

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON PUBLIC EMPLOYMENT AND RETIREMENT

Tina S. McKinnor, Chair

AB 1619 (Valencia) – As Introduced January 21, 2026

**SUBJECT:** County employees' retirement: administration

**SUMMARY:** Authorizes a Board of Retirement (BOR) of a County Employees' Retirement System (CERL) to increase the compensation of certain board members to no more than \$320 and provides that the increase is not operative in any county until adopted by a majority vote of the Board of Supervisors (BOS).

**EXISTING LAW:**

- 1) Establishes the County Employees Retirement Law of 1937 (commonly referred to as the "CERL," "1937 Act," or "'37 Act"), which governs 20 independent county retirement associations and provides for retirement systems for county and district employees in those counties adopting its provisions. Currently, 20 counties operate retirement systems under the CERL, including Sonoma County.

Further establishes that the purpose of the CERL is to recognize a public obligation to county and district employees who become incapacitated by age or long service in public employment and its accompanying physical disabilities by making provision for retirement compensation and death benefits as additional elements of compensation for future services, and to provide a means by which public employees who become incapacitated may be replaced by more capable employees to the betterment of public service without prejudice and without inflicting a hardship upon the employees removed. (Sections 31450 *et seq.*, Gov. Code.)

- 2) Provides, pursuant to Section 17, art. XVI of the California Constitution, that the boards of California's public retirement systems have "plenary authority and fiduciary responsibility for [the] investment of monies and administration of the system." Among other things, "[t]he members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system...[and] the board shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return unless under the circumstances it is clearly prudent to do so."
- 3) Authorizes, pursuant to the CERL, the BOS to provide a \$100 compensation to specified CERL BOR and board of investment members along with actual and necessary expenses for a meeting or a meeting of a committee authorized by the board, but limits such meetings to five per month. (Section 31521, Gov. Code.)
- 4) Provides, as examples, a \$100 compensation for public members of the Commission on the Status of Women and Girls (Section 8242, Gov. Code); a \$50 compensation for members of the County Consolidation Review Commission (Section 23537, Gov. Code); up to a \$50 compensation for members of the County Formation Review Commission (Section 23343, Gov. Code); a \$100 compensation for members of the California Youth Empowerment

Commission (Section 8266, Gov. Code); a \$100 compensation for members of the California Transportation Commission (Section 14509.5, Gov. Code); and, a \$100 compensation for members of the California Commission on Disability Access (Section 14985.2, Gov. Code).

- 5) Establishes, pursuant to the CERL, that the official duties of elected board members who are employees of the county or a district must be included as part of their county or district employment and their board duties must normally take precedence over any other duties. Elected board members who are such employees must not receive any additional compensation by virtue of their election to the board. (Section 31522, Gov. Code)
- 6) Requires payment of \$100 for every day or portion thereof of actual attendance for board and other specifically related meetings as compensation to members of the Board of Administration of the California Public Employee's Retirement System (CalPERS) who are appointed by the Governor, a public member appointed by Senate committee on Rules and the Speaker of the Assembly, and any retired person serving on the board. Also provides that employing agencies that have an elected member of the board must be reimbursed by the retirement fund for salary and benefits paid to them for that member's regular work schedule during their leave from the employing agency to attend meetings or activities of the board, as prescribed. Further provides that member of the board must serve without compensation, but must be reimbursed for actual and necessary expenses incurred for such service. (Sections 20091 through 20093, Gov. Code.)
- 7) Provides, together with necessary traveling expenses, \$100 as compensation for every day of actual attendance of meetings to carry out their official duties for California State Teachers' Retirement System (CalSTRS) board members who are not active members of the CalSTRS Defined Benefit (DB) Program or active participants of its Cash Balance (CB) Benefit Program and were appointed by the Governor. For CalSTRS board members who are member of the CalSTRS DB Program and participants of the CB Benefit Program who are either elected to the board or appointed by the Governor, their compensation may not be reduced by their employer for an absence associated with service on the board, and their employer must be reimbursed by the retirement fund for cost incurred by employing a replacement. (Sections 22223 and 22225, respectively, Educ. Code.)

