



OFFICE OF THE GOVERNOR

SEP 29 2022

To the Members of the California State Assembly:

I am returning Assembly Bill 826 without my signature.

This bill expands the definitions of "compensation" and "compensation earnable" in the County Employees Retirement Law of 1937 (1937 Act or CERL) that are applicable to legacy members of the Ventura County Employee Retirement Association (VCERA) who retire on or before December 31, 2025, to include an employee's flexible benefit allowance.

While I am sympathetic to workers who may see a reduction in their anticipated pension because of prior misinterpretations of what constitutes "compensation" and "compensation earnable," this bill would inappropriately incentivize noncompliance with the Public Employees' Pension Reform Act (PEPRA). The provisions, while more narrow than prior iterations, attempt to circumvent recent court decisions, undermine the intent of the PEPRA, and expose the local governments to increased costs and litigation.

For these reasons, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin Newsom", written over a horizontal line.

Gavin Newsom

