

CALIFORNIA LEGISLATURE

**SENATE COMMITTEE ON
PUBLIC EMPLOYMENT AND
RETIREMENT**

**SENATOR GLORIA NEGRETE McLEOD,
CHAIR**

**LEGISLATIVE BILL SUMMARY
2011-2012 REGULAR SESSION**

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2011-2012 REGULAR SESSION

SENATE COMMITTEE PUBLIC EMPLOYMENT AND RETIREMENT

SENATOR GLORIA NEGRETE McLEOD
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SENATE COMMITTEE ON PUBLIC EMPLOYMENT AND RETIREMENT
LEGISLATIVE BILL SUMMARY
2009-2010 LEGISLATIVE SESSION

Senate Bill 27 (Simitian): PUBLIC RETIREMENT SYSTEMS: PROHIBITS PENSION SPIKING AND REQUIRES 180 DAY BREAK IN EMPLOYMENT FOLLOWING RETIREMENT

SB 27 makes findings and declarations regarding public employee retirement benefits and the need to consistently distinguish which items of compensation are properly included in members' final compensation for the purpose of determining retirement benefits.

SB 27 adds requirements to laws governing the Public Employees' Retirement System (CalPERS) and the State Teachers' Retirement System (CalSTRS) to:

- 1) clarify and define which elements may and may not be included in final compensation for the purpose of calculating retirement benefits,
- 2) require that increases to employee compensation during the final compensation period be consistent with increases paid to other employees in the same or similar occupational groups or classes,
- 3) require the boards of retirement systems to audit employer compliance with final compensation reporting requirements and allow them to levy monetary penalties or fees for non-compliance, and
- 4) prohibit, for 180 days after the date of retirement, any public annuitant who retires on or after January 1, 2013, from returning to work as a part-time, paid employee; contracting employee; or employee of a third party contractor.

**Senate Bill 114 (Yee):
Chapter 829, Statutes of 2012**

Senate Bill 115 (Strickland): PUBLIC OFFICER AND PUBLIC EMPLOYEE FORFEITURE OF PENSIONS FOR CONVICTION OF ANY FELONY WHILE PERFORMING OFFICIAL DUTIES

- 1) This bill would:
 - a) apply to a public officer, or public employee as defined, who is a member of the California Public Employees' Retirement System (CalPERS), California State Teachers'

Retirement System (CalSTRS), '1937 Act County Retirement, or independent retirement Systems;

- b) add specified felonies for which an *elected or reelected public officer* could lose benefits and make those changes effective for duties occurring on or after January 1, 2012, and eliminate the requirement that a convicted elected public officer lose membership in a public retirement system;
- c) provide that a *public officer or public employee*, as defined, who is convicted of a felony, as specified, arising out of his or her official duties, must forfeit that portion of his or her rights and benefits that accrued on or after January 1, 2012;
- d) provide that contributions made by the public officer or public employee during the term of office must be returned to the public officer or public employee without interest;
- e) require that the public officer's or public employee's employer notify the retirement system of which he or she is a member of the conviction;
- f) define "public officer" as an officer of the state, or an officer of county, city, city and county, district, or authority, or any department, division, bureau, board, commission, agency, or instrumentality of any of these entities, and
- g) define "public employee" as any person employed by any public agency.

Senate Bill 151 (Correa): MEMORANDA OF UNDERSTANDING FOR STATE BARGAINING UNITS 2, 6, 7, 9, 10, and 13: CASE, CCPOA, CSLEA, PECG, CAPS, IUOE
ADDENDA TO MEMORANDA OF UNDERSTANDING FOR STATE BARGAINING UNITS 12, 16, 18, 19

1) This bill would:

- a) provides legislative ratification for the MOUs agreed to between the State and state BUs 2 (CASE), 6 (CCPOA), 7 (CSLEA), 9 (PECG), 10 (CAPS), and 13 (IUOE).
- b) increases the normal employee contribution rate to fund retirement benefits, effective on the first day of the pay period following legislative ratification, as follows:

Retirement Classification	Current Contribution Rate	New Contribution Rate (SB 321)
BU 2: Miscellaneous & Industrial w/ Social Security	6%	9%
BU 2: Miscellaneous & Industrial wo/ Social Security	7%	10%
BU 2: Safety	7%	10%
BUs 6, 7, 9, 10: Miscellaneous & Industrial w/ Social Security	5%	8%

BU 6, 7, 9, 10: Miscellaneous & Industrial wo/ Social Security	6%	9%
BU 7, 9, 10: Safety	6%	9%
BU 6: Peace Officers	8%	11%
BU 7: Peace Officers	8%	10%
BU 13: Miscellaneous & Industrial w/ Social Security	5%	10%
BU 13: Miscellaneous & Industrial wo/ Social Security	6%	11%
BU 13: Safety	6%	11%

c) requires that compensation for employees covered by these agreements shall be continuously appropriated in the event of a late budget for fiscal years 2012/2013 and 2013/2014.

d) makes 3 technical clarifications to previous legislation enacted in 2010 as follows:

- 1) AB 1625 (Perez), Chapter 728, Statutes of 2010: Reduces by 1% the contribution rate for excluded and exempt employees connected to BU 2. The committee is informed by DPA that the current rates in statute are incorrect with regard to these employees, who have always paid the lower amount, as corrected by this bill (G.C. section 20682).
- 2) SB 846 (Correa), Chapter 162, Statutes of 2010: This bill ratified the 2010 MOU agreement between the state and BU 5 (California Association of Highway Patrol), which allows the member contribution, for a limited time as specified, to be redirected to the members' retirement contribution. The amendment included in this bill will allow DPA to apply that provision to excluded and exempt patrol members of CalPERS as well (G.C. section 22944.3).
- 3) changes a section number for a continuous appropriation section added in 2010 so that it is consistent with other such sections.

e) ratifies other terms and conditions of the MOUs, including changes to the previous contracts, which are summarized as follows:

Provision	BU	Amount/ Time Frame/Other Information
Increase to Maximum Salary Step (linked to amount of increased member contributions and other concessions): Effective 7/1/13	All	BU 2: Misc/Sfty: 4% BU 6: Misc/Ind: 3% PO: 4% BU 7: Misc/Ind/Sfty: 3% PO: 2% BU 9, 10: 3% BU 13: Misc/Sfty: 5%
Personal Leave Program: Approximately 5% pay reduction in exchange for 1 day of leave per month.	All	Effective for 12 months. Days have no clash value. BUs 2, 10, 13: Employees at State Compensation Insurance Fund exempt

		from PLP BU 10: Employees may choose to have proportional pay reduction in exchange for 2 or 3 PLP days per month over successive months until 12 PLP days are taken
Personal/Professional Days: To be used for personal or professional development. No cash value and must be used in fiscal year.	All	BU 2: 2 days BUs 7, 9, 10, 13: 2 days BU 6: 4 days in 2012 and 2 days in 2013
Other Leave	BU 2	1.73 hours/month through 6/2013 (may be saved and cashed out)
Health Benefits: <u>80/80 Formula:</u> \$482/'EE only \$946/'EE and 1 dependent \$1,241/'EE and 2 or more depts <u>85/80 Formula (with COBEN)</u> \$509 + /'EE only \$981/'EE and 1 dependent \$1,285/'EE and 2 or more depts	All	BUs 2, 7, 10, 13: 80/80 Formula 1/1/12 & 1/1/13 BU 9: 85/80 Formula 1/1/12 & 1/1/13 BU 6: Partial increase upon ratification with full 80/80 Formula paid 1/1/12 and 1/1/13 (Note: BUs 9, 10 have the 80/80 formula provided in statute, which can be modified via MOU.)
Length of Contract	All	BUs 2, 7, 9, 10, 13: 4/1/2011 to 7/1/2013 BU 6: 4/1/2011 to 7/2/2013
Furlough Protection	All	No furloughs during the 12 months that the Personal Leave Program is in effect.
Number of Employees Covered (in full-time equivalents)		BU 2: 3,300 BU 6: 28,124 BU 7: 6,185 BU 9: 10,112 BU 10: 2,440 BU 13: 912
Other Provisions	All	Acknowledge legislation reducing retirement formulas for employees hired after 1/15/2011, 3-year final comp if applicable, and elimination of 2 state holidays. (SBX3 8, Ducheny, Chapter 4, Statutes of 2009-10, Third Extraordinary Session; SBX6 22 Hollingsworth, Chapter 3, Statutes of 2009-10, Sixth Extraordinary Session)
Other Provisions	BU 6	Terminates employer contribution of 2% of pay to PO/FF II.

		Employees will fund union release time bank by contributing 1 hour per year. Acknowledges legislation prohibiting leave from being counted as time worked for the purpose of calculating overtime. Employees who work on holidays earn 2 times normal hourly rate. \$200 month differential for working at Pelican Bay State Prison, High Dessert State Prison, or California Correctional Center.
Other Provisions	BU 7	Employees will fund union release time bank by contributing 1.5 hours per year. Time and a half plus holiday credit for working on specified holidays Employees in state-owned housing will pay fair market value
Other Provisions	BUs 9,10	Time and a half for working on specified holidays. Salary Survey for informational purposes. Joint Labor/Management Committee to assist with HR Modernization.

- f) provides legislative ratification for addenda to MOUs ratified in 2010 between the State and state BUs 12 (IUOE), 16 (UAPD), 18 (CAPT), and 19 (AFSCME).

Specifically, these addenda provide 2 personal/professional days for employees in these units, consistent with the 2 days provided to SEIU in its 2010 contract and the contracts covered by this legislation.

Chapter 25, Statutes of 2011

Senate Bill 203 (Correa): COUNTY RETIREMENT BOARDS: ALTERNATE MEMBERS/ELECTIONS

Makes various changes to the process for filling vacancies on boards of retirement and boards of investment in counties operating retirement systems under the County Employees' retirement Law of 1937 ('37 Act).

BACKGROUND AND ANALYSIS:

- 1) Existing County Employees Retirement Law of 1937 ('37 Act) sets forth the composition of the nine-member Board of Retirement for any '37 Act county retirement association, as follows:

- a) the county treasurer,
 - b) two general (non-safety) members elected by the general members of the system (2nd and 3rd members),
 - c) four members who are qualified electors not in any way connected with county government, except one may be a county supervisor, appointed by the board of supervisors (4th, 5th, 6th and 9th members),
 - d) one safety member elected by the safety members of the system (7th member),
 - e) one retired member elected by the retired members of the system (8th member),
 - f) an *alternate* 7th member who is an eligible safety member of the system, and
 - g) an *alternate* retired member of the system who is the alternate for the 8th member (only in San Bernardino county and other counties that adopt this option).
- 2) Existing '37 Act law creates an independent Board of Investment in Los Angeles County and sets forth the nine-member composition of that board in a manner substantially similar to the composition of the boards of retirement.

This bill makes technical changes to these provisions, including clarifying references to the alternate 7th member.

- 3) Existing law provides that the alternate members, *unless prohibited by a resolution or regulation the board*, have the same rights, privileges, responsibilities, and access to closed sessions as other specified board members, and may participate in deliberations of the boards whether or not other elected board members, including the 7th and 8th members, are present.

This bill eliminates the ability of a board, by resolution or board regulation, to prohibit an alternate member from participation in deliberations and having the same rights, privileges, responsibilities, and access to closed sessions as other specified board members.

