



June 18, 2024

The Honorable Thomas Umberg
Chair, Senate Judiciary Committee
1021 O Street, Room 3240
Sacramento, CA 95814

**RE: AB 3025 (Valencia): County employees' retirement: disallowed compensation: benefit adjustments.
As Amended May 2, 2024 – OPPOSE
Set for Hearing June 25, 2024 – Senate Judiciary Committee**

Dear Senator Umberg,

On behalf of the California State Association of Counties (CSAC), California Special Districts Association (CSDA), Urban Counties of California (UCC), Rural County Representatives of California (RCRC), and League of California Cities (Cal Cities), we regret to inform you of our opposition to Assembly Bill (AB) 3025, which would place a significant financial burden on member agencies of county retirement systems by requiring member agencies, including counties, cities, and special districts, to pay substantial penalties for decisions they did not make and over which they had no authority.

Following the passage of the Public Employees' Pension Reform Act of 2013 (PEPRA), county retirement systems took varying approaches to comply with the provisions of PEPRA related to which types of compensation may be included in retirement benefit calculations. On July 30, 2020, the California Supreme Court issued a decision in the case *Alameda County Deputy Sheriff's Assn. v Alameda County Employees' Retirement Assn.*, otherwise known as the "*Alameda decision*," in which the Court upheld provisions PEPRA related to disallowed forms of compensation for retirement calculations. Over the last four years, the impacted '37 Act systems have been working to comply with *Alameda* and recalculate retirement benefits for members who retired after January 1, 2013.

AB 3025 unfairly places the financial consequences of the Court's decision on counties and other agencies by requiring '37 Act system employers to pay a "penalty" equal to 20 percent of the current actuarial value of retiree benefits deemed unlawful. The penalty, which will result in affected agencies owing millions of unbudgeted dollars to retirees for what the Court found to be an illegal benefit, implies those agencies made the decision to misapply the law. In reality, they simply complied with the pension agreements established between employees, employers, and retirement systems.

For the reasons stated above, we must oppose AB 3025. The fiscal impact on affected agencies will place a significant strain on general fund dollars, resulting in reductions to critical programs including public safety, transportation, and behavioral health. Please do not hesitate to contact us with any questions about our position.

Respectfully,



Kalyn Dean
Legislative Advocate
California State Association of Counties
kdean@counties.org



Aaron Avery
Director of State Legislative Affairs
California Special Districts Association
aarona@csla.net



Jean Kinney Hurst
Legislative Advocate
Urban Counties of California
jkh@hbeadvocacy.com



Sarah Duckett
Policy Advocate
Rural County Representatives of California
sduckett@rccrcnet.org



Johnnie Pina
Legislative Affairs, Lobbyist
League of California Cities
jpina@calcities.org

cc: The Honorable Avelino Valencia, California State Assembly
Members, Senate Judiciary Committee
Margie Estrada, Chief Counsel, Senate Judiciary Committee
Morgan Branch, Consultant, Senate Republican Caucus