



CITY OF
T O R R A N C E

GEORGE K. CHEN
MAYOR

May 22, 2025

The Honorable Tina McKinnor
California State Assembly
1021 O Street, Suite 5520
Sacramento, CA 94249-0061

Letter of Opposition

AB 1383 (McKinnor) – Public Employee’s Retirement Benefits

Dear Assemblymember McKinnor:

On behalf of the City of Torrance, I am writing to respectfully express our opposition to Assembly Bill 1383, which proposes significant changes to retirement benefit formulas under the California Public Employees’ Pension Reform Act (PEPRA).

AB 1383 would authorize public agencies to adopt enhanced pension formulas—specifically 2.5% at age 55, 2.7% at age 55, or 3% at age 55—for employees hired on or after January 1, 2026. In addition, the bill raises the cap on pensionable compensation to align with the federal defined benefit plan limit, a substantial departure from the limits currently imposed under PEPRA.

While the intent of the bill—to address recruitment and retention challenges in critical sectors such as public safety—is understandable, the City of Torrance has serious concerns about the long-term fiscal and policy implications of reversing hard-fought pension reforms that have only recently begun to demonstrate their value.

AB 1383 imposes significant unfunded liabilities on local governments by permitting the reinstatement of costly benefit formulas that were explicitly eliminated under PEPRA to protect the financial stability of the state’s retirement systems. The higher benefit formulas proposed would substantially increase employer contribution rates and pension obligations over time—costs that would fall squarely on cities and counties without any guaranteed source of offsetting

revenue. These impacts are especially concerning as local agencies continue to navigate economic uncertainty, rising operational costs, and increased demand for public services.

The City is also troubled by the absence of a comprehensive actuarial analysis to assess the long-term financial exposure associated with this proposal. Without such data, policymakers and local government officials are left without the tools necessary to responsibly evaluate the bill's impact on retirement system solvency, contribution volatility, or intergenerational equity.

Moreover, AB 1383 undermines the policy objectives and fiscal guardrails established under PEPR— a reform that was enacted in response to ballooning pension liabilities and declining public confidence in retirement system governance. Reintroducing enhanced benefit formulas without clear fiscal justification threatens to erode the progress made over the last decade to create a more sustainable and transparent public pension framework.

Rather than enacting broad statutory changes that would significantly increase long-term obligations, the City urges the Legislature to pursue targeted strategies to support recruitment and retention—such as localized workforce development initiatives, lateral hire incentives, and temporary compensation adjustments—that do not jeopardize retirement fund solvency.

For these reasons, the City of Torrance respectfully opposes AB 1383. We appreciate your attention to the concerns of local governments and stand ready to engage in constructive dialogue on ways to address workforce challenges while upholding the principles of fiscal prudence and long-term sustainability.

Thank you for your consideration.

Sincerely,



George K. Chen
Mayor
City of Torrance

cc. Senator Ben Allen & Assemblyman Al Muratsuchi
Jeff Kiernan, League Regional Public Affairs Manager (via email)
Meg Desmond, League of California Cities, cityletters@cacities.org