- 4) Existing law provides that, in counties *without* an alternate retired member, the alternate 7th member may vote in place of the 2nd, 3rd, 7th, or 8th member if one of those members is absent, and allows the alternate 7th member to fill a vacancy in one of those positions until a successor qualifies.

In counties with an alternate retired member, the alternate retired member may only vote if the regular 8th member is absent and may only fill a vacancy left by the regular 8th member.

This bill clarifies that if the county has an alternate 7th member *and* an alternate retired member, the alternate 7th member shall act on behalf of an absent 2nd, 3rd, or 7th member, and may *not* act on behalf of the 8th or alternate retired member unless both are absent from the board meeting.

- 5) Existing law prescribes the manner of appointing an alternate retired member for the 8th member of the board of retirement. If there is a vacancy with respect to the 8th member the alternate retired member is required to fill the vacancy until a successor qualifies.

This bill specifies that if there is a vacancy with respect to the 8th member, the alternate retired member will fill the vacancy for the remainder of the 8th member's term in office.

- 6) Existing law provides that if a vacancy on the board occurs for any cause or on the expiration of the term of office of any member, a successor shall be chosen in the same manner as was his predecessor, except that if an election to fill a vacancy for the 2nd, 3rd, 7th or 8th member has been called and only one member has been duly nominated, the board of supervisors shall order that no election be held and shall direct the clerk to cast a unanimous ballot in favor of such nominated member.

This bill revises and recasts provisions governing the process for filling vacancies on both the boards of retirement and boards of investment to provide the following:

- a) for vacancies in the 5th, 6th, 7th, or 9th member positions, the board of supervisors is required to appoint a replacement for the duration of the current term forthwith. For vacancies in the 7th member position, candidates will be a safety member from a group which is not represented by an incumbent alternate seventh member. The successful candidate will serve for the duration of the current term.
- b) for vacancies in the 2nd, 3rd, 4th or 8th (if there is no alternate retired member), the board is required to cause an election to be held at the earliest possible date to fill the vacancy. These vacancies will be filled for the remainder of the current term unless only six months or less remain of that term, in which case a single election may be held to fill the remainder of the current term and the succeeding term.
- c) for vacancies with respect to the alternate retired member position, the board of retirement is required to appoint a replacement alternate member in the same manner as prescribed for the initial appointment of an alternate retired member.
- d) if an election has been called due to the expiration of the term of office of any member or to fill a vacancy for the 2nd, 3rd, 7th, 8th, or alternate 7th member of a board of retirement, or for the 2nd, 3rd, 7th, or 8th member positions on a board of investment, and only one candidate has been duly nominated, the board of supervisors shall order that no election be held and shall direct the clerk to cast a unanimous ballot in favor of such nominated candidate.

Chapter 124, Statutes of 2011

Senate Bill 259 (Hancock): EXPANDS THE DEFINITION OF EMPLOYEE OR HIGHER EDUCATION EMPLOYEE UNDER THE HIGHER EDUCATION EMPLOYER-EMPLOYEE RELATIONS ACT

This bill would:

- a) makes findings and declarations regarding student employees working for HEERA employers; states the intent of the Legislature to expand the definition of “employee” under the HEERA, and maintain collective bargaining rights for student employees who currently have those rights;
- b) would eliminate the existing condition for determining whether a student employee is an “employee” for purposes of the HEERA, and
- c) would establish a new condition that student employees whose employment is contingent upon their status as students are employees or higher education employees for purposes of the HEERA.

9/30/12 Vetoed by the Governor

To the Members of the California State Senate:

I am returning Senate Bill 259 without my signature.

This bill would grant collective bargaining rights to graduate student researchers at the state's public universities. The Higher Education Employee-Employer Relations Act holds that:

"the Board may find student employees whose employment is contingent on their status as students are employees only if the services they provide are unrelated to their educational objectives, or, that those educational objectives are subordinate to the services that they perform"

The Public Employment Relations Board has held, pursuant to this provision of law, that teaching assistants are employees, but that research assistants are not. This legislation would overturn that determination.

Collaboration between faculty and research assistants is an integral part of their training and education. It is rare that this relationship is subject to collective bargaining at other universities and I am reluctant to upset the balance established under current law.

While I received many thoughtful communications on both sides of this matter, I did not find sufficient and persuasive evidence warranting a change to the current framework within which graduate student researchers and faculty undertake their joint intellectual inquiries. Some researchers may be consigned to rather menial tasks, while others join collaboratively in exciting research endeavors. It is not clear how collective bargaining will discourage the former or influence the later.

Finally, given the current stresses facing the state and its universities, now is not the time to mandate these new requirements.

Sincerely,

Edmund G. Brown Jr.

Senate Bill 270 (Hernandez): STATE EMPLOYEES: CONTINUOUS APPROPRIATION OF SALARIES WHEN BUDGET IS DELAYED

1) This bill:

- a) would provide—in any year in which a budget is not enacted by July 1st—a continuous appropriation to pay state employee salaries and benefits for the period of time occurring between July 1st and when the budget is enacted.
- b) specifies that employees shall be paid at rates consistent with memoranda of understanding or the salaries they were receiving in the fiscal year immediately preceding the new budget year.
- c) allows the Department of Finance to reduce the new budget, once it is enacted and without further legislative action, to reflect the monies already paid for employee compensation under the continuous appropriation.
- d) this is an **URGENCY BILL** and applies only to state employees of the executive branch of government.

Died in Senate Appropriations Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 294 (Price): CALPERS AND CALSTRS: DEVELOPMENT OF A STRATEGIC PLAN AND ANNUAL REPORTING TO THE LEGISLATURE ON EMERGING INVESTMENT MANAGERS

With regard to the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) boards:

This bill would require each board to provide a five-year strategic plan with a 15 percent participation goal of emerging investment managers, benchmarks on the progress of the plan, and annual reports submitted to the Legislature, as specified.

Chapter 701, Statutes of 2011

Senate Bill 318 (De Leon): WOULD GRANT RIGHTS OF APPEAL TO MEMBERS OF BARGAINING UNIT 5

1) Existing law:

- a) requires a probationary period when an employee enters civil service, under limited circumstances;

- b) defines “probationer” as an employee who has a probationary status;
- c) defines “probationary status” as the status of an employee who has been certified and appointed from an employment list, or has been reinstated after resignation, or has been transferred or demoted but has not completed the probationary period, as specified;
- d) provides that tenure of civil service employment is subject to good behavior, efficiency, the necessity of the performance of the work, and the appropriation of sufficient funds;
- e) allows rejection of an employee during the probationary period by the appointing power for reasons relating to the probationer’s qualifications; the good of the service; and failure to demonstrate merit, efficiency, fitness and moral responsibility;
- f) allows the SPB to investigate the reasons for rejection at the request of a rejected probationer, and either affirm or modify the action of the appointing power, including restoring the rejected probationer to the position from which he or she was rejected, and
- g) exempts state employees in Bargaining Unit 5 (California Association of Highway Patrolmen) from the right to appeal a rejection while on probation.

2) This bill:

- a) would remove the current exemption and allow rank and file CHP officers and cadets to have the same rights that apply to other state employees to appeal a rejection before the SPB during the probationary period.

Chapter 60, Statutes of 2011

Senate Bill 321 (Negrete McLeod): MEMORANDA OF UNDERSTANDING FOR STATE BARGAINING UNIT 2: CASE (CALIFORNIA ATTORNEYS, ADMINISTRATIVE LAW JUDGES AND HEARING OFFICERS IN STATE EMPLOYEMENT)

This bill provides legislative ratification for the memoranda of understanding (MOU) between the State and state BUs 2, 6, 7, 9, 10, and 13.

In addition, it ratifies 4 addenda to MOUs ratified in 2010 in order to make provisions of those MOUs consistent with the agreements reached in the six MOUs ratified in this bill. This is an URGENCY BILL.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 322 (Negrete McLeod): CALPERS: CLARIFIES APPLICATION OF 415 (b) LIMIT FOR SERVICE UNDER MULTIPLE EMPLOYERS

Senate Bill 322 clarifies existing law with regard to federal limits (IRS Code 415 (b)) on the amount of retirement allowance that may be paid to any individual who entered CalPERS membership after January 1, 1990.

- 1) Existing state and federal laws place a dollar limit on the annual benefit that may be received from a tax-qualified pension plan such as CalPERS. The limit applies to individuals who entered retirement system membership after 1990 and is subject to specific criteria, such as the individual's age at the time of retirement and type of service. The limit may only be determined and applied at the time of retirement. The limit in calendar year 2011 is \$195,000.
- 2) Existing laws governing the California Public Employees' Retirement System (CalPERS), require:
 - a) CalPERS to annually set employer contribution rates. For the purpose of rate setting, CalPERS looks at individual contracting employers as separate plans.
 - b) that when an employee has service under multiple CalPERS employers, that individual's retirement benefit is funded proportionally by the different employers' plans.

This bill emphasizes that service under multiple employers *may not* be considered separately with regard to the 415 (b) limit.

For example, in 2011 a highly compensated individual subject to the 415 (b) limits who worked for only one employer and who retired with an annual benefit of \$210,000 would be limited to \$195,000.

Senate Bill 322 clarifies that another individual, retiring with a similar annual benefit funded by member and employer contributions under multiple jobs (for example, three employers at an annual benefit of \$70,000 each) *may not* exceed the 415 (b) limit by virtue of the fact that the cost of the benefit is spread among multiple employer's plans.

Chapter 47, Statutes of 2011

Senate Bill 349 (Negrete McLeod): CALSTRS ANNUAL HOUSEKEEPING BILL: MAKES VARIOUS CHANGES TO THE TEACHERS' RETIREMENT LAW

This bill would make technical, clarifying and non-controversial changes to various sections of the Education Code administered by the California State Teachers' Retirement System (CalSTRS) to improve, and continue effective administration of the System.

Chapter 703, Statutes of 2011

Senate Bill 350 (Negrete McLeod): CALPERS: 1959 SURVIVOR BENEFIT

Would merge the first, second, and third levels of the 1959 Survivor Benefit for contracting local agencies of CalPERS that currently provide one of those levels of benefits to employees, and allow CalPERS to suspend employee premiums of \$2 monthly when the funding pool is determined to contain surplus funds.

This merge would result in higher benefit levels for survivors currently in the first and second levels (who would be paid at the third level) and provide increased funding stability for the employers participating in the third level.

2/29/12 Veto sustained.

2/29/12 Consideration of Governor's veto stricken from file.

9/6/11 In Senate. Consideration of Governor's veto pending.

9/6/11 Vetoed by the Governor

To the Members of the California State Senate:

I am returning Senate Bill 350 without my signature.

This bill allows CalPERS, for certain local government members, to combine three survivor benefit levels into the level with the highest benefit and to suspend employee premiums.

Although the benefits increased by this bill are funded by substantial excess reserves, the changes this bill makes should be part of a more comprehensive pension reform.

**Sincerely,
Edmund G. Brown Jr.**

**Senate Bill 373 (DeSaulnier): CONTRA COSTA COUNTY RETIREMENT SYSTEM:
DEPUTY SHERIFFS' RETIREMENT BENEFITS**

SB 373 eliminates the sunset date on provisions allowing Contra Costa County, as agreed to in a MOU with the Contra Costa County Deputy Sheriffs' Association (DSA), to provide a lower tier of benefits to employees who either elected to participate in the lower tier prior to 2007, or who were first hired and placed in the lower tier since 2007.

