

BOARD OF RETIREMENT
Staff Report

File #: 19-1143

Agenda Date: 11/5/2020

Agenda #: 22.

FROM: Amy McInerny, Chief Financial Officer**SUBJECT:** SBCERA Resolution No. 2020-9 - Employer Pay Codes of Employee Compensation; Implementation Update re Alameda**RECOMMENDATION:**

Adopt SBCERA Resolution No. 2020-9 - Employer Pay Codes of Employee Compensation, and receive a staff report on the status of the implementation of the Alameda ruling, including, but not limited to, a review of pay differentials and “straddling” of cashouts.

BACKGROUND:

The SBCERA Board of Retirement (Board) is required by Government Code sections 31461, 31542, 7522.10, and 7522.34, as well as Board Benefits Policy No. 26, *Compensation Earnable and Pensionable Compensation*, to determine what items of member compensation are included or excluded in employee compensation upon which appropriate contribution rates should be applied and upon which retirement benefits are calculated. When an employer presents a new pay item, SBCERA staff initially determines whether such items will be considered “compensation earnable” or “pensionable compensation,” such determination will be effective immediately, subject to ratification by the Board.

On September 3, 2020, the Board reviewed and adopted Resolution No. 2020-7. Since the adoption, staff reviewed four additional pay item requests, in the normal course of business, and made a determination.

Staff has made additional determinations pursuant to Board Resolution No. 2020-5 and 2020-6, specifically, items for pay outside of normal working hours and in-kind payments have been excluded. See Exhibit B - Summary of Changes to Pay Codes for an explanation of all items added, excluded, and still under review pursuant to Board Resolution No. 2020-5 and 2020-6.

The resolution (Exhibit A) provides a redline version of the changes which includes Exhibits A through L, which set out by Employer these existing items of compensation, identified by employer codes, which will be included in compensation earnable for Tier I members, and Exhibit M sets out pensionable compensation for Tier II members, effective November 5, 2020 for all employers.

The resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, the 1937 Act, PEPRA, and the regulations issued thereunder as applicable.

Attached as Exhibit C is a narrative update on implementation items of the Alameda decision pursuant to Board resolutions 2020-5, 2020-6, and 2020-8 by staff.

BUDGET IMPACT:

None.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Prudent Fiscal Management

STAFF CONTACT:

Amy McInerny

Colin Bishop

Barbara Hannah

ATTACHMENTS:

Exhibit A: Pay Code Resolution No. 2020-9 Redline

Exhibit B: Summary of Changes to Pay Codes

Exhibit C: Update on Implementation of Alameda Decision