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May 19, 2022

The Honorable Phillip Chen  
California State Assembly  
1021 O Street, Suite 4620  
Sacramento, CA 95814

**RE: AB 2493 (Chen): County employees' retirement: disallowed compensation: benefit adjustments.**

**As Amended 4/05/22 – OPPOSE**

**Location – Senate Labor, Public Employment and Retirement Committee**

Dear Assembly Member Chen:

On behalf of the California State Association of Counties, I regret to inform you of our opposition to Assembly Bill 2493, which would place a significant financial burden on counties by requiring member agencies of county retirement systems 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 two 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 2493 unfairly places the financial consequences of the Court's decision on counties 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 counties owing tens of millions of unbudgeted dollars to retirees for what the Court found to be an illegal benefit, implies counties made the decision to misapply the law. In reality, counties simply complied with the pension agreements established between employees, employers, and retirement systems.

For the reasons stated above, we must oppose AB 2493. The fiscal impact on affected counties 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 me at [gneill@counties.org](mailto:gneill@counties.org) with any questions about our position.

Respectfully,



Geoff Neill  
Legislative Representative

Cc: Honorable Dave Cortese, Chair, Senate Labor, Public Employment and Retirement Committee  
Honorable Members and Consultant, Senate Labor, Public Employment and Retirement Committee  
Scott Seekatz, Senate Republican Caucus Consultant