Chapter 68, Statutes of 2011

**Senate Bill 398 (Hernandez): PUBLIC RETIREMENT SYSTEMS: MAKES CHANGES TO
EXISTING LAW REGARDING PLACEMENT AGENTS AND EXTERNAL MANAGERS**

SB 398 makes declarations that it furthers the purposes of the Political Reform Act (PRA) of 1974; revises the definition of "placement agent" and "external manager"; makes conforming changes to the definition of "placement agent" and "external manager" in the PRA, and exempts placement agents, as specified, from local government reporting and registration requirements, as specified. **This is an URGENCY BILL.**

Chapter 704, Statutes of 2011

Senate Bill 439 (Negrete McLeod): CALPERS AND CALSTRS: GIFT LIMITATIONS AND PENALTIES

SB 439 would lower (from \$420 to \$50) the amount of allowable gifts made annually to board members and specified staff of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) from entities with business before either retirement system.

3/1/12 Veto sustained.

3/1/12 Consideration of Governor's veto stricken from file.

10/7/11 In Senate. Consideration of Governor's veto pending.

10/7/11 Vetoed by the Governor

To the Members of the California State Senate:

I am returning Senate Bill 439 without my signature.

This bill would prohibit board members and high-level employees of the California Public Employees Retirement System (CalPERS) and the California Teachers Retirement System (CalSTRS) from receiving gifts in excess of \$50 in a year from anyone who contracts with CalPERS and CalSTRS. Current law requires that gifts in excess of \$50 be reported, but does not prohibit them outright.

As the author of the Political Reform Act, I feel strongly that gifts made to public officials should be disclosed and subject to monetary limits as they are under current law. In point of fact, the Fair Political Practices Commission over the years has promulgated pages and pages of detailed regulations covering such gifts. To now create a special set of rules that will apply exclusively to CalPERS and CalSTRS would add more complexity without sufficiently advancing the goals of the Political Reform Act.

**Sincerely,
Edmund G. Brown Jr.**

Senate Bill 503 (Vargas): JUDGES' RETIREMENT SYSTEM II: SERVICE CREDIT FOR TIME SERVED AS A SUBORDINATE JUDICIAL OFFICER

Would allow a judge to make a one-time written election, prior to retirement, to purchase service credit in the Judge's Retirement System II (JRS II) for any number of whole years a judge served as a full-time subordinate judicial officer.

3/1/12 Veto sustained.

3/1/12 Consideration of Governor's veto stricken from file.

10/9/11 In Senate. Consideration of Governor's veto pending.

10/9/11 Vetoed by the Governor

To the Members of the California State Senate:

I am returning Senate Bill 503 without my signature.

This bill allows additional pension options at retirement for a small number of retiring judges.

These options may or may not be warranted, but because I will be soon be proposing pension reform, I am vetoing this bill now. The bill's provisions can be part of the broader pension reform discussion.

**Sincerely,
Edmund G. Brown Jr.**

Senate Bill 520 (Walters): CALPERS: REQUIRES HYBRID PENSION PLAN FOR ALL NEW PUBLIC EMPLOYEES BEGINNING IN 2012

SB 520 requires the Board of Administration of the California Public Employees' Retirement System (CalPERS) to create a hybrid retirement plan, as specified, for public employee members of CalPERS who become members on and after January 1, 2012.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 521 (Walters): CALPERS: REQUIRED PREFUNDING OF RETIREE HEALTH BENEFITS

SB 521 would require the California Public Employees' Retirement System (CalPERS) to determine the actuarially required contributions necessary to fully pre-fund retiree health obligations. Participating employers and employees first hired on or after January 1, 2012, would each be required to contribute 50% of the required actuarial cost to the Annuitants' Health Care Coverage Fund, as specified.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 522 (Walters): ELIMINATES THE PURCHASE OF NONQUALIFIED SERVICE CREDIT IN CALPERS, CALSTRS, AND '37 ACT RETIREMENT SYSTEMS

SB 522 would repeal statutes that allow public employees in the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), and the 1937 Act Retirement System (37 Act) to purchase nonqualified service in the retirement systems.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 523 (Walters): PUBLIC RETIREMENT SYSTEMS: PROHIBITION ON RIGHTS AND BENEFITS FOR LOCAL ELECTED OFFICIALS

Would prohibit any person elected to a local government office, or appointed to fill the term of a local elected office as of January 1, 2012, from becoming a member of, and receiving a retirement benefit or right based on that elected service from a public retirement system in California.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 524 (Walters): PROHIBITS RETROACTIVE RETIREMENT BENEFIT INCREASES FOR PUBLIC EMPLOYEES

SB 524 would prohibit the retroactive application of retirement benefit increases and prohibit retroactive pension benefit increases from being included in the scope of representation covered in collective bargaining activities.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 525 (Walters): STATE MISCELLANEOUS AND INDUSTRIAL EMPLOYEES: NEW MINIMUM RETIREMENT AGE OF 55

SB 525 would require all state employees hired on and after January 1, 2012, who are in the miscellaneous and industrial retirement classifications to have a minimum service retirement age of 55.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 526 (Walters): PUBLIC EMPLOYEES: 3-YEAR FINAL COMPENSATION FOR NEW EMPLOYEES AFTER JANUARY 1, 2012

SB 526 would require all public employees hired after January 1, 2012 (or following the expiration of a current memorandum of understanding, if applicable) to be subject to retirement benefits calculated using the average of the highest-paid consecutive 36-month period, and exclude compensation paid for accrued leave or overtime from inclusion in final compensation for the purpose of calculating retirement benefits.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 527 (Walters): SCOPE OF REPRESENTATION: EXCLUDES MATTERS RELATING TO PUBLIC EMPLOYEE PENSION BENEFITS

Would exclude matters relating to pension benefits from the scope of collective bargaining, except for the amount of employee contributions to public pension plans.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 528 (Walters): CALPERS BOARD: CHANGES SIX ELECTED MEMBERS TO APPOINTEES OF THE GOVERNOR AND CALLS FOR STATEWIDE ELECTION

Would call for a special election, consolidated with a statewide election in 2011, to replace the six elected members of the California Public Employees' Retirement System (CalPERS) Board with six appointees of the Governor.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 609 (Negrete McLeod): PUBLIC EMPLOYMENT RELATIONS BOARD: CERTIFICATION OF EMPLOYEE ORGANIZATIONS

Would make the decision of an administrative law judge final (ALJ) regarding recognition or certification of an employee organization if the Public Employment Relations Board (PERB) does not issue a ruling that supersedes the decision on or before 180 days after an appeal is filed.

Chapter 242, Statutes of 2011

Senate Bill 637 (Public Employment and Retirement Committee): LOS ANGELES COUNTY RETIREMENT ASSOCIATION: BOARD OF INVESTMENTS SUBPOENA POWER

SB 637 provides the LACERA Board of Investments with the power to issue subpoenas. Since 1965, all boards of retirement in the 1937 Act County Retirement System have had this authority.

Chapter 48, Statutes of 2011

Senate Bill 689 (Harman): PUBLIC RETIREMENT SYSTEMS: ANNUAL REPORT ON RETIREES RECEIVING AT LEAST \$100,000 ANNUALLY IN RETIREMENT

Would require the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), and the University of California (UC) to establish and maintain a publicly accessible, and quarterly updated website on the Internet pertaining to the costs of pensions and postretirement healthcare benefits, on or before July 1, 2012.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

**Senate Bill 778 (Padilla):
Gut and Amend**

**Senate Bill 807 (Correa):
Gut and Amend**

Senate Bill 820 (Walters): CALPERS: ANNUAL REPORTING ON ASSUMED RATES OF RETURN AND STATE EMPLOYER CONTRIBUTION RATES

This bill amends provisions of Chapter 733, Statutes of 2010 (SB 867 – Hollingsworth) to require the California Public Employees’ Retirement System (CalPERS) Board to provide an annual report to the Legislature, Governor and Treasurer regarding investment return assumptions, discount, and employer contribution rates, and require the Treasurer to present this information, along with an opinion, to the Legislature, as specified.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 857 (Lieu): PUBLIC EMPLOYMENT RELATIONS BOARD: UNLAWFUL STRIKE DAMAGES

SB 857 was amended in the Assembly to specify that the Public Employment Relations Board (PERB) has no authority to award damages for strike-preparation expenses or for costs, expenses, or revenue losses incurred during an unlawful strike.

SB 857 further states that this prohibition is declaratory of existing law.
Chapter 539, Statutes of 2011

Senate Bill 903 (Anderson): CALPERS AND CALSTRS: DIVESTMENT FROM IRAN – DETERMINATION OF BREACH OF FIDUCIARY DUTY AND REQUIREMENTS OF PUBLIC NOTICE AND HEARING

With regard to the California Public Employees’ Retirement System (CalPERS) and the California State Teachers’ Retirement System (CalSTRS):

This bill would require that any decision not to divest from a company as specified under the California Public Divest from Iran Act because doing so would be a breach of fiduciary duty, must be made in a public hearing of the full board after proper public notice and an opportunity for public comment.

Died on Assembly Appropriations Suspense File

Senate Bill 931 (Evans): PROHIBITS THE USE OF PUBLIC FUNDS BY PUBLIC AGENCIES TO DETER THE EXERCISE OF GUARANTEED PUBLIC EMPLOYEE RIGHTS

Would prohibit public agencies from using public funds to pay external consultants or legal advisors to counsel the employer on how to minimize or deter the exercise of guaranteed public employee rights related to employer-employee relations, and exempts certain payments, as specified.

3/1/12 Veto sustained.

3/1/12 Consideration of Governor's veto stricken from file.

10/9/11 In Senate. Consideration of Governor's veto pending.

10/9/11 Vetoed by the Governor

To the Members of the California State Senate:

I am returning Senate Bill 931 without my signature.

Pay cards provide workers without bank accounts a way of avoiding high check cashing fees. They are now used by thousands of California employees and employers. This bill seeks to contain costs for workers who choose to accept pay cards, a goal with which I agree.

Unfortunately, this bill goes too far. It would impose numerous and costly new requirements on pay card providers. A likely result of these mandates is that banks and employers may simply stop offering this service, injuring the very workers this bill aims to protect.

I strongly believe that reasonable protections are needed for those who use pay cards. I will work with the bill's proponents and the financial institutions to forge a better solution that I can sign into law.

**Sincerely,
Edmund G. Brown Jr.**

Senate Bill 955 (Pavley): CALPERS: INVESTMENTS IN CALIFORNIA INFRASTRUCTURE

SB 955 makes findings and declarations regarding the economic recession, unemployment in California, and investing in infrastructure; states that board of the California Public Employees' Retirement System (CalPERS), consistent with its fiduciary duty and constitutional autonomy, may prioritize investments in California infrastructure projects over investments in out-of-state infrastructure projects; and encourages the board to do so when it is consistent with the Board's fiduciary duty.

Chapter 760, Statutes of 2012

Senate Bill 977 (Yee): Gut and Amend

Senate Bill 987 (Negrete McLeod): CALPERS ANNUAL HOUSEKEEPING BILL: MAKES VARIOUS CHANGES TO THE PUBLIC EMPLOYEES' RETIREMENT LAW

This bill would make various technical and non-controversial changes to various sections of the Government Code administered by the California Public Employees' Retirement Board, including code sections governing the California Public Employees' Retirement System (CalPERS), the Judges' Retirement Systems I and II (JRS I and JRS II) and the Legislators' Retirement System (LRS).

