth or placement of a child in the home (adoption or foster care) at the discretion of the department. Mothers, Dads, Partners and adoptive parents qualify for parental leave.

The County engaged Milliman to provide the attached actuarial analysis.

Financial Impact on County's Future Annual Costs

The changes reflected in this amendment have no impact to the Actuarial Accrued Liability (AAL) provided any increased service credit is offset by payment of the corresponding member and employer contribution with interest.

FISCAL IMPACT:

There is no fiscal impact. The cost estimated with the resolution will be paid by the employee.