

ASSEMBLY THIRD READING
AB 1601 (Rogers)
As Introduced January 16, 2026
Majority vote

SUMMARY

Amends the County Employees Retirement Law of 1937 (CERL) relating to cost-of-living adjustments (COLA) for certain retired members of the Sonoma County Employees' Retirement Association (SCERA), among other provisions.

Major Provisions

- 1) Authorizes the Sonoma County Board of Supervisors (BOS) to authorize a COLA on retirement, optional death, or annual death allowances payable by the SCERA, and where the action by the BOS may specify the date in which the COLA is effective, and if no date is specified, the COLA must be made on allowances as of the first day of the month following the BOS' action.
- 2) Requires, prior to the COLA authorization, the BOS to collaborate with the SCERA Board of Retirement (BOR) to identify eligible retired members, survivors, beneficiaries, or successors in interest designated, or a subset of those benefit recipients, to receive the COLA, the amount of the COLA, and the COLA's funding source, and a statement of the actuarial impact of the COLA on future annual costs to be prepared by an enrolled actuary.
- 3) Authorizes the BOS to authorize a retrospective COLA that must be payable to those eligible retired members, survivors, beneficiaries, or successors in interest whose accumulated purchasing power equals or exceeds an amount specified by the BOS as of January 1 of the year that the BOS took action, and prescribes the manner how the BOS must determine the loss of purchasing power.
- 4) Establishes that a COLA granted pursuant to the above-described provisions must become part of the retirement, optional death, or annual death allowance and to be increased by any subsequent COLA. However, such increases do not create a continuing entitlement to additional increases in the future, nor create a claim against the county, district, or retirement fund for any increase in any allowance paid or payable prior to the effective date of the BOS action.
- 5) Provides that the above-described provisions only apply to Sonoma County.

COMMENTS

Brief background regarding the CERL

In addition to what was previously stated under "Existing Law," the CERL establishes "classes" of each county operating a retirement system, which mirrors the population of each county as ascertained and determined pursuant to Section 28020 of the Government Code. For example, under the CERL, Los Angeles County is of the first class; Orange County is of the second class; San Diego County is the third class; Alameda County is the fourth class; and so forth. Under the

CERL, none of these counties are within the same class.¹ Currently, there are 20 such systems in counties that have adopted the CERL, and the SCERA is of the 19th class.²

Where the Public Employees' Retirement Law and the Teachers' Retirement Law for the statewide public employee retirement systems establish uniform standards that commonly apply to members, participating agencies and school districts governed by those laws, respectively, the CERL provides uniform standards in the administration of retirement benefits by all CERL systems, but also recognizes and allows for a modicum of variation in the administration of retirement benefits among them since each county and CERL system is separate and unique.

Each CERL system operates pursuant to the CERL and on occasion, an issue might arise related to the administration of retirement benefits. However, the issue may only be applicable to an individual system due to its interpretation of a provision in the CERL, variation of administration when compared to other systems, or interpretation of a CERL provision that is specific to that jurisdiction. For example, Assembly Bill 2076, (Rodriguez) Chapter 97, Statutes of 2018 provides authority to the Los Angeles County Employees Retirement Association (LACERA) – a CERL system – to reconsider its decisions regarding the effective date of a disability retirement during a specific period. That measure only applied to LACERA because the issue sought to be addressed only existed in that system.

Although a modicum of variation has resulted in concerning substantial challenges that, in one instance, required subsequent actions by many, but not all, CERL systems to align their administration of retirement to the requirements of the PEPRA following a decision by the California Supreme Court,³ the practical and operational mechanics of the CERL permit such variation.

This Bill

Recognizing the variations among each CERL jurisdiction and that the CERL provides for a modicum of variation among CERL systems, this bill would only apply to the County of Sonoma and the SCERA.

Consistency in Equitable Consideration and Treatment is Paramount

Whereas existing law pursuant to Gov. Code Section 31874.6 authorizes the BOR to grant COLAs with the approval of the BOS, this bill proposes to afford certain eligible retired members, survivors, beneficiaries, or successors in interest, including a subset of those benefit recipients, a COLA through a novel approach requiring a collaborative effort of the BOS and BOR to identify those individuals.

¹ Section 28020, Gov. Code.

² Subdivision (e) of this bill explicitly states applicability only to a county of the 19th class. This statutory designation specifically refers to Sonoma County pursuant to Section 28020, and the population range of counties pursuant to Section 28040, Gov. Code.