1) Existing law:

- a) allows individuals to file a Declaration of Domestic Partnership with the Secretary of State and requires that registered domestic partners shall have the same rights, protections, and benefits as are granted to and imposed upon spouses.
- b) allows a public employee to be absent from service on employer-approved leave for an industrial illness or injury and to receive temporary disability payments during the absence.
- c) allows a CalPERS member who has been on uncompensated, employer-approved leave for a personal illness or injury to purchase service credit in the CalPERS system equivalent to the time spent on leave. In such cases the employee pays the entire cost (i.e., employer and employee contributions) of the service credit.

2) This bill:

- a) clarifies that references to "spouse," "surviving spouse," and "marriage" in the laws governing CalPERS, JRS I and II, and LRS apply equally to a registered domestic partner, or partnership, to the extent provided by the domestic partnership provisions in the Family Code.
- b) clarifies the definition of an industrial "leave of absence" to include leave for an industrial illness or injury.
- c) clarifies that members are able to purchase service credit at their own expense for time away from work caused by a non-work related injury in the same manner as purchasing service credit for leave a non-work related illness.

Chapter 833, Statutes of 2012

Senate Bill 996 (Public Employment and Retirement Committee): 1937 ACT COUNTY EMPLOYEES RETIREMENT LAW: HEART TROUBLE PRESUMPTION

Senate Bill 996 is intended to restate and clarify existing 1937 Act County Retirement Law regarding the rebuttable presumption that heart trouble incurred by a safety member arises from the safety member's employment.

Chapter 792, Statutes of 2012

**Senate Bill 1057 (Huff): PUBLIC EMPLOYEES' RETIREMENT: FELONY FORFEITURE
Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56**

Senate Bill 1113 (Evans): STATE EMPLOYEES: COST ANALYSIS UPON REACHING A MEMORANDUM OF UNDERSTANDING

SB 1113 would require that, whenever the California Department of Human Resources (CalHR) provides a fiscal analysis of a memorandum of understanding (MOU), it also must provide an analysis of the financial obligation required to address salary parity and wage compaction for related excluded employees.

Died in Assembly Appropriations Suspense File

Senate Bill 1141 (Walters): PUBLIC EMPLOYEES: MEMORANDA OF UNDERSTANDING REGARDING RETIREE HEALTH CARE

SB 1141 would prohibit a memorandum of understanding (MOU) between a public employer and an employee group from agreeing to provide a retiree health care benefit unless each employee hired after January 1, 2013 pays at least 50% of the actuarially required contributions to fund the health care benefits.

This requirement would apply to all public employers and their employees, including the University of California and charter cities.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1142 (Walters): PUBLIC EMPLOYERS: MANDATORY PREFUNDING OF RETIREE HEALTH CARE OBLIGATIONS

SB 1142 requires, using generally accepted accounting principles, that all public employers actuarially prefund postemployment health care benefits provided to their public employees, and allows public employers to incrementally implement these requirements over 5 years' time, as

specified, and prohibits an employer from providing retiree health care to any employee hired on or after January 1, 2013 unless those benefits are fully funded.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1143 (Walters): PUBLIC EMPLOYEE: POSTEMPLOYMENT BENEFITS

SB 1143 defines post-employment benefits and requires that all public employers shall have the right to modify or revise a postemployment benefit except as prohibited by federal law, and eliminates an employee's right to have future postemployment benefits or a continuation of current benefits.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1176 (Huff): PUBLIC EMPLOYEES' RETIREMENT

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1231 (Walters): ORANGE COUNTY EMPLOYEES RETIREMENT ASSOCIATION: STAR COLA

SB 1231 allows the Orange County Board of Supervisors to adopt a resolution prohibiting the Orange County Employees Retirement Association from approving the Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment (STAR COLA), and allows the Board of Supervisors to limit the benefit for current members or preclude the benefit for any member not currently receiving the STAR COLA.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1232 (Walters): ORANGE COUNTY EMPLOYEES RETIREMENT ASSOCIATION: RETIREE COLA

SB 1232 would allow the Orange County Board of Supervisors to pass a resolution requiring that cost of living adjustments (COLA) applied to retirees of the Orange County Employees Retirement Association be adjusted annually, beginning on April 1st in the second calendar year following retirement. The new rule would apply to any employee retiring after the date of the resolution.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1234 (De León): CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS PLAN FOR PRIVATE WORKERS

SB 1234 establishes the California Secure Choice Retirement Savings Investment Board (Board), as defined, and the California Secure Choice Retirement Savings Trust (Trust), a continuously appropriated fund, for the purpose of creating a statewide program known as the California Secure Choice Retirement Savings Plan (SCRSP). SCRSP will exist to provide a statewide retirement savings plan for private workers who do not participate in any other type of employer sponsored retirement savings plan. Contributions by employers and employees will be voluntary.

In order for SCRSP to become operational, SB 1234 requires that the Board conduct a market analysis to determine various factors in regard to implementing the program and to report to the Legislature on its findings; the analysis may be done only if sufficient funds to do so are made available through a non-profit or private entity, federal funding, or an annual Budget Act appropriation.

Once created, administrative costs for the SCRSP shall be paid for from earnings on investments into the trust and shall be no more than 1 percent, annually, of the total program fund assets.
Chapter 734, Statutes of 2012

Senate Bill 1294 (Berryhill): PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT: MARIPOSA COUNTY

SB 1294 ensures that current Mariposa county retirees will not receive a reduction in their retiree health care benefits as a result of bargaining agreements to change the existing health plan design with current active employees.
Chapter 836, Statutes of 2012

Senate Bill 1308 (Public Employment and Retirement Committee): GOVERNOR'S REORGANIZATION PLAN TO CONSOLIDATE THE DEPARTMENT OF PERSONNEL ADMINISTRATION AND THE STATE PERSONNEL BOARD

SB 1308 contains statutory changes included in the Governor's plan (GRP 1, 2011) to consolidate the Department of Personnel Administration (DPA) and the State Personnel Board (SPB) into a single agency: the California Department of Human Resources (CalHR).
Chapter 665, Statutes of 2012

Senate Bill 1309 (Negrete McLeod): GOVERNOR'S REORGANIZATION PLAN 1, 2011: CONFORMING STATUTORY CHANGES

SB 1309 makes conforming statutory changes to assist in implementing the Governor's plan (GRP 1, 2011) to consolidate the Department of Personnel Administration (DPA) and the

administrative functions of the State Personnel Board (SPB) into a single agency: the California Department of Human Resources (CalHR).

The constitutional autonomy of the governing body of the State Personnel Board (Board) with regard to oversight of the merit principal and state civil service is retained with that body.

Chapter 360, Statutes of 2012

Senate Bill 1358 (Walters): PUBLIC EMPLOYMENT RELATIONS BOARD: PEACE OFFICER BARGAINING UNITS

SB 1358 would eliminate the oversight of the Public Employment Relations Board (PERB), with regard to determining appropriate bargaining units under the Ralph C. Dills Act, which governs collective bargaining for state employees. PERB would be required to recognize any group of employees who are identified as peace officers in the Penal Code as a separate bargaining unit, upon that group's petition to PERB.

Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1368 (Anderson): STATE EMPLOYEE COMPENSATION

SB 1368 would limit the salaries of state officers and employees, including overtime, to no more than the salary received by the Governor, and recommends that the University of California (UC) also limit salaries for officers and employees of UC to no more than the salary received by the Governor.

Died in Senate Governmental Organization Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Bill 1382 (Negrete McLeod): 1937 ACT COUNTY RETIREMENT SYSTEMS: RETIREE ORGANIZATIONS

SB 1382 amends the 1937 Act County Retirement Law ('37 Act) to clarify terminology related to recognized retiree organizations, the items that a retiree under that system may have deducted from his or her pay warrant, and the nature and extent of assistance provided to the recognized retiree organization by the retirement system with regard to mailings to the retiree organization's members.

Chapter 178, Statutes of 2012

Senate Bill 1494 (DeSaulnier): CONTRA COSTA COUNTY: MEMORANDUM OF UNDERSTANDING

SB 1494 provides for implementation of the negotiated agreement between Contra Costa County and county employees to create lower benefit tiers for new employees.

1) Existing law:

- a) establishes the 1937 Act County Retirement Law, which covers 20 independent county retirement systems, including the Contra Costa County Employees Retirement Association (CCCERA).
- b) requires a public employer and official employee representative to collectively bargain over wages, working conditions, and other terms and conditions of employment.
- c) establishes various retirement formulas that public employers may choose from, and subject to collective bargaining, provide for employees.
- d) generally requires that when pension benefits are reduced, the reduced benefits apply only to employees hired on or after the date the reduced benefits become applicable.
- e) requires an employer to provide disability benefits for employees who become disabled while working.
- f) requires an employer to pay cost-of-living adjustments to retirees.
- g) establishes a defined benefit retirement plan in Contra Costa County that provides a retirement benefit based on a percentage of the individual's final compensation, which is determined by multiplying the number of years of service by the individual's retirement age factor and final compensation.

2) This bill:

- a) allows Contra Costa County, subject to collective bargaining, to approve a resolution to establish lower retirement tiers for employees first hired on or after January 1, 2013.
- b) allows a district that participates in CCCERA to also approve the lower tiers, subject to collective bargaining, for new hires on and after January 1, 2013.
- c) creates two formulas for the new tiers: a 2 percent at age 60 formula for non-safety workers, called Tier Four, and a 3 percent at age 55 formula for safety workers, called Tier D.
- d) requires annual 2% cost-of-living adjustments for retirees subject to the new formulas, and disability benefits that are that same as for existing employees (i.e., employees hired prior to January 1, 2013).
- e) requires that employees in the new tiers be subject to a 3-year final compensation calculation based on either the three years preceding retirement or any consecutive three years elected by the member.
- f) requires that if the employee has less than three years of service in the plan, his or her retirement benefit shall be determined by dividing the total compensation by the number of months of service and then multiplying by 12.

- g) identifies the collective bargaining units and their official representatives that may be subject to the new tiers.
- h) limits retirement the allowance for an employee subject to Tier Four and Tier D to no more than 90 percent of the employee's final compensation amount.
- i) requires that the new Tier Four and Tier D benefit plans also apply to non-represented employees in related classification who are first hired on and after January 1, 2013.

8/21/12 In Senate. Concurrence in Assembly amendments pending

Senate Bill 1563 (Cannella): STATE CIVIL SERVICE EXAMS: VETERAN'S PREFERENCE POINTS

SB 1563 requires that a veteran who has completed acceptable training in the United States Armed Forces as a peace officer shall receive 15 preference points in an examination for an open peace officer position in state employment and states legislative intent with regard to veterans' abilities to become state peace officers.

1) Existing law:

- a) establishes the state civil service system, which requires a hiring process that is to be based on merit ascertained by competitive examination.
- b) allows state employing agencies to hold open exams for nonpromotional positions in civil service, in which applicants receive points, and based on their scores are placed on ranked hiring lists and are then eligible to be hired into state civil service.
- c) identifies certain groups of individuals who shall receive additional points based on their status or prior experience, after becoming eligible for a hiring list by obtaining a passing score on an open, nonpromotional exam.
- d) establishes a number of provisions that provide additional exam points for veterans, disabled veterans, spouses of 100 percent disabled veterans, and widows and widowers of veterans who obtain passing scores on state civil service exams.
- e) allows a veteran to have 10 points added, and allows a disabled veteran to have 15 points added, to a passing score on an open, nonpromotional exam.

