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June 25, 2024

The Honorable Lola Smallwood-Cuevas
Chair, Senate Labor, Public Employment, and Retirement Committee
1021 O Street, Room 6740
Sacramento, CA 95814

RE: AB 2284 (Grayson), Revisions to county employee retirement compensation – OPPOSE

Dear Senator Smallwood-Cuevas,

I am writing on behalf of the Kern County Board of Supervisors to express our strong opposition to AB 2284 (Grayson), which would usurp local control from employers and authorize a retirement system to define “grade” and group employees it considers together based on similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other common work-related grouping or classification.

This bill sets a dangerous precedent as it would create overreach into responsibilities reserved for employers by giving retirement systems the ability to determine whether employees fall within a defined “grade” as well as employees’ eligibility for certain pensionable pay. Employment classifications and grades are the subject of labor negotiations and resulting Memoranda of Understanding (MOUs) between employers and employee representatives, they *are not* in the purview of the retirement systems.

Furthermore, the proposed definition of the word “grade” is overbroad, vague, and ambiguous and will inevitably lead to claims and litigation over “grade” determinations and pensionability, either from active members whose pensionable pays were redesignated after the *Alameda decision*¹ or from employers who oppose the retirement system’s authority to determine whether member employees fall within an employment “grade” or not. In turn, this may generate statewide legal challenges and associated delay and uncertainty about how to interpret and apply members’ “compensation earnable.” Likewise, the proposed definition in AB 2284 only applies to some county retirement systems and will add to the potential problems, especially with members who have reciprocity involving their final average compensation.

AB 2284, as proposed, does not clarify the statutory interpretation of the ’37 Act or promote administrative efficiency. Instead, it introduces the potential to undermine pension reform and the judicial determinations implemented after the *Alameda decision* by allowing retirement systems to

¹ Alameda County Deputy Sheriff’s Assn. v. Alameda County Employees’ Retirement Assn. (2020) 9 Cal.5th 1032

classify employees in a way that may be inconsistent with an employer's MOU and allows such members to receive pay allowances that would otherwise be excluded from the pension calculation under the Public Employees' Pension Reform Act (PEPRA) and/or the *Alameda decision*.

For these reasons, the Kern County Board of Supervisors strongly opposes this legislation and respectfully requests that you vote **NO on AB 2284**.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David Couch', with a long horizontal flourish extending to the right.

David Couch, Chairman
Kern County Board of Supervisors

CC: Honorable Members, Senate Labor, Public Employment, and Retirement Committee
Honorable Members, Kern Legislative Delegation
California State Association of Counties
Kern County Human Resources Division
Shaw Yoder Antwih Schmelzer & Lange