



Reply to: Alice Fredericks
Chair, Legislative Committee
MCCMC Tiburon Town Hall
1505 Tiburon Blvd
Tiburon, CA 94920

June 29, 2019

The Honorable Lorena Gonzalez
Chair, Assembly Appropriations Committee
California State Capitol, Room 5061
Sacramento, CA 95814

RE: **SB 266 (Leyva) Public Employees' Retirement System: disallowed compensation: benefit adjustments as amended 6/17/19.** **Notice of Opposition**

Dear Assembly Member Gonzalez

The Marin County Council of Mayors and Council members (MCCMC) respectfully opposes SB 266. The bill would require public agencies to directly pay retirees for disallowed retirement benefits. The Public Employees' Pension Reform Act (PEPRA,) took effect January 1, 2013 and in addition to significant needed reform, provisions of PEPRA led to some confusion concerning what lawful benefits could be offered employees. As a result, CALPERS approved some agreements on benefit packages negotiated by some public agencies and their represented employee organizations that Calpers later determined were not lawful. Those future retirement benefits, which were being paid for by employers and employees into pension systems such as the California Public Employees Retirement System (CalPERS), were terminated when determined to violate the law. Terminated benefits that violate PEPRA are considered "disallowed benefits."

Under current law, once a benefit is determined to be disallowed, both the employer and the employee cease making future payments on that benefit, past contributions from the employee are returned to the employee, and past contributions from the employer are applied towards future payment. Unfortunately, in the case of a retiree who received the disallowed benefit, the pension system must recoup the overpaid benefit.

Public agencies cannot continue to make unlawful payments for disallowed benefits to retirees. As provided by law governing requirements that pension systems recoup their disallowed retirement benefit payouts, the pension system must recoup that overpayment from the retiree.

Even while acknowledging the unfortunate impacts PEPRA has on current retirees, MCCMC must oppose SB266.

Respectfully,

A handwritten signature in cursive script, appearing to read 'Alice Fredericks', is written in dark ink.

Alice Fredericks, Chair
Legislative Committee
Marin County Council of Mayors and Councilmembers

CC: Nancy Hall Bennett, Regional Public Affairs Manager, nbennett@cacities.org
Meg Desmond, League of California Cities, cityletters@cacities.org
David Jones, Emanuels Jones, david@emanuelsjones.com