

TO: The Honorable Chris Holden, Chair
Assembly Appropriations Committee

FROM: Nossaman LLP on behalf of the Monterey County Board of Supervisors

DATE: July 21, 2023

RE: **SB 548 (Niello) Public employees retirement: joint county and trial court contracts - SUPPORT**

The County of Monterey is pleased to support Senate Bill (SB) 548 by Senator Roger Niello. This bill provides a permissive option for interested courts and counties to establish a separate CalPERS contract for the court employees.

In 1997, the State took action to move all facets of the "courts" from the purview of the counties and separate them operationally, financially, and organizationally. The very last piece that has yet to be separated from the county is the court employees' presence in the county's CalPERS retirement plans which includes the related pension liability. This entanglement in the same retirement plan:

- a) prevents counties (and courts) from prepaying pension liabilities for their respective employees, which would benefit all parties involved;
- b) requires CalPERS counties to enter into MOUs with the courts to ensure the courts are paying their fair share of unfunded pension liability, especially when compensation and benefits are being negotiated, new laws are enacted and when new accounting standards are implemented;
- c) hinders the counties ability to issue pension obligation bonds.

SB 548 would simply provide a mechanism for those counties/courts, who are interested, to move forward with completing the work that began in the late 1990's. It is voluntary and permissive; and would only be triggered when there are willing participants at the local level. SB 548 is necessary to direct how the separation will work and the separation is not possible without new Code.

This bill ensures that employee benefits remain protected by requiring the retirement benefit levels provided to employees under the joint contract not be modified until after expiration of an existing memorandum of understanding or agreement or a period of 24 months, whichever is longer, unless the county and its recognized employee organizations or the trial court and its recognized employee organizations mutually agree to a modification.

In sum, this bill puts the final piece in place to the court transition program that started over 30 years ago and helps make accurate pension obligation reporting more efficient for counties and courts.

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For these reasons, the County of Monterey supports SB 548. Should you have any questions, please feel free to contact the County of Monterey's Public Policy Advisor, Ashley Walker of Nossaman LLP at 916-442-8888.

Sincerely,



Ashley Walker
Nossaman LLP

CC: Honorable Roger Niello, California State Senate
Members, Assembly Appropriations Committee
Consultants, Assembly Appropriations Committee
Richard Prichard, Assembly Republican Consultant
Hon. Dawn Addis, 30th Assembly District
Hon. Anna Caballero, 14th Senate District
Hon. John Laird, 17th Senate District
Hon. Robert Rivas, 29th Assembly District
California State Association of Counties (CSAC)
Rural County Representatives of California (RCRC)