

Cost-Sharing FAQ's (Assembly Bill 2310)

Government Code (GC) section 20516 now provides flexibility for a public agency (employer) that has previously amended its contract to include the cost-sharing provision for a specific tier/collective bargaining unit (CBU)/member category. Beginning January 1, 2019, an employer can change the cost-sharing percentage as approved in a memorandum of understanding (MOU) or side letter. With this change in law, a contract amendment under GC section 20474 is no longer required.

What if the employees/members are unrepresented? There will be no side letter to comply with legislation; does this apply?

The amendment does not apply to unrepresented members. The employer must amend its contract for unrepresented members whenever there is a change in the cost-sharing rate.

What if an employer wants to amend the contract to keep the cost-sharing percentage transparent to employees/members each time there is a change?

An employer has the option to go through the contract amendment process each time there is a change in the cost-sharing.

Will an employer need to amend the contract each time a new tier/CBU/member category is added?

Yes, if an employer wants to implement cost-sharing for a specific tier/CBU/member category that currently doesn't have a cost-sharing provision in place with CalPERS, the employer will need to amend its contract for cost-sharing to include the specific group.

Can an employer amend to include a whole member category or all member categories without a written agreement for cost-sharing for potential "future" cost-sharing agreements?

No, the employer is subject to the cost-sharing amendment process whenever it enters into a cost-sharing agreement with the specific group of members for the first time.

Will an employer need to complete the contract amendment process to reduce their cost-sharing, which could be down to zero percent?

No, if the cost-sharing rate goes down to zero percent in any given year during the duration of the MOU, a contract amendment is not needed as the rate can change in subsequent years. The employer will need to provide a side letter stating zero percent for that specific group.

Should the initial percentage of cost-sharing be included in the Resolution of Intention cover letter, the Resolution of Intention, and the employee ballot?

Yes, the requirements and process for the cost-sharing amendment have not changed. The employer is required to provide the required documents and follow the amendment process for the initial cost-sharing amendment.