2) This bill:

- a) allows a veteran who has completed acceptable training in the United States Armed Forces as a peace officer to receive an additional 15 points upon obtaining a passing score on an open, entrance examination for a peace officer position in state civil service.

Chapter 768, Statutes of 2012

Senate Constitutional Amendment 11 (Huff): STATE EMPLOYMENT
Died in Senate PE& R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

Senate Constitutional Amendment 18 (Huff): PUBLIC EMPLOYEES' RETIREMENT
Died in Senate PE&R Committee. Returned to Secretary of Senate pursuant to Joint Rule 56

ASSEMBLY MEASURES

Assembly Bill 17 (Davis):
Gut and Amend

Assembly Bill 89 (Hill): PUBLIC RETIREMENT SYSTEMS: FEDERAL LIMITS ON COMPENSATION AND BENEFITS AND LOWER SAFETY TIER FOR SAN MATEO COUNTY

Requires all public retirement systems to adhere to federal compensation limits in determining retirement benefits for members who first join the retirement systems on or after January 1, 2012, and prohibits public employers from making contributions to qualified public retirement plans on any compensation exceeding the limited amount.

Allows the County of San Mateo to implement lower retirement tiers for safety employees represented by the Probation and Detention Association (PDA). This is an **URGENCY BILL**.
Chapter 390, Statutes of 2011

Assembly Bill 149 (Lara): CIVIL SERVICE: PERSONAL SERVICE CONTRACTS

This bill would authorize a state department or agency, when the State Personnel Board (SPB) has either prohibited a personal services contract from being executed, or nullified an executed personal services contract, to create and fill a limited-term civil service position for the equivalent number of hours for each contractor position requested in the submitted contract.

Died in Senate Appropriations Committee

Assembly Bill 178 (Gorell): STATE TEACHERS' RETIREMENT SYSTEM: WORKING AFTER RETIREMENT

- 1) AB 178 changes and clarifies rules for retired workers in the California State Teachers' Retirement System (CalSTRS). Specifically, AB 178:

- a) increases the earnings limitation under which retired members of CalSTRS may work for CalSTRS employers.
- b) exempts certain appointees to financially endangered school districts from the earnings limitation.
- c) clarifies that certain employees of third parties are not considered to be retired workers with regard to the earnings limitation.
- d) is an **URGENCY** bill.

Chapter 135, Statutes of 2012

Assembly Bill 195 (Roger Hernandez): LOCAL PUBLIC AGENCY EMPLOYERS: PROHIBITED ACTIVITIES

This bill would declare the intent of the Legislature to provide technical and clarifying changes to existing law by providing a list of actions that a public agency employer is prohibited from engaging in regarding the exercise of guaranteed public employee rights.

1) Existing law:

- a) establishes the Meyers-Milias-Brown Act (MMBA) which prohibits local public agencies and employee organizations from interfering with, intimidating, restraining, coercing or discriminating against public employees because they have chosen to join, or not join, an employee organization;
- b) grants public employees the right to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations;
- c) grants public employees the right to refuse to join or participate in the activities of employee organizations and to represent themselves individually in their employment relations with the public agency;
- d) establishes the Educational Employment Relations Act (EERA) which specifically prohibits *a public school employer* from doing any of the following:
 - i) imposing, or threatening to impose, reprisals on employees who exercise their rights under the EERA;
 - ii) denying employee organizations' rights guaranteed to them under the EERA;
 - iii) refusing or failing to meet and negotiate in good faith with an exclusive representative;

- iv) knowingly providing an exclusive representative with inaccurate information, whether or not in response to a request for information, *regarding the financial resources of the public school employer*;
- v) dominating or interfering with the formation or administration of an employee organization, and
- vi) refusing to participate in good faith in impasse procedures, as specified.

2) This bill:

- a) would amend the MMBA to contain certain prohibitions that are *similar* to provisions under the EERA;
- b) prohibits *a public agency employer* subject to the MMBA from doing any of the following:
 - i) imposing or threatening to impose reprisals on employees; discriminating or threatening to discriminate against employees, or interfering with, restraining, or coercing public employees because of their exercise of rights under the MMBA;
 - ii) denying employee organizations' rights guaranteed to them under the MMBA;
 - iii) refusing or failing to meet and negotiate in good faith with an exclusive representative;
 - iv) knowingly providing an employee organization with inaccurate information, as specified;
 - v) dominating or interfering with the formation or administration of an employee organization; contributing financial or other support to any employee organization, or encouraging employees to join any organization in preference to another, and
 - vi) refusing to participate in good faith in impasse procedures, as specified.
- c) declares the intent of the Legislature that the addition of this section to the Government Code is technical and clarifying of existing law.

Chapter 271, Statutes of 2011

Assembly Bill 329 (Dickinson): COUNTY OF SACRAMENTO: LOWER RETIREMENT TIER FOR NEW HIRES

AB 329 would allow implementation of the memorandum of understanding (MOU) between Sacramento County and the Sacramento County Deputy Sheriffs' Association (SCDSA), which

represents approximately 1,150 safety employees, and the Sacramento County Law Enforcement Managers' Association (LEMA), which represents approximately 94 safety employees.

1) Existing law:

- a) allows public employers and employee representatives to collectively bargain over wages, including benefits, and working terms and conditions;
- b) creates the 1937 Act County Retirement Law (CERL), which governs 20 independent county retirement associations, including the Sacramento County Retirement Association, which is the retirement system for Sacramento County employees;
- c) authorizes various safety retirement formulas in CERL, including the 3% at age 50 safety retirement formula, which is the retirement formula for currently-employed deputy sheriff members of the SCDSA and the LEMA, and
- d) requires that all employee groups of a single employer (such as Sacramento County) who are in the same retirement classification (such as public safety) receive the same retirement formula unless an exception is made in the law.

2) This bill:

- a) allows the Sacramento County Board of Supervisors to adopt a resolution, by majority vote, to implement a memorandum of understanding mutually agreed upon with a bargaining unit representing public safety officers that would do the following:
 - 1) require new safety employees—first hired after approval of the resolutions—to be subject to a retirement formula based on 3% at age 55 (current employees are subject to the 3% at age 50 formula).
 - 2) use the 3-year highest years compensation average to calculate retirements and provide retiree cost-of-living adjustments of up to a 2% annually.
- b) clarifies that the employees covered by this statute include both newly hired represented and newly hired nonrepresented employees;
- b) provides that the resolution could provide a different formula or retirement calculation for new safety members in one bargaining unit than what is provided to safety members in other bargaining units, and
- c) states that this is an **URGENCY BILL**.

Chapter 26, Statutes of 2011

Assembly Bill 340 (Furutani):

Chapter 296, Statutes of 2012

**Assembly Bill 344 (Mendoza):
Gut and Amend**

Assembly Bill 455 (Campos): LOCAL PUBLIC AGENCY PERSONNEL AND MERIT COMMISSIONS: COMPOSITION OF MEMBERSHIP

This bill would specify the composition of local public agency personnel or merit system commissions and the process of appointment of their members and chairperson.

1) Existing law:

- a) established the Meyers-Milias-Brown Act (MMBA), which provides a statutory framework for local government employer-employee relations by providing a reasonable method of resolving disputes regarding wages, hours, and other terms and conditions of employment between local public employers and public employee organizations.

2) This bill would:

- a) require, in public agencies that have established merit or personnel commissions, that the governing board of the public agency appoint one-half of the commission members, and appoint the other one-half as nominated by the recognized employee organization;
- b) specify that whenever there are multiple bargaining units represented by different recognized employee organizations, the one representing the largest number of employees will be the one to designate commission members, as specified, and
- c) require the commission members to jointly elect one additional member of the commission who will act as its chairperson.

7/25/11, Vetoed by Governor

To the Members of the California State Assembly:

I am returning Assembly Bill 455 without my signature.

This bill prescribes how all local merit or personnel commission members should be appointed. It requires that half of the members be selected by the employer and half by largest employee bargaining unit.

While intended to create more balanced commissions and address concerns relating to individual commissions, this measure imposes a top down, one-size-fits-all solution on all merit and personnel commissions statewide.

This measure seeks to impose a level of state control that is inconsistent with my administration's efforts to realign state services and to increase local control. Concerns relating to specific commissions should be addressed on a case-by-case basis at the local level.

**Sincerely,
Edmund G. Brown Jr.**

**Assembly Bill 501 (Campos): EDUCATIONAL EMPLOYMENT RELATIONS ACT:
EMPLOYEES COVERED THEREUNDER**

For purposes of the Educational Employment Relations Act (EERA), this bill would expand the definition of “exclusive representative”, and “public school employer” or “employer”, as specified.

1) Existing law:

- a) establishes the EERA which provides a process by which employees of the public schools and the community colleges may select an exclusive representative to represent them as part of a bargaining unit within their district;
- b) establishes the Public Employment Relations Board (PERB) as the State agency that has broad authority to enforce the EERA with regard to labor relations activities between a public school and any person (except management and confidential employees) employed by a public school employer, including community colleges;
- c) defines “exclusive representative” for purpose of the EERA as the employee organization recognized or certified as the exclusive negotiating representative of *certificated* or *classified* employees in an appropriate unit of a public school employer;
- d) defines “public school employer” for the purpose of negotiations on collective bargaining agreements covering public school employees, as the governing board of a school district, a school district, a county board of education, a county superintendent of schools, or certain charter schools;
- e) provides that, if authorized by their legislative or other governing bodies, two or more public agencies meeting specified conditions can enter into a joint agreement thereby becoming a Joint Powers Agency (JPA), which allows them to exercise powers common to the contracting parties;
- f) specifies that “public agency” includes, but is not limited to, the federal government or any federal department or agency, the state, another state or any other state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of this or another state;

- g) allows the governing board of a community college district to establish auxiliary organizations for the purpose of providing supportive services and specialized programs for the general benefit of its college or colleges, and
- h) defines community college "auxiliary organization" to include, but is not limited to entities created to support, benefit, or promote a community college or district, and which are under the governance of the district or a district representative.

2) This bill:

- a) clarifies that all public school employees have the right to union representation by amending:
 - i) the definition of "exclusive representative" to mean the employee organization recognized or certified as the exclusive negotiating representative for *all public school employees* rather than certificated or classified employees, and
 - ii) the definition of "public school employer" or "employer" to include *specified auxiliary organizations* established by the California Community Colleges, *and joint powers agencies* that are comprised solely of school agencies, as specified.

Chapter 674, Statutes of 2011

Assembly Bill 646 (Atkins): LOCAL PUBLIC EMPLOYEE ORGANIZATIONS: IMPASSE PROCEDURES

This bill would allow local public employee organizations to request fact-finding if a mediator is unable to effect a settlement of a labor dispute within 30 days of appointment; defines certain responsibilities of the fact-finding panel and interested parties; and, makes specified exemptions from its provisions.

