LACERA Los Angeles County Employees Retirement Association
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LACERA Statement on California Supreme Court's Decision in LACERA v. County of Los Angeles

Los Angeles, August 3, 2026 — The California Supreme Court today issued its 4-3 decision in LACERA v. County of Los Angeles, reversing the Second District Court of Appeal's June 25, 2024, ruling and holding, with a lengthy dissent, that the Los Angeles County Board of Supervisors retains final authority to approve certain personnel and compensation decisions affecting retirement system employees. Importantly, the Court held that the County's authority is tempered by the legal requirement "that the board of supervisors will give due weight to a retirement board's explanation of why a different salary or classification is appropriate in light of the complexity of the tasks involved and the compensation required to hire and retain particularly qualified employees with specialized skills."

In 2016 and 2017, the Los Angeles County Employees Retirement Association (LACERA) conducted comprehensive personnel reviews and identified the need for several new positions and salary adjustments to meet its strategic priorities and fulfill its fiduciary duties to its members and beneficiaries. In 2018, the Los Angeles County Board of Supervisors declined to adopt the classifications and salaries LACERA's Boards had approved, citing a decades-old ruling from a different appellate district. After several years of unsuccessful negotiations, LACERA filed a petition for a writ of mandate in 2021, asking the Superior Court to direct the Board of Supervisors to comply with the law. The trial court initially ruled in the County's favor; LACERA appealed, and on June 25, 2024, the California Second District Court of Appeal reversed and ruled in LACERA's favor, holding that the Board of Supervisors has a ministerial duty to adopt the classifications and salaries set by the LACERA Boards. The County sought review by the California Supreme Court, which today reversed the Court of Appeal.

While today's ruling does not resolve the underlying question in the manner LACERA had hoped, the LACERA Boards' commitment to their fiduciary obligations to LACERA's members and beneficiaries is unchanged.

"We are disappointed with the Court's decision, but our fiduciary duty to LACERA's members does not depend on the outcome of any single case. Our Boards will continue to exercise the full measure of the authority we do have, prudently and in the sole interest of our members, and we will work within the framework the Court has now clarified," said James P. Harris, Chair, LACERA Board of Retirement.

Shawn R. Kehoe, Chair, LACERA Board of Investments, added, "This decision addresses questions of governance, not the strength or security of the fund. Our members' benefits remain unaffected, and our obligation to prudently invest and protect their retirement assets remains exactly what it was yesterday. We will continue to meet that obligation with the same discipline and independence our members expect."

Luis Lugo, LACERA Chief Executive Officer, said, "We brought this case because our Boards believed, and still believe, that independent trustees are best positioned to make the personnel decisions needed to serve our members well. LACERA has a long and constructive working relationship with the County, and we intend for that relationship to continue. We will work with the Board of Supervisors going forward, just as we always have, so that together we can keep serving the members, retirees, and beneficiaries who depend on this fund."

LACERA will continue to administer retirement, disability, and survivor benefits for its members without interruption. The decision has no effect on member benefits, the County's contribution obligations, or the management of the fund's assets. LACERA will continue to pursue needed job classifications and salaries to attract and retain the best talent needed to fulfill the system's fiduciary duty.

The case is Los Angeles County Employees Retirement Association v. County of Los Angeles, Case No. 21STCP03475.

About LACERA

LACERA is a public retirement plan created and operating under the County Employees Retirement Law of 1937 (CERL) and is subject to the California Constitution, CERL, and the Public Employees' Pension Reform Act of 2013 (PEPRA). LACERA is governed by two boards, each composed of elected and appointed members and one ex officio member. The Board of Retirement is responsible for the overall management of the retirement system and the LACERA-administered Retiree Healthcare Benefits Program. The Board of Investments is responsible for establishing LACERA's investment policies, strategies, and objectives, and for exercising authority and control over the fund's investment management and actuarial matters relating to setting contributions and estimating fund liabilities.

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