

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210
Santa Barbara, Ca 93105

Phone (805) 568-2940
Fax (805) 560-1086

**OSCAR PETERS
RETIREMENT ADMINISTRATOR**



BOARD OF RETIREMENT

Board Chair - Norm Horsley
Vice Chair - Donald Kendig
Secretary - Kate Silsbury
George Bobolia
Joseph Gallas
Joni Gray
Bernice James
Ted Tedesco
Shawn Terris
Scot Alderete
Pauline Coleman

June 20, 2004

Santa Barbara County Grand Jury
Attention: Foreperson
1100 Anacapa Street
Santa Barbara, CA 93101

RE: Recommendation 3, (A Pension Headache) of Grand Jury Report

Consistent with the requirements of California Penal Code Section 933.05(a)/(f) the Board of Retirement of the Santa Barbara County Employees; Retirement System offers the following comments.

Finding 3: County costs are increasing at an unacceptable rate.

- a. We disagree in part with the finding. It is accurate that the County Contribution rate is increasing, and will continue to increase over the next three years. However, after that point the contribution rate should then begin to decline toward a rate that represents the County's part of the cost for the additional year of accrued retirement benefits for the membership of SBCERS. This contribution rate, the normal cost, is currently 11.56% of covered payroll. The rate is not a constantly increasing percentage of payroll. It in fact declined in the last actuarial experience study. It is true that absolute dollar cost will increase as the payroll of covered employees increases, just as it would in a defined contribution retirement plan.
- b. Implementation of the recommendation is the responsibility of the Board of Supervisors. As retirement benefits are deferred salary, they are subject to meet and confer provisions of collective bargaining with employee unions. Replacement of the defined benefit plan would require an amendment to the California Government Code.

Yours truly,

Norm Horsley
Chair, Board of Retirement

C: Board of Supervisors
Michael Brown, County Administrator