- 1) Existing law, as established by the Meyers-Milias-Brown Act (MMBA):
 - a) contains various provisions intended to promote full communication between public employers and their employees by providing a reasonable method of resolving disputes regarding wages, hours, and other terms and conditions of employment between public employers and public employee organizations;
 - b) provides that if, after a reasonable amount of time, representatives of the public agency and the employee organization fail to reach agreement, the two parties may mutually agree on the appointment of a mediator and equally share the cost. If the parties reach impasse, the public agency is not required to proceed to interest arbitration and may implement its last, best and final offer;
 - c) authorizes a local public agency to adopt reasonable rules and regulations after consultation in good faith with representatives of an employee organization or

organizations for the administration of employer-employee relations under the MMBA, and

- d) delegates jurisdiction over the employer-employee relationship to the Public Employment Relations Board (PERB) and charges the PERB with resolving disputes and enforcing the statutory duties and rights of local public agency employers and employee organizations.

2) This bill:

- a) would allow an employee organization to request fact-finding when a mediator has been unsuccessful at effectuating a resolution to a labor dispute within 30 days of appointment;
- b) specifies that the fact-finding panel consist of one member selected by each party and a chairperson selected by the PERB or by agreement of the parties;
- c) requires the fact-finding panel to meet with the parties within 10 days after appointment, and take other steps it deems appropriate;
- d) authorizes the panel to make inquiries and investigations, hold hearings, and take any other steps it deems appropriate, and to issue subpoenas requiring the attendance and testimony of witnesses and the production of witnesses;
- e) requires state and local public agencies, if requested by the panel, to furnish the panel with all records, papers and information in their possession relating to any matter under investigation by the panel;
- f) specifies the criteria the fact-finding panel should be guided in by arriving at their findings and recommendations;
- g) requires the fact-finding panel to make findings of fact and recommend terms of a settlement if the dispute is not settled *within 30 days*. This information must first be provided to the parties before being made available to the public;
- h) requires the costs of the chairperson of the fact-finding panel to be paid for by both parties whether or not PERB selected the chairperson. Any other costs incurred will be borne equally by the parties, as specified;
- i) allows an employer to implement its last, best and final offer, excluding implementation of a Memorandum of Understanding, once any applicable mediation and fact-finding procedures have been exhausted;
- j) allows a recognized employee organization the right each year to meet and confer, despite the implementation of the best and final offer, and

- k) exempts a charter city, charter county, or a charter city and county that has a procedure, as specified, that applies if an impasse has been reached between the public agency and a bargaining unit regarding negotiations to which the impasse procedure applies.

Chapter 680, Statutes of 2011

**Assembly Bill 666 (Jeffries): SPECIAL DEATH BENEFITS: RIVERSIDE COUNTY
Died in Senate PE&R Committee**

Assembly Bill 692 (Hall): STATE EMPLOYEE TERMINATION HEARINGS: APPEALS

This bill would authorize a state employee appealing a termination action to request a priority hearing from the State Personnel Board (SPB) if an evidentiary hearing has not begun within six months of the filing of the appeal. In addition, within 60 days of receiving the request, the SPB must schedule an evidentiary hearing, and is authorized to use electronic media to conduct all, or any portion of, any hearing.

Chapter 682, Statutes of 2011

Assembly Bill 782 (Brownley): CALPERS: REQUIREMENTS FOR EMPLOYER AUDITS

AB 782 requires California Public Employees' Retirement System (CalPERS) to inform employers of the estimated time required to perform an audit based on specified factors, and allows CalPERS to charge employers reasonable fees when audits require more time than originally estimated.

Chapter 107, Statutes of 2011

Assembly Bill 873 (Furutani): POLITICAL REFORM ACT OF 1974: POSTGOVERNMENT EMPLOYMENT RESTRICTIONS

This bill would strengthen existing restrictions on post-government employment activities by board members and high level staff at the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS).

1) Existing State law:

- a) pursuant to the Political Reform Act of 1974 (PRA) and passed by the voters, Proposition 9 created the Fair Political Practices Commission (FPPC) and codified restrictions and prohibitions on candidates, officeholders and lobbyists;
- b) prohibits a person from acting as a placement agent in connection with any potential investment made by a State public retirement system unless that person is registered as a lobbyist in accordance with the PRA. Specifically,

- i) prohibits individuals serving in senior investment and key executive positions of CalPERS or CalSTRS from influencing the actions of their respective retirement boards or retirement systems on behalf of any person, other than the state, within two years after leaving that position;
- ii) restricts, under the Political Reform Act, former employees and Board members from being paid to appear before or communicate with their former agency to influence the agency's actions for a period of one year following the end of their employment or term;
- iii) prohibits, under the Political Reform Act, State officials from making, participating in, or influencing government decisions directly relating to a prospective employer with whom they are negotiating employment or after they have reached an employment arrangement;
- iv) prohibits, under the Public Contract Code, a covered former State official from entering into a contract for which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process while in state service for a two-year period after separation;
 - aa) specifies that for a one-year period after separation, a covered former State official may not enter into a contract with the former agency if he or she was in a policy-making position in that agency in the same general subject area as the proposed contract;
- v) requires placement agents who wish to do business with CalPERS or CalSTRS to register as lobbyists and be subject to all related reporting and compliance requirements under the Political Reform Act applicable to lobbyists; and
- vi) makes a violation of the PRA subject to administrative, civil, and criminal penalties.

2) Existing federal law:

- a) sets a one year ban or cooling-off period, regarding such activities as lobbying for "senior employees," a two year ban for "very senior employees," and a permanent ban on "switching sides" for executive branch employees who worked on a matter involving contracts, grants or lawsuits, while a federal employee; and,
- b) generally prohibits employees from accepting employment with an entity with which they have had substantial contract dealings valued above \$10 million in the year following their separation.

3) This bill:

- a) prohibits, *for a period of four years after leaving that office or position*, former members of the CalPERS and CalSTRS boards, senior executives and investment officers, and

general counsels, or an information technology or health benefits manager with a career executive assignment designation from accepting compensation *as an agent, attorney for, or otherwise represent any person, except the State*, by making an appearance before, or communication to, CalPERS or CalSTRS if the purpose of the appearance or communication is to influence an action by the entity;

- b) prohibits, *for a period of two years after leaving that office or position*, former members of the CalPERS and CalSTRS boards, senior executives and investment officers, and general counsels, or an information technology or health benefits manager with a career executive assignment designation from accepting compensation *to aid, advise, consult with, or assist a business entity in obtaining an award, or in negotiating, a contract or contract amendment* with CalPERS or CalSTRS;
- c) prohibits, *for a period of ten years after leaving that office or position*, former members of the CalPERS or CalSTRS boards, senior executives and investment officers, and general counsel from accepting compensation as a *placement agent* in connection with investments or other business of CalPERS or CalSTRS;
- d) makes these actions a violation of the PRA, subject to administrative, civil, and criminal penalties; and
- e) declares the intent of the Legislature to further the purposes of the PRA.

Chapter 551, Statutes of 2011

**Assembly Bill 1028 (Public Employees, Retirement and Social Security Committee):
CALPERS: ANNUAL HOUSEKEEPING BILL**

AB 1028 makes technical and non-controversial changes to various sections of the Government Code administered by CalPERS. This is CalPERS’ annual housekeeping bill.

1) Existing law:

- a) establishes CalPERS, the State’s largest public retirement system, which provides retirement, death, and health benefits to over 1.6 million employees and retirees of the State, the California State University (CSU), school districts, and local public agencies including cities, counties, and special districts.

2) This bill:

- a) makes clarifying and non-controversial changes to Government Code sections found in the Public Employees’ Retirement Law as follows:

Bill Section	GC Section	Change

1	20096.5	<p>Recently enacted laws require Board candidates to be subject to the same reporting requirements as other types of elected officials.</p> <p>This section conforms obsolete filing requirements for Board candidates to these new requirements.</p>
2	20636.1	<p>Current law defines which parts of an employee's compensation may be used as final compensation to calculate benefits.</p> <p>This bill clarifies sections defining compensation earnable for classified school employees to make them consistent with laws and rules regarding compensation earnable for other types of CalPERS members, clarifying that compensation earnable, which includes payrate and special compensation, includes monies deducted from pay for participation in a 401(k), 403(b), (401(a), deferred compensation plan, or flexible benefits program.</p>
3	20812	<p>Current law allows the board to adopt 30-year funding periods to amortize unfunded accrued actuarial obligations for the purpose of setting employer rates. The board may approve a <i>one-time</i> request from a contracting agency for a new amortization period based on the agency's financial necessity, but may also deny the request if granting the request would subject the fund to unsound financial risk.</p> <p>This bill removes the restriction prohibiting a contracting agency from asking for a new amortization period more than once.</p>
4	20814	<p>In 2010 and 2011, the State bargained with employees to increase employee contribution rates to CalPERS and to reduce benefits for new employees, thus reducing the annual rate the State needs to pay to fund benefits. The Board acted to reduce the State's rate immediately to reflect the savings achieved through collective bargaining, instead of requiring the State to wait for a lower rate to be set in the annual rate setting cycle, thus saving the State millions in the current budget year.</p> <p>This section aligns statute with the Board's current rate setting policy of adjusting the State's rate to reflect changes in state employee contribution rates and benefit plans immediately instead of waiting for the annual rate setting, and requires that any such actions be consistent with the Board's constitutional fiduciary duty.</p>
5, 7	20820 21130	<p>Recent statutory changes require higher contribution rates from state patrol members and specify that new patrol members (as of October 2010) shall be subject to lower retirement formulas and higher retirement ages.</p> <p>This bill deletes obsolete code references and adds new code references, as needed, to sections of law applicable to patrol members.</p>
6	20969.1	<p>Current law specifies that a mandatory furlough for trial court employees shall not have a negative impact on the employees' retirement benefits.</p> <p>This section clarifies that both service credit and compensation earnable</p>

		shall be calculated as if the employee were not subject to furlough for the purpose of determining a retirement allowance.
8,9,11	21221 21224 21229	<p>A number of statutes define the terms under which a retiree may work for the State or a public employer without being required to reinstate from retirement. Requirements include that the employee may not work for more than 960 hours in a fiscal year, that the appointment be temporary and require special skills, and that the pay not exceed what is normally paid for that position. However, these requirements are not consistently spelled out in the statutes, creating potential for misinterpreting or abusing the requirements of the program.</p> <p>This bill aligns various provisions governing retired workers to ensure that the program requirements are consistently applied.</p>
10	21228	<p>A member who retires for regular or industrial disability may work on an ongoing basis for a public employer in a class other than the one he or she was disabled from. In such cases, the disabled employee's retirement benefit and salary are coordinated so that he or she can earn no more than the salary the individual was earning prior to the disability retirement.</p> <p>This bill clarifies that a disabled retiree working under this program cannot concurrently be working as a retiree under other provisions governing retired workers.</p>
12	21490	<p>A CalPERS retiree receiving a monthly allowance may designate any beneficiary to receive certain payments upon the retiree's death, as long as the designation does not conflict with a spouse's rights under community property laws. The designation is made by filing the designation in writing with CalPERS.</p> <p>This bill clarifies that CalPERS may accept a will or trust as a "writing filed with" CalPERS. The will or trust may revoke a previous beneficiary designation. In such cases, the will or trust must name the retirement benefit as an asset and will be deemed to designate the estate or trust as beneficiary.</p>
13, 14, 15	21493 21506 21507	<p>Unfortunately, many individuals do not keep their beneficiary designations up to date. If the retiree does not have a designated beneficiary, or the beneficiary has also died, CalPERS relies on a beneficiary order outlined in statute, including the retiree's spouse or registered domestic partner, children, parents, brothers and sisters, or the individual's estate, in descending order, as specified. Often the amount to be paid is quite small, and may be part of an estate valued at \$30,000 or less and subject to disposal by a Public Administrator without probate.</p> <p>This bill clarifies that, in these cases, CalPERS may pay lump-sum death benefits to a Public Administrator when the estate qualifies for summary disposition as a small estate.</p>
16	21533.5	Federal laws enacted in 2008 (the HEART Act) require that the families of employees who die while on active military duty receive the same employer

		<p>benefits they would have received had the individual died as an active employee. Although retirement systems have been in compliance with the Heart Act since it was implemented, the Act requires that laws governing pension plans be amended so that state laws are consistent with the requirements of the Act.</p> <p>This bill amends CalPERS' laws to comply with the requirements of the HEART Act.</p>
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Chapter 440, Statutes of 2011

Assembly Bill 1042 (Allen): CALPERS: CHIEF FINANCIAL OFFICER

This bill would require the California Public Employees' Retirement System (CalPERS) Board of Administration to appoint and set the compensation of a chief financial officer (CFO).

