



CITY OF LA VERNE CITY HALL

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www.cityoflaverne.org

May 12, 2025

Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

Submitted via the Legislative Position Letter Portal

RE: Opposition to AB 1383 (McCarty) – Public Employees' Retirement Benefits.

Dear Honorable Assembly Appropriations Committee Members:

On behalf of the City of La Verne, we must strongly oppose Assembly Bill 1383 (AB 1383), which proposes sweeping changes that undermine the Public Employees' Pension Reform Act (PEPRA) of 2013. While the bill claims to support recruitment and retention, its provisions would substantially increase local pension obligations, reversing critical reforms that have assisted fiscal sustainability across California all the while providing a defined and well provided pension.

As a full-service City with tight budgetary constraints, La Verne is already contending with rising service delivery costs, limited property and sales tax revenue growth, and ongoing unfunded mandates that strain our financial capabilities. AB 1383 will compound these challenges by increasing benefit costs and exposing local governments to long-term financial liabilities without any commensurate state support or offsetting revenue mechanisms. Worse, AB 1383 will widen the gap between well-resourced and affluent cities and those disadvantaged cities struggling to provide services by creating more lucrative pension benefit tiers which will lure difficult to replace public safety employees away from those communities that need them the most.

PEPRA has played a vital role in stabilizing pension obligations across the state. Since its implementation which created a level playing field for "new" members, cities have been able to stabilize pension expenditures for PEPRA new employees while still providing a lucrative defined benefit plan for public safety employees. These reforms have helped cities like La Verne plan responsibly and maintain essential services despite economic fluctuations.

By allowing prospective retirement formula enhancements and altering the limitations on pensionable compensation, AB 1383 reintroduces cost volatility into local budgets. The bill also risks undoing recruitment strategies already in place under the assumption of PEPRA-compliant cost structures. As mentioned prior, more affluent cities will benefit by being fiscally able to offer better pension formulas. The author's contention that competitive pension benefits are critical to ensuring an adequate and well trained public safety workforce is misguided. Public safety members, even PEPRA new employees, are guaranteed a defined pension, which has automatic cost of living adjustments, which is greater than many non-public sector employees. Public safety members are also eligible for many post-employment health benefits on a presumptive basis ensuring that they are taken care of in case of illness resulting from their public service.

The danger to retired public safety workers is not inadequate pensions, but their former employers being unable to fund the pension benefits promised while still trying to deliver needed public services to all residents. PEPRRA was passed to provide consistency and financial certainty to cities. SB 1383 will jeopardize cities across the state and pull resources from infrastructure, parks, youth, and seniors in order to afford the enhanced pension benefits.

La Verne remains committed to fair compensation and retirement security for its employees. However, sustainable pension systems are fundamental to that commitment. AB 1383 threatens that sustainability by introducing unaffordable and unfunded mandates that local agencies cannot bear.

For these reasons, the City of La Verne respectfully urges your "NO" vote on AB 1383.

Sincerely,

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

Tim Hepburn

Mayor