

SENATE THIRD READING
SB 301 (Grayson)
As Amended August 20, 2025
Majority vote

SUMMARY

Amends the County Employees Retirement Law (CERL) of 1937 to prohibit a county or district whose officers and employees are enrolled as a CERL system member from excluding individuals from membership in the system, as provided, among other provisions.

Major Provisions

- 1) Prohibit a county or district from excluding any employee, group, or classification from CERL system membership, other than those that are excludable, as defined.
- 2) Define "excludable officers and employees" as those whose tenure may be excluded pursuant to the regulations of the system, as provided, as being temporary, seasonal, intermittent, or part time only, or who are excluded following waiver of membership as a prospective newly hired employee if they are 60 years of age, or waiver of membership as an elective officer.
- 3) Include legislative findings and declarations that the section to be added to by this bill is declaratory of existing law, and that as a matter of statewide concern, the provisions of this bill apply to all cities, counties, and those established by charter.

COMMENTS

Under existing law, when a city or district joins a CERL retirement system, all of its employees are required to become members. However, in 2019, the City of Placentia exploited a loophole when it ended its contract with the Orange County Fire Authority, a CERL agency, to create the Placentia Fire and Life Safety Department as a cost-cutting measure. Later that year, the city petitioned the California Public Employees' Retirement System (CalPERS) to amend its contract, excluding pension membership for all firefighters hired by the new department resulting in Placentia Fire and Life Safety Department firefighters not being included in the pension plan. This prompted the enactment of Chapter 223, Statutes of 2020 (Assembly Bill 2967, O'Donnell) to close this loophole under CalPERS.

Somewhat similarly, this bill covers employees at local government jurisdictions that participate in a CERL system to ensure that no group of employees are excluded from CERL system membership while other local employees maintain membership.

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

According to the Author

"[This bill] clarifies that [counties] or districts that contract with a [CERL] retirement system, [they] are prohibited from amending their contract in a way that would exclude a class or classes of workers. This will ensure parity between the CERL and [CalPERS law], and guarantee that certain public employees are provided with a secure retirement."

Arguments in Support

In part, part, the California Professional Firefighters state that, "[in] 2019, the city of Placentia voted to end their contract with the Orange County Fire Authority, a [CERL] agency, and establish the Placentia Fire and Life Safety Department. In the Final Draft City Proposal brought before the Placentia City Council on June 4, 2019, the City proposed to establish "a new City department with almost fifty (50) full and part-time employees" in order to re-duce costs associated with fire and emergency medical services. In September of 2019, the City petitioned CalPERS to amend its contract to exclude from CalPERS membership all firefighters hired to work for the new department. Ordinance O-2019-10 discussed at the September 10, 2019, Placentia City Council meeting included the proposed CalPERS amendment to the CalPERS contract, specifying that among the 'classes of employees [who] shall not become members of said Retirement System' are "firefighters employed on or after the effective date of this amendment to contract.' Currently, the firefighters employed by the Placentia Fire and Life Safety Department are the only employees of the City of Placentia that are not included in the pension plan.

"While Government Code 31557 provides clear direction regarding the eligibility for membership of those who are directly employed by the county agency, a potential loophole exists for jurisdictions that contract with a [CERL] retirement system that would allow them to pursue this unfair exclusion for select employees. This would run counter to not only the intent of the CERL but also the Legislature as expressed by Assembly Bill 2967 (O'Donnell, 2020), which provided the same protection in the PERL. This measure closes an unintended loophole within the CERL to ensure that all employees are provided with a secure retirement."

Arguments in Opposition

None on file.

FISCAL COMMENTS

None. This bill is keyed nonfiscal by the Office of Legislative Counsel.

VOTES

SENATE FLOOR: 32-1-7

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO: Niello

ABS, ABST OR NV: Cervantes, Grove, Jones, Limón, Ochoa Bogh, Reyes, Seyarto

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 7-0-0

YES: McKinnor, Lackey, Alanis, Boerner, Elhawary, Garcia, Nguyen

UPDATED

VERSION: August 20, 2025

CONSULTANT: Michael Bolden / P. E. & R. / (916) 319-3957

FN: 0001176