1) Existing law:

- a) requires the CalPERS Board of Administration to appoint and establish compensation for the system's chief executive officer, a general counsel, a chief actuary, a chief investment officer, and other investment officers and portfolio managers whose positions are designated managerial;
- b) states that the compensation level for these positions are to be comparable to other public retirement systems and financial services companies and, when these positions are filled through a general civil service appointment, that the candidates be selected from an eligible list based on an open examination;
- c) states that except for the executive officers of both CalPERS and the California State Teachers' Retirement System (CalSTRS), these positions are subject to a modified civil service selection process, and the boards are able to take action against these personnel for causes related to their fiduciary duty, including the failure to meet specified performance objectives, and
- d) prohibits individuals employed in these positions for less than five years from being paid to influence the actions of the retirement system, or decisions of its governing board for two years following the end of their employment with the retirement system.

2) This bill:

- a) maintains existing provisions and requirements regarding the Board's authority to appoint and set the compensation of specified employees, and
- b) requires the CalPERS Board to appoint and set the compensation of a CFO.

Chapter 688, Statutes of 2011

Assembly Bill 1101 (Eng): STATE TEACHERS' RETIREMENT BOARD: CHANGE IN COMPOSITION

This bill would replace the retiree representative on the Teachers' Retirement Board (TRB) appointed by the Governor with a representative elected by the retirees of the California State Teachers' Retirement System (CalSTRS).

1) Existing law:

- a) provides that CalSTRS' TRB consists of the following:
 - i) three member-elected positions representing current educators.
 - ii) a retired CalSTRS member appointed by the Governor and confirmed by the Senate.
 - iii) three public representatives appointed by the Governor and confirmed by the Senate.
 - iv) a school board representative appointed by the Governor and confirmed by the Senate.
 - v) four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction, and State Treasurer.
- b) establishes the Defined Benefit (DB) and Cash Balance Benefit (CB) programs administered by CalSTRS as separate benefit programs for full-time public school administrators and instructors, and part-time or seasonal instructors who are not eligible for the DB program, respectively;
- c) defines an "active member" under the DB Program as a member who is not retired or disabled and who earns creditable compensation during the school year;
- d) defines a "retired member" as a member who has terminated employment and to whom a service retirement or disability retirement benefit is payable;
- e) defines a "disabled member" as a member to whom a disability allowance is payable, and
- f) defines a "participant" under the CB Program as a person who has contributions credited under the program or who is receiving an annuity under the program by reason of creditable service.

2) This bill:

a) replaces the TRB member who is either a retired CalSTRS DB member or a retired CB Program participant and appointed by the Governor with one who is elected by the retired members of the DB Program and the retired participants of the CB Program, and

b) specifies the term for this new Board member is four years, starting January 1, 2016.

9/29/12, Vetoed by Governor

To the Members of the California State Assembly:

I am returning Assembly Bill 1101 without my signature.

The state's retirement system boards need greater independence, not less. This bill would move in the wrong direction by giving CalSTRS members an additional representative on the CalSTRS board.

**Sincerely,
Edmund G. Brown Jr.**

Assembly Bill 1151 (Feuer): CALPERS AND CALSTRS: DIVESTMENT FROM IRAN

With respect to the California Public Divest from Iran Act, this bill would:

Amend the California Public Divest from Iran Act to, among other things, clarify that the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) Boards must divest pension funds, as specified, unless to do so would breach a fiduciary duty; modify the types of companies that fall within the scope of the bill, and require that certain findings and determinations must be made in noticed public hearings.

1) Existing law:

- a) pursuant to the state Constitution, as amended by Proposition 162 (The California Pension Protection Act of 1992), provides that the boards of California's public retirement systems have "...plenary authority and fiduciary responsibility for investment of monies and administration of the system";
- b) pursuant to the state Constitution, as amended by Proposition 162 added Constitutional language providing that the Legislature also retained its authority, by statute "...to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section";
- c) pursuant to the state Constitution, provides that "the members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to,

participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system”;

- d) known as the Bagley-Keene Open Meeting Act provides that nothing in the Act shall be construed to prevent a state body that invests retirement, pension, or endowment funds from holding closed sessions when considering investment decisions;
- e) establishes the California Public Divest from Iran Act (AB 221 Anderson, Chapter 671, Statutes of 2007) which prohibits the boards of the CalPERS and CalSTRS from investing public employee retirement funds in companies with business operations in the defense and nuclear sectors of Iran, or that are involved in the development of Iranian petroleum or natural gas resources and are subject to specified federal sanctions, or have demonstrated complicity with an Iranian organization that has been labeled as a terrorist organization by the U.S. government;
- f) requires the CalPERS and CalSTRS boards to sell or transfer any assets in a company with business operations in Iran until the federal government removes Iran from its list of countries determined to provide support for acts of terrorism, and the President determines and certifies that Iran has ceased specified efforts regarding nuclear materials and technology;
- g) requires the boards to identify and notify any company that may be subject to divestment. If the company fails to take corrective measures within one year, as specified, then the board shall not make any new or additional investments in that company and, thereafter, shall liquidate existing investments within 18 months;
- h) requires the CalPERS and CalSTRS boards to file an annual report with the Legislature detailing relevant investments in companies subject to divestment, any actions that the boards have taken to reduce investments, and a calculation of any costs or losses associated with compliance, and
- i) does not require the boards of CalPERS and CalSTRS to divest investments and take other prescribed actions, as specified, *unless* they determine in good faith that the action *is consistent with their fiduciary duties*.

2) This bill:

- a) specifies the criteria to be applied to companies subject to divestment to include the following:
 - i) the company is invested in or engaged in business operations with entities in the defense or nuclear sectors of Iran, *or* has an investment of \$20 million or more in the energy sector of Iran, including a company that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran, and that company is subject to sanctions under relevant federal law; or

- ii) the company has demonstrated complicity with an Iranian organization that has been labeled as a terrorist organization by the United States government.
- b) requires the boards to annually review their investment portfolios and determine which companies are subject to divestment *based on publicly available information*;
- c) requires that the boards' determination as to whether a company is subject to, or remains subject to, divestment be based on publicly available information and supported by findings adopted by a rollcall vote and discussion in open session during a properly noticed public hearing of the full board;
- d) requires that all proposed findings of the boards shall be made public 72 hours before they are considered by the full board, and the boards shall maintain a list of interested parties who shall be notified;
- e) specifies that nothing in the bill would require the boards to take an action pursuant to the above provisions if the boards determine, in good faith *and based on credible information available to the public*, that an action would be a breach of its fiduciary duty as described in the California Constitution;
- f) requires that any determination that an action would be a breach fiduciary duty shall be made in a public hearing of the full board after proper notice and an opportunity for public comment;
- g) eliminates existing exemptions from the California Public Divest from Iran Act for companies engaged in certain humanitarian, educational, religious, journalistic, or welfare activities, and
- h) makes provisions of this act severable.

Chapter 441, Statutes of 2011

Assembly Bill 1184 (Gatto): CALPERS: EMPLOYER CONTRIBUTION RATE INCREASES RESULTING FROM RECIROCITY

Makes changes to CalPERS actuarial rate setting programs to shift liability onto hiring employers for excessive compensation paid to employees who move from one CalPERS employer to another.

Prohibits CalPERS from administering benefit replacement plans for retirees whose benefits exceed federal pension limits (for persons who become members of the system on and after January 1, 2013).

Died on the Assembly Inactive File

**Assembly Bill 1203 (Mendoza): PUBLIC EMPLOYEE ORGANIZATION MEMBERS:
PAID LEAVES OF ABSENCE**

This bill would expand provisions in existing law governing union-paid leaves of absences for classified school employees and local public agency employees who are representatives of employee organizations, as specified.

1) Existing law:

- a) establishes the Meyers-Milias-Brown Act (MMBA), which provides a statutory framework for local government employer-employee relations;
- b) requires school districts and community college districts to grant a paid leave of absence to a classified employee, upon request, *to serve as an elected officer* of an employee organization;
- c) requires the employee organization to reimburse the school district or community college district for the cost of releasing the employee, and
- d) requires that local public agencies allow a reasonable number of employee organization representatives compensated reasonable time off to attend formal negotiations on matters within the scope of representation.

2) This bill:

- a) expands the requirements under existing law by requiring a school district or community college district to provide a paid leave of absence to enable the public employee *to serve as an elected officer or a non-elected member* of an employee organization;
- b) requires the representing employee organization to provide reasonable notification to the employer of leave of absence requests without loss of compensation, as specified, whenever possible, and
- c) requires public agencies to allow a reasonable number of elected or nonelected public agency employee representatives of recognized employee organizations reasonable time off without loss of compensation or other benefits for participating in any of the following activities:
 - i) formally meeting and conferring with representatives of the public agency on matters within the scope of representation;
 - ii) testifying, participating, or representing the employee organization in conferences, hearings, or other proceedings before the Public Employment Relations Board or its agent in matters relating to a charge filed by the employee organization against the public agency; or

- iii) testifying, participating, or representing the employee organization in other matters in furtherance of the employee organization's right to represent members in employment relations, including personnel and merit commission hearings, city council meetings, and labor management committee meetings.

Chapter 804, Statutes of 2012

Assembly Bill 1247 (Fletcher): PUBLIC RETIREMENT SYSTEMS: REPORTING

Modifies the pension reform transparency reporting requirements that were enacted last year as part of the 2010-11 budget package that required the California Public Employees' Retirement System (CalPERS) to report its investment returns, amortization period, and discount rate using specific analytical guidelines every time contribution rates are adopted for all employers.

- 1) Existing law, pursuant to SB 867 (Hollingsworth) Chapter 733, Statutes of 2010:
 - a) requires CalPERS to report its investment returns, amortization period, and discount rates using specific analytical guidelines every time it adopts contribution rates for all employers.
 - b) requires the Treasurer, within 30 days following receipt of the report, to report during a publicly noticed floor session of each house of the Legislature on the following:
 - i) the role investment return assumptions and amortization periods have on contribution rates.
 - ii) the consequences for future state budgets if the investment return assumptions are not realized.
 - iii) whether the amortization period exceeds the estimated remaining service periods of employees covered by the contributions.
 - iv) his or her opinion of the reasonableness of CalPERS' calculation of the contribution rates.
 - c) provides under the State Constitution, pursuant to Proposition 162, the California Pension Protection Act of 1992, that the retirement board of a public retirement system has the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the retirement system.
- 2) This bill:
 - a) requires CalPERS to report annually rather than every time they adopt contribution rates.
 - b) limits the scope of the report to only apply to state employee retirement plans.

- c) revises the adjustments of the investment return assumptions and discount rates CalPERS is required to use in the report.
- d) deletes the requirement that CalPERS report to the Legislature, utilizing a specified investment rate assumption, any time it forecasts contribution rates.
- e) deletes the role of the Treasurer and the requirement to express an opinion of the reasonableness of CalPERS' calculation of the contribution rates.
- f) requires that the Chair of the California Actuarial Advisory Panel report to the Legislature in a publicly noticed, joint hearing of the Senate and Assembly public employment committees.

Chapter 733, Statutes of 2011

Assembly Bill 1248 (Hueso): PUBLIC EMPLOYEES: SOCIAL SECURITY COVERAGE FOR PUBLIC EMPLOYEES NOT COVERED UNDER A DEFINED BENEFIT PLAN

AB 1248 requires all local public employers to provide Social Security coverage to any employee not covered under a defined benefit retirement plan.

1) Existing state laws:

- a) create public retirement systems for public employees, which, in general, provide defined benefits that are calculated by multiplying a member's age factor, years of service, and highest average compensation, as specified by the retirement system.
- b) specify that a defined benefit is paid as a retirement allowance for the member-retiree's lifetime and, as an option to the member, the lifetime of his or her survivor at a reduced actuarial amount.
- c) in general, require that an employee who works a 50% or higher time base must be included in the employer's defined benefit retirement plan.

2) Existing federal laws:

- a) require that employees be mandatorily included in Federal Old Age and Survivor's Insurance (i.e., Social Security) unless they are members of a public retirement system.
- b) require a public employer that does not provide Social Security to provide a retirement benefit meeting minimum standards, as specified by federal regulations.
- c) allow public employers to contract to provide Social Security coverage for their employees.

3) Who has Social Security?

SS Coverage	No SS Coverage
State Miscellaneous and Industrial, including Judicial and Legislative Branches	State Safety, Peace Officer/Firefighter, Patrol
School Classified Employees	Teachers
<i>Most</i> Local Miscellaneous or General Members	<i>Some</i> Local Miscellaneous Members
<i>Some</i> Local Safety Members	<i>Most</i> Local Safety Members

As noted above, most local public employers have programs similar to the state employee program in which miscellaneous or general employees are included in Social Security, and safety employees are not. However, some local employers have opted to cover all employees under Social Security (including Safety employees) and some local employers have opted to stay out of Social Security entirely for all employees (even General or Miscellaneous employees).

Up until 1951, public employees were not included in Social Security. In 1951, states were given the *option* of including employees in Social Security. In 1991, federal laws changed once more, and all employees have since then been required to be covered by Social Security unless they are public employees and covered under a pension plan that meets the minimum federal requirements for coverage. The federal laws, however, do not require that the coverage be under a traditional defined benefit plan.

4) *Part-time, Seasonal, and Temporary Employees*

One group of employees does not fit neatly into this either/or scenario. Part-time, seasonal, and temporary employees often do not work enough hours to be included in the public employer’s defined benefit plan. Some of those employers do not provide Social Security either. In such cases, the employer must provide an alternate retirement plan that meets federal requirements. For example, the State Teacher’s Retirement System administers the Cash Benefit Program for part-time teachers, which is separate and different from the main defined benefit plan, and may be paid at retirement as a lifetime annuity or as a lump-sum. Similarly, the Department of Personnel Administration administers an alternate retirement plan for part-time, seasonal, and temporary state employees.

Some alternate retirement plans are provided in addition to Social Security, and some are stand-alone programs offered in lieu of Social Security.

This bill could have the effect of forcing those employers who only have alternate plans for their part-time, seasonal, and temporary employees to provide social Security benefits as well.

The committee recommends that the bill be amended to grandfather existing alternate benefit plans for public employers that are currently in effect before being referred out of the committee. The committee is informed by the author that the bill is not intended to

create new costs for public employers or employees, and responds that he will offer amendments in committee to amend the bill as recommended.

Chapter 853, Statutes of 2012

Assembly Bill 1320 (Allen): PUBLIC EMPLOYEES' RETIREMENT: EMPLOYER CONTRIBUTION RATES

Requires the establishment of Taxpayer Adverse Risk Prevention (TARP) accounts in both the California Public Employees' Retirement System (CalPERS) and in retirement systems established under the County Employees Retirement Act of 1937 ('37 Act) for the purpose of stabilizing public employer contributions to the retirement systems.

1) Existing law:

- a) creates the California Public Employees' Retirement System (CalPERS), and the 1937 Act County Retirement System (37 Act), which administer retirement and other benefit programs for public employees throughout the state.
- b) generally requires that retirement benefits are funded through contributions paid by member contributions, which are fixed in statute or contract; earnings from investments; and employer contributions, which tend to be higher when investment returns drop and lower when investment returns are high.
- c) requires pension system actuaries to determine employer rates, by periodic (usually annual) "actuarial valuations." The actuarial valuations are based on the benefit formulas the employer provides, the employee groups covered, and other actuarial data, such as experience and demographic data.
- d) specifies that the employer rate consist, in part, of the "normal cost of benefits," which is the amount of funding required to pay for the annual cost of service accrual for the upcoming fiscal year for active employees.
- e) allows the rate paid by the employer to be reduced or eliminated in years when the employee contribution rate and the investment returns are high enough to fully fund the cost of benefits.
- f) allows for the establishment of small reserves against deficiencies; the CalPERS law permits the reserve to be 0.20% of assets, and the '37 Act law permits the reserve to be not more than 1% of assets. The systems are permitted to use the reserves against deficiencies in interest earned, losses under investments, court-mandated costs and specified actuarial losses.
- g) added by Proposition 162 of 1992, requires that the public retirement system boards of administration in California have plenary authority to determine the rates of contributions necessary to properly fund the respective retirement systems.

2) This bill:

- a) requires that CalPERS and the twenty '37 Act county retirement systems establish TARP accounts for each participating employer.
- b) specifies that the TARP accounts will be part of the employer's account but will not be used when determining the employer's contribution rate.
- c) requires deposits into the TARP accounts to be made from the employer's contributions when the actuarial value of assets exceeds the accrued liability, as determined by the actuary.
- d) specifies that the assets in the TARP accounts will be drawn upon to pay a portion of the employer contribution when the employer contribution rate is greater than the normal cost of benefits.
- e) provides that once the assets in the TARP account exceed 50% of the employer's assets, excluding the TARP account assets, the employer contribution may be reduced to an amount less than 100% of the normal cost, as determined by the system actuary.
- f) specifies that funds in the TARP account may be used by employers to pay all or part of the employee contribution, or for retiree health care, as specified.
- g) specifies that the funds in the TARP accounts are to be invested in the same manner as other funds in the retirement system.
- h) allows the retirement boards, pursuant to their authority and fiduciary duty under the Constitution, to refuse to receive additional contributions if doing so would conflict with that fiduciary duty.
- i) becomes operative on January 1, 2013.

3) What problem does the bill attempt to solve?

In the late 1990's superior investment returns, when added to employee contributions, were enough to significantly reduce, and in some cases eliminate, employer pension contributions because the retirement systems were approximately 100% funded.

Employers, in some cases, redirected pension monies to other programs and costs. When the economy hit a downturn in 2001, employer rates rose significantly in the following years at a time when local and state budgets were negatively impacted overall and least able to afford increases. A similar impact occurred in 2008 and 2009 following significant investment gains in prior years.

Had employers continued to make normal cost contributions when the plans were fully funded, the excess contributions could have been placed in reserve accounts to protect and ease employer rates in the event of an economic downturn. This bill creates reserve—or TARP—accounts and a requirement to redirect employer normal cost contributions into the TARP accounts when the pension plans are fully funded.

Gut and Amend

Assembly Bill 1379 (Bradford): CALPERS AND CALSTRS: INVESTMENTS AND ECONOMIC DEVELOPMENT

1) This bill:

- a) makes Legislative findings and declarations regarding the State's economy, unemployment rate, the need for the State to support the recovery and expansion of industries, as specified, investments by public retirement system, and implementing effective economic development policies based on better information on fund investments in California and in emerging domestic markets;
- b) requires a State or local public retirement systems with assets over \$4 billion to provide a report, as specified, to the State Controller on California investments, as defined, and emerging domestic market investments, as defined, that it obtains and holds in its portfolio on and after July 1, 2012; and
- c) allows the State Controller, at his or her discretion, to compile and publish on its internet website the information that State and local public retirement systems are required to provide by this bill, as specified.

10/5/11, Vetoed by Governor

To the Members of the California State Assembly:

AB 1379 would require any state or local pension system with assets over \$4 billion to report annually specified information relating to California investments.

Some public pension systems already track and voluntarily report the information required by this bill and for them this bill is unnecessary. For others, these new reporting requirements will cause an increase in administrative costs at a time when they can ill-afford it.

I am returning Assembly Bill 1379 without my signature.

**Sincerely,
Edmund G. Brown Jr.**

Assembly Bill 1395 (Swanson): STATE PUBLIC EMPLOYMENT: PUBLIC NOTICE OF EMPLOYMENT EXAMINATION AND LISTS

This bill would require all State agencies to post examination announcements and job vacancies on the State Personnel Board (SPB) internet website. In addition, this bill would require the names of laid off employees in classifications that are limited to one department or limited departments, as specified, to be placed on general employment lists in comparable statewide classifications.

8/8/11, Vetoed by Governor

To the Members of the California State Assembly:

I am returning Assembly Bill 1395 without my signature.

This measure requires all state agencies and departments to post examination and vacancy announcements on the State Personnel Board's website. It also requires that the names of employees that are laid off from department specific job classifications be placed on "comparable" statewide reemployment lists.

While I support the author's intent to increase access to state employment opportunities for laid off state employees, this measure fails to provide adequate protections against an unqualified employee being misplaced on a comparable statewide list. Further, it may delay the layoff process and reduce the anticipated savings from future layoffs.

I note that state departments and agencies working in conjunction with the Department of Personnel Administration currently have the authority to work collaboratively to designate comparable classes on a case-by-case basis as part of layoff negotiations with employees and their representatives. Further, I encourage all parties to engage in this process whenever possible during these difficult fiscal times for the state, its employees and all Californians.

**Sincerely,
Edmund G. Brown Jr.**

Assembly Bill 1458 (Buchanan): JOINT LEGISLATIVE RETIREMENT COMMITTEE: REPEAL OF OBSOLETE PROVISIONS

AB 1458 deletes obsolete provisions of law that established, in 1963, the Joint Legislative Retirement Committee, which has not met in over 20 years.

- 1) Existing law established the Joint Legislative Retirement Committee in 1963 to study and review California's public retirement systems.
- 2) This bill repeals provisions of law establishing the Joint Legislative Retirement Committee, which has not operated in existence for over 20 years.

Gut and Amend

Assembly Bill 1519 (Wieckowski): 1937 ACT COUNTY RETIREMENT SYSTEMS: BOARD MEMBER EDUCATION

AB 1519 establishes educational requirements for retirement and investment board members serving on boards governing the 20 county retirement systems under the 1937 Act County Employees Retirement Law.

Chapter 15, Statutes of 2012

Assembly Bill 1606 (Perea): LOCAL LABