VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Alameda Decision Fact Sheet

Background: On July 30, 2020, the California Supreme Court issued the Alameda Decision ("Alameda"),[1] which impacted many California county retirement systems, including VCERA. Alameda affected the pensionability of certain pay items that VCERA had previously included in members' pensionable earnings, which are used to calculate contributions and retirement benefits. Many retirement systems that included pay items that the Court deemed non-pensionable must make corrections to comply with the law.

VCERA is working to implement the Alameda Decision in accordance with the direction received from the Board of Retirement in Resolutions passed by the VCERA Board between October 2020 and April 2023. The Alameda Decision impacts many VCERA Legacy members[2] and some PEPRA[3] members. Alameda may affect your monthly retirement benefit due to the exclusion of certain pay items from your final average compensation ("FAC.") These exclusions are required under PEPRA amendments to the law governing compensation earnable ("PEPRA Exclusions") and under the Alameda ruling that prohibits inclusion of in-kind benefits such as non-cashable flex credit ("Alameda Exclusions").

The PEPRA Exclusions are 1) payments for services outside normal working hours and 2) leave cash-outs that exceed what is earned and payable in each 12-month period. These pay items were required to be excluded after the legislature adopted the PEPRA amendments to the County Employees Retirement Law of 1937 (CERL), effective January 1, 2013. Some common PEPRA Exclusions are shift differentials, call-back pay, and standby pay. For purposes of retirement earnings, pay items such as these will be limited to what is paid for services within the regular work schedule. Annual leave cash-outs will be limited to amounts earned and payable in each 12-month period during the FAC period (in most cases, the amount redeemable each year under your bargaining unit's Memorandum of Agreement, or MOA.)

The Alameda Exclusions are 1) flex credits in excess of what all members of a bargaining unit can receive in unrestricted cash and 2) employee assistance donations. Both of these are "in-kind" benefits deemed not to be "compensation" under CERL and excluded from FAC by the Alameda ruling. At its October 12, 2020, meeting, the Board adopted a Resolution to exclude PEPRA Exclusions from FAC while delaying the exclusion of flex credits, pending judicial guidance. When the court case was dismissed upon the County's request, the Board delayed exclusion of non-cashable flex credits pending legislative efforts by the County and SEIU (AB 826) to allow continued inclusion. After the Governor vetoed the legislation in August 2022, the Board again agreed to delay action until April 2023 upon the urging of the County and unions to allow for labor negotiations for a substitute benefit. On April 17, 2023, the Board adopted a Resolution to exclude the non-cashable portion of flex credit from FAC. VCERA has developed a plan to start implementing these changes to member accounts in 2025.

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[1] Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association (2020) 9 Cal.5th 1032.
[2] Legacy members joined VCERA prior to January 1, 2013, or had reciprocal service with another agency prior to that date.
[3] California Public Employees' Pension Reform Act, or "PEPRA" members joined VCERA on or after January 1, 2013.