



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

At its meeting held August 26, 2003, the Board took the following action:

29

The following item was called up for consideration:

Supervisor Yaroslavsky's recommendation to adopt resolution implementing AB 2777, legislation which amended the County Employees Retirement Law of 1937 to allow the Board of Supervisors to extend survivor's benefits to the domestic partners of employees who retire after the implementation date; also amend the Survivor Income Benefit Plan and the survivor benefit portion of the Long-Term Disability Plan available to Los Angeles County Employees Retirement Association's Plan E members to provide to surviving domestic partners the same benefits currently provided to surviving spouses and dependent children; and include the following in the County's bargaining position for fringe benefits with employees:

Provision of retiree health insurance for domestic partners;

Provision of bereavement leave for parents and children of domestic partners;

Extension of life insurance and accidental death and disability insurance coverage to domestic partners; and

Provision of Consolidated Omnibus Budget Reconciliation Act (COBRA) and Family Medical Leave Act (FMLA) benefits to domestic partners of County employees.

(Continued on Page 2)

Supervisor Yaroslavsky made the following statement:

“On January 1, 2003, AB 2777 (Nation) went into effect. This bill amended the County Employees Retirement Law of 1937 to permit certain Boards of Supervisors, including the Los Angeles County Board of Supervisors, to extend to domestic partners of County employees the same survivor benefits received by the spouses of eligible County employees who die either before or after retirement from County service. Both this Board and the Board of Retirement of the Los Angeles County Employees Retirement Association (LACERA) actively supported the passage of AB 2777.

“AB 2777 does not require that this benefit be extended; it allows the Board of Supervisors to do so at its option. On January 14, 2003, this Board asked LACERA to cause an actuarial analysis of the cost of providing this benefit to be conducted. On March 27, 2003 LACERA’s actuary, Milliman USA, released its analysis which shows that in order to provide this benefit to our employees, the County’s regular contribution to LACERA would have to be increased by \$900,000 a year. Additionally, the County would have to pay for the Actuarial Accrued Liability (AAL), amortized over 30 years. If this benefit were restricted to future retirees only, the cost of the AAL would be an additional \$900,000 a year; if the benefit were provided to current as well as future retirees, the cost of the AAL would be \$1.3 million a year. Thus the entire cost of implementing this benefit would be either \$1.8 million or \$2.2 million a year.

“These are extremely small increases for a system the size of LACERA. Our current annual contribution to the system is \$511 million, so an additional \$2 million represents only a 0.39% increase. We are currently paying LACERA 10.24% of payroll; if this benefit is implemented that would go up to 10.28 or 10.29% - just a few hundredths of a percent. In addition, our Actuarial Accrued Liability, which now stands at almost \$24.5 billion, would increase by only about \$20 million.

(Continued on Page 3)

“While these figures rest on a variety of assumptions, the Board can feel confident that if it implements this benefit, the cost will remain low. The City of Los Angeles Employees’ Retirement System (LACERS) has provided survivor benefits to domestic partners since 1996 and has found the cost to be minimal. The City includes within its definition of ‘domestic partners’ both same-sex and opposite-sex couples, while under State law, LACERA can only provide this benefit to an opposite-sex couple if at least one of the members is age 62 or older. Thus the burden of this benefit on LACERA should be less than that which has been reported by LACERS.

“The Board should act now to offer this benefit – not just because its costs are minimal, but because it is the right thing to do. We currently offer medical and dental insurance coverage to the domestic partners of employees. An employee can buy life insurance through the County and make a domestic partner his or her beneficiary. An employee may also make a domestic partner a beneficiary for pension purposes such that if he or she were to die while still employed, the domestic partner would inherit the value of the employee’s retirement plan. However, if the employee were to die after retirement, the domestic partner is denied the benefit of a survivor’s pension.