³ *Alameda County Deputy Sheriff's Assn. v. Alameda County Employees' Retirement Assn.* (2020) 9 Cal.5th 1032. Three separate, but similar legal cases were consolidated into a single case (*Alameda*) by the C. Sup. Ct. They were *Alameda, (id.)*; *Contra Costa County Deputy Sheriffs Assn. v. Contra Costa County Employees' Ret. Assn., and American Fed. of State, County and Municipal Employees v. Merced County Employees' Retirement Assn.*

To the extent that, as proposed, the collaborative BOS-BOR effort identifies those who are eligible to receive a COLA based on a consistent set of factors, they must ensure consistency in equitable consideration and treatment in that identification. In this regard, this bill not only prescribes the authority of the BOS relating to a COLA, but also specifically prescribes the criteria to be used when identifying eligibles, i.e., "... whose accumulated loss of purchasing power equals or exceeds an amount specified by the board..." and "...[l]oss of purchasing power shall be determined by the board based on the difference between..."⁴ If, however, efforts to identify those who are eligible breach equitable consideration and treatment through use of random or nonrelevant factors to identify all eligibles in the same manner, or other factors are used beyond those specifically prescribed in this bill, the lack of consistency in equitable consideration and treatment may result in concern and could serve as the basis for a legal cause of action.

Please see the policy committee analysis for a full discussion of this bill.

According to the Author

"[This bill] provides Sonoma County with limited and responsible flexibility to address the erosion of purchasing power experienced by county retirees who have not received a cost-of-living adjustment since 2008. Under current law, Sonoma County does not have a prefunded COLA structure and has not experienced excess investment earnings sufficient to grant adjustments under existing statutory mechanisms. As a result, retirees have seen their fixed incomes diminished by years of inflation without a viable pathway for relief. This bill does not mandate a [COLA], nor does it create any ongoing entitlement to future increases. Instead, it authorizes the Sonoma County [BOS], in collaboration with the Retirement Board, to evaluate on an annual basis whether a COLA is fiscally appropriate. Prior to authorizing any adjustment, the county must identify the eligible recipients, determine the amount, designate the funding source, and obtain a statement from an enrolled actuary analyzing the impact on future annual costs in accordance with existing law. [This bill] maintains fiscal safeguards by requiring actuarial transparency and preserving local discretion. It creates a narrowly tailored statutory framework specific to Sonoma County's unique circumstances while ensuring that any adjustments are responsibly evaluated for long-term sustainability. This bill is key to helping the lowest paid retirees live in the community they served."

Arguments in Support

In part, the Service Employees International Union of California states, "[u]nder current law, Sonoma County does not have a prefunded COLA structure and has not experienced excess investment earnings sufficient to grant adjustments under existing statutory mechanisms. As a result, retirees have seen the purchasing power of their fixed incomes diminished by years of inflation without a viable pathway for relief. This bill provides flexibility for Sonoma County and its retirement system to collaborate annually and designate the recipients, amount, and funding source of a cost-of-living increase and require the actuarial impact on future annual costs to be reported in accordance with existing law before any benefit increases are authorized."

The Sonoma County BOS states, "[this bill] would provide the County of Sonoma with a narrowly tailored authority to consider a COLA for eligible retirees and beneficiaries. This authority would balance local decision-making with appropriate actuarial review regarding fiscal impacts. [It] does not mandate changes but allows the County of Sonoma to responsibly address

⁴ See subdivision (c), inclusive.

retiree purchasing power when fiscally feasible. In addition, providing this authority through a special statute acknowledges the County of Sonoma's specific circumstances and ensures that any action taken will be considered within the County's fiscal framework [,and] would provide the County of Sonoma and the [SCERA] with flexibility to evaluate each year whether a COLA should be granted, who would receive it, the amount of the adjustment, and how it would be funded. The bill preserves existing safeguards by requiring actuarial analysis of the impact on future costs before any benefit increase is approved."

Among other things, the California Retired County Employees Association states, "[the] employees of Sonoma County put in 20 to 30 years of service after which they receive a pension benefit. Unfortunately, after another 10 or 20 or 30 years into retirement, that benefit has effectively diminished as the costs of inflation eat away at it. This legislation continues to recognize those retirees for their service to the citizens by allowing the County of Sonoma and the [SCERA] to work together to provide a cost-of-living adjustment to those retirees in an attempt to keep their spending power in line with the current inflation."

Arguments in Opposition

None on file.

FISCAL COMMENTS

None.

VOTES

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 6-0-1

YES: McKinnor, Lackey, Boerner, Garcia, Nguyen, Michelle Rodriguez

ABS, ABST OR NV: Alanis

UPDATED

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