



March 9, 2021

**MAYOR &
CITY COUNCIL**

Judy Ritter
Mayor

Joe Green
Deputy Mayor

John B. Franklin
Councilmember

Corinna Contreras
Councilmember

Katie Melendez
Councilmember

CITY MANAGER
Patrick Johnson

The Honorable Dave Cortese
Chair, Senate Labor, Public Employment and Retirement Committee
Legislative Office Building, Room 545
Sacramento, CA 95814

**RE: Senate Bill 278 (Leyva): Public Employees' Retirement System.
Disallowed Compensation. Benefit Adjustments.
Notice of Opposition [As Introduced 1/29/2021]**

Dear Senator Cortese:

The City of Vista respectfully opposes SB 278, which would require public agencies to directly pay retirees and/or their beneficiaries disallowed retirement benefits using general fund dollars. This measure would place 100 percent of the total liability for disallowed retirement benefits on public agencies—abdicating all responsibility previously held by CalPERS to ensure that retirement benefits are calculated and administered correctly. While the impacts of COVID-19 and retirement obligations affect the City of Vista's ability to provide critical services to the public, SB 278 would further strain our budget.

SB 278 will create compliance and implementation issues, requiring the City of Vista to issue direct General Fund payments to retirees, which would trigger GASB 68 reporting requirements. Given the unique circumstances surrounding these overpayments, we would have to track and report these liabilities. These additional responsibilities will require us to hire costly outside actuarial and legal experts to ensure that they follow federal reporting laws.

This measure also fails to consider the common practice of employees moving from jurisdiction to jurisdiction throughout their careers. Under normal circumstances, CalPERS pays out the benefit if an employee works for multiple agencies who enjoy reciprocity; however, under SB 278 it is unclear. Such confusion will lead to compliance, legal and implementation challenges. The lack of accountability by the administrator of public retirement benefits would lead to more confusion and compliance challenges for public agencies.

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Under SB 278, the City of Vista would be issuing unlawful payments to former employees and/or their beneficiaries. Continued payment of a disallowed benefit to a retiree would constitute a gift of public funds, in violation of Section 6, Article 16 of the California Constitution. Such violation would leave a public agency left to defend itself from costly litigation lawsuits filed by members of the public.

Our objections to this measure are rooted in policy, operational cost, and legal concerns that will inevitably face virtually every state and local government agency should this measure be signed into law. For these reasons, the City of Vista opposes SB 278 (Leyva).

Sincerely,

A handwritten signature in black ink that reads "Judy Ritter". The signature is written in a cursive, flowing style.

Judy Ritter
Mayor
City of Vista

cc: The Honorable Connie Leyva
Office of Senator Patricia Bates, Cynthia.bryant@sen.ca.gov;
Brianna.yadon@sen.ca.gov
Office of Tasha Boerner Horvath, Celia.Mata@asm.ca.gov
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