“Making survivors’ pensions available to domestic partners will help provide financial security and peace of mind to numerous County employees, thus ensuring a more stable and productive County workforce. Those who would benefit from this decision include many valued and long-serving employees. If these same employees were to marry, the County would automatically provide them with this benefit; thus its ‘cost’ has in a sense already been assumed. The Board of Supervisors should act now to provide survivor benefits to the domestic partners of County employees in all retirement plans who retire after the implementation date.

“Retirement Plan E members have no survivor benefit through LACERA if they die in active service. However, their survivors may enjoy a similar benefit through the MegaFlex Survivor Income Benefit Plan (for non-represented employees) and the Long-Term Disability Plan (for represented employees). Both of these plans should be revised to include domestic partners among the benefited survivors.

(Continued on Page 4)

“There are a variety of other benefits which employees in domestic partner relationships have requested be extended to them. The Chief Administrative Officer has suggested that these be negotiated as part of the collective bargaining process. These include:

Retiree health insurance. An actuarial analysis by Buck Consultants has determined that, based on the same assumptions as were used in the survivor’s pension study, the cost of providing this benefit would be approximately \$1.2 million per year. This would increase the County’s cost by about one-half of one per cent. This benefit is currently provided to domestic partners of members of both LACERS (City of Los Angeles) and PERS (State employees).

Bereavement leave. Three years ago, the Board of Supervisors amended the County Code to add domestic partners to the list of family members for whom bereavement leave is provided. That amendment did not, however, provide for bereavement leave upon the death of a domestic partner’s parents or children, as we currently provide for married employees. The Chief Administrative Officer has estimated the cost of extending this benefit to be \$300,000.

Other benefits. There are various other County benefits which are available to spouses but not to domestic partners, including life insurance coverage and accidental death and disability coverage. Certain Federal laws, such as COBRA (continuation of group health coverage) and the Federal Family Medical Leave Act (time off to care for a sick family member), require the County, like any employer, to extend certain benefits to its employees and their dependents. The County could of its own volition extend these benefits also to the domestic partners of employees.”

Marsha D. Richter, Chief Executive Officer, Los Angeles County Employees Retirement Association, Councilmember Larry Forester, of the City of Signal Hill, Kenneth Hahn, former County Assessor, Cathy Renner, Executive Chair and Jeffrey Prang, Member, Los Angeles County Domestic Partnership Coalition, and other interested persons addressed the Board.

(Continued on Page 5)

29 (Continued)

After discussion, Supervisor Yaroslavsky made a motion that the Board take the following actions:

1. Adopt the attached resolution implementing AB 2777, legislation which amended the County Employees Retirement Law of 1937 to allow the Board of Supervisors to extend survivor's benefits to the domestic partners of current and future retirees;
2. Refer to Closed Session his following recommendations to be discussed under labor negotiations, pursuant to Government Code Section 54957.6:
 - a. Amend the Survivor Income Benefit Plan and the survivor benefit portion of the Long-Term Disability Plan available to Los Angeles County Employees Retirement Association's Plan E members to provide to surviving domestic partners the same benefits currently provided to surviving spouses and dependent children; and
 - b. Include the following in the County's bargaining position for fringe benefits with employees:
 - Provision of retiree health insurance for domestic partners;
 - Provision of bereavement leave for parents and children of domestic partners;
 - Extension of life insurance and accidental death and disability insurance coverage to domestic partners; and
 - Provision of Consolidated Omnibus Budget Reconciliation Act and Family Medical Leave Act benefits to domestic partners of County employees

(Continued on Page 6)

29 (Continued)s

Supervisor Yaroslavsky's motion, seconded by Supervisor Molina, was duly carried by the following vote: Ayes: Supervisors Molina, Yaroslavsky, Knabe and Burke; Noes: Supervisor Antonovich.

9082603-29

Attachment

Copies distributed:

Each Supervisor

Chief Administrative Officer

County Counsel

Chief Executive Officer, Los Angeles County

Employees Retirement Association

Director of Personnel