**FISCAL EFFECT:** None. This bill is keyed nonfiscal by Legislative Counsel.

**COMMENTS:**

**Background**

Information provided by the author states that, "[the] problem that [this bill] seeks to address is increasing the attendance stipend for appointed county retirement system board members, as the stipend set in statute has not be adjusted for inflation. [Section 31521, Gov. Code] states that these board of investment members shall receive a compensation at a rate of not more than \$100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month. The current stipend is set at \$100. The bill is necessary to adjust the compensation rate for appointed [CERL] board members who sit on [CERL] boards statewide. Additionally, [Section 31521.3, Gov. Code] states that, for retired board members who review and provide analysis of disability retirement cases, the compensation rate shall be adjusted biennially by the [BOR] to reflect any change in the Consumer Price Index for the Los Angeles,

Riverside, and Orange County areas. This adjustment does not apply in cases where members are not reviewing disability retirement cases, nor in other counties other than the three in statute.”

### **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 Gov. 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.<sup>1</sup> Currently, there are 20 such systems in counties that have adopted the CERL.

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 CalPERS and CalSTRS, respectively, and their members, participating agencies and school districts governed by those laws, 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, Chapter 97, Statutes of 2018 (Assembly Bill 2076, Rodriguez) 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 PEPPRA following a decision by the California Supreme Court,<sup>2</sup> the practical and operational mechanics of the CERL permit such variation.

### **CERL Systems and Comparison to Other Public Employee Retirement Systems in California**

Like many of California’s public employee retirement system boards, CERL boards of retirement and investment, respectively, regularly meet to discuss and make decisions pursuant to their fiduciary duties consistent with the Cal. Const., *ibid.*, regarding system administration,

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<sup>1</sup> Section 28020, Gov. Code.

<sup>2</sup> *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.*

retirement, and investments that strictly inure to benefit their respective members. At times, such meetings might not be convened at their principal place of business, i.e., headquarters, which also may necessitate reimbursement of reasonable travel expenses necessary to attend such meetings. Board members also may travel beyond California, including internationally, in support and in furtherance of performing their fiduciary duties.

Among all of California's public employee retirement systems, CalPERS is the largest in the nation with approximately \$606 billion in assets as of June 30, 2025 (providing retirement, health, and death benefits to more than 2 million members and their beneficiaries), followed second by CalSTRS with approximately \$367 billion in assets as of the same date (providing benefits to approximately 1 million members).

Though not as large by asset holdings or total membership (including active members, retirees, and beneficiaries), but equally important, a comparison among a few select CERL systems shows the following:<sup>3</sup>

- The LACERA, of the first class, has a net actuarial valuation of approximately \$79.2 billion and provides benefits to approximately 195,000 members.
- The Orange County Employees Retirement System, of the second class, has a net actuarial valuation of \$21.6 billion and provides benefits to approximately 53,000 members.
- The Alameda County Employees' Retirement Association, of the fourth class, has a net actuarial valuation of approximately \$11.6 billion and provides benefits to approximately 26,400 members.
- The San Bernardino County Employees' Retirement Association, of the seventh class, has a net actuarial valuation of approximately \$15.2 billion and provides benefits to approximately 50,000 members.
- The Sacramento County Employees' Retirement System, of the eighth class, has a net actuarial valuation of approximately \$13.3 billion and provides benefits to approximately 33,000 members.
- The Sonoma County Employees' Retirement Association, of the nineteenth class, has a net actuarial valuation of approximately \$3.7 billion and provides benefits to approximately 12,200 members.

Based on the comparisons above, and as a matter of this specific public policy proposal, this begs the following question regarding this bill.

**What Makes CERL Boards Unique in Comparison to CalPERS' and CalSTRS' Respective Boards Such That This Bill Should Only Afford Certain CERL Board Members an Increase in Compensation?**

As noted under "Existing Law," various statutes exist that specify compensation for a variety of local and state boards, commissions, and other similar bodies. It is further noted that the current general rate of per diem was established multiple decades ago and the \$100 compensation rate has not been adjusted to be consistent with inflationary changes since that time.

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<sup>3</sup> These figures are based on the CERL systems' independent Actual Valuation and Review as of the period ending on June 30, 2024.

Enacted federal legislation that has adjusted the minimum wage, as well as those of various states, including California, have increased the wages for all lawfully employed individuals during the same period. However, although serving the interests of the public, the compensation for government board members generally has not. This includes pension system board members when considering their legal and statutory mandates exclusively owed to millions of public employees and their beneficiaries throughout California and those who are retired.

Notwithstanding what is previously discussed, it is curious that this proposal only targets CERL systems absent comparative consideration of the significance in scope and breadth of CalPERS and CalSTRS and their respective assets, total memberships, board compositions, and the increased complexity in the administration of retirement, death benefits, health (applicable to CalPERS), and CalSTRS' respective members, and (b) that this proposed statute would change existing law to grant discretionary authority to CERL boards to increase their own compensation, albeit, subject to BOS majority-vote adoption.

### **Committee proposed amendments**

Given what was previously discussed, the committee proposes all the amendments generally described to address these matters (RN 2608934).

- Amend Section 31521, Gov. Code applicable to CERL systems such that BOS majority vote adoption to increase CERL board of retirement or board of investments is contingent upon the matter being publicly noticed and not adopted by the BOS via consent calendar.
- Since the LACERA has a separate CERL compensation statute, amend Section 31521.1, Gov. Code applicable to that system to provide a compensation increase from \$100 to \$320 and require the same BOS approval requirements noted above.
- Amend Section 20091, Gov. Code applicable to specified CalPERS Board members such that the compensation also is increased from \$100 to \$320.
- Amend Section 22223, Educ. Code applicable to specified CalSTRS board members such that the compensation also is increased from \$100 to \$320.

In sum, the committee's proposed amendments maintain the proposed increase to \$320 for the respective system segments and the applicable board members to provide compensation parity among them recognizing their legal obligations to their members and administrative complexity to ensure the provision of retirement and other benefits, as well as when considering that the current level of \$100 compensation has not changed in multiple decades. Further, by maintaining the current explicit authority of BOS approval of CERL board compensation increases, any potential for ambiguity is removed relating to the ultimate governing body that has authority to increase compensation.

### **Source of Funds for Board Member Compensation**

Generally, an abundance of various state-level boards or commissions provide compensation for their members that may come from various sources, including the state general fund. In other instances, the source might be from a special fund, or self-funded fund. To the extent that CalPERS, CalSTRS, and CERL board member compensation specific to this bill is derived from

a pension fund source and not a public fund source (e.g., general fund), the costs of the proposed compensation increase may be minor and absorbable by the system, itself.<sup>4</sup>

It is noted that as to CalSTRS, the Teachers' Retirement Fund (TRF) is the source of funds to pay board members covered by Section 22223 of the Educ. Code. During each of the two past consecutive fiscal years, the total amount paid to those board members from the TRF was \$3,700 (2024-25), and \$6,000 (2023-24).<sup>5</sup> It also is noted that as to CalPERS, the Public Employees' Retirement Fund (PERF) is the source of funds to pay board members covered by Section 20091 of the Gov Code. From February 2024 to January 2026, the total amount paid to those board members from the PERF was \$11,200.<sup>6</sup>

### **Author's Statement**

“[This bill] will modernize [CERL] board stipends for specified board members. By adjusting the stipend amount to reflect inflation, we will fairly compensate trustees for their fiduciary responsibilities of overseeing public pension administration, and managing complex investments.”

### **Comments by Supporters**

Among other things, the Orange County Employees Retirement System (OCERS) states, “[we] appreciate that the bill provides for local adoption through a two-step implementation process: (1) adoption by majority vote of the County [BOS] to make the provision operative, and (2) action by the [BOR] to establish the increased compensation rate up to the \$320 maximum. This approach respects local control while providing the necessary flexibility for each county and retirement board to set appropriate compensation, taking into account the unique circumstances of each system.” Further, the OCERS states, “[t]his legislation represents a prudent and long-overdue adjustment for several compelling reasons: (i) inflation adjustment; (ii) workload recognition; (iii) expanding the candidate pool for eligible appointed board member candidates; (iv) consistency with other special districts, and (v) local flexibility.”

The Orange County Employees Association states, “[t]hese board members carry significant fiduciary responsibilities, including investment oversight, actuarial review, governance policy development, and compliance with complex state and federal regulations. Despite these substantial duties, the compensation structure for board members has remained capped at \$100 per meeting for decades and no longer reflects the time, expertise, and accountability required to effectively fulfill these responsibilities. [This bill] provides a reasonable and locally controlled update by allowing the compensation rate for certain retirement board members to increase to a maximum of \$320 per meeting. Importantly, the bill preserves local discretion by requiring approval from a county's [BOS] before any increase becomes operative. This ensures that counties maintain control over compensation decisions while giving retirement systems the flexibility needed to attract and retain qualified board members capable of managing complex public pension systems responsibly.”

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<sup>4</sup> This discussion is only intended to provide context regarding potential costs and the funding source for such costs. The determination of costs and funding source for such costs is deferred to the Assembly Committee on Appropriations.

<sup>5</sup> Data received from CalSTRS.

<sup>6</sup> Data received from CalPERS.

The Contra Costa County Employees' Retirement Association (CCCERA) states, among other things, "[our] board is made up of twelve trustees..." in which "seven are currently compensated at \$100 per meeting, including committee meetings authorized by the entire board, pursuant to [existing law]. We note that the work of [CERL] trustees can be extensive" and the "current per-meeting stipend of \$100 does not adequately reflect the substantial time, expertise, and fiduciary responsibilities trustees undertake. Updated compensation will help CERL systems attract and retain the experienced, qualified trustees that are essential to sound pension governance. Further, paying an adequate stipend could lead to representation from communities that may not be well represented currently, as only some individuals are able to afford the time it takes to serve on a [CERL] board."

### **Comments by Opponents**

None on file.

### **Prior or Related Legislation**

Assembly Bill 1323 (Chen, 2025) proposed to authorize the Orange County Employees Retirement System (OCERS) to increase the compensation rate for its board members from one hundred dollars (\$100) to up to three hundred-twenty dollars (\$320) per meeting, including committee meetings authorized by the board. This bill was held in the Assembly Committee on Public Employment and Retirement.

Chapter 170, Statutes of 2018 (Assembly Bill 2329, Obernolte) increased the compensation of special district board members per month, and commencing January 1, 2019, required that if the special district compensates its members for more than four meetings in a calendar month, the special district must annually adopt a written policy describing, based on a finding supported by substantial evidence, why more than four meetings per calendar month are necessary for the effective operation of the district.

Chapter 320, Statutes of 2007 (Assembly Bill 753, Committee on Public Employees, Retirement and Social Security) authorizes the Los Angeles County BOS to provide compensation to specified members of the board of retirement for reviewing disability retirement cases; allows the boards of supervisors in counties operating retirement systems under the CERL to pay per diem, as specified, and to the alternate retired board member, among other provisions.

### **REGISTERED SUPPORT / OPPOSITION:**

#### **Support**

Orange County Employees Retirement System (*Sponsor*)  
Contra Costa County Employment Retirement Association  
Orange County Employees Association

#### **Opposition**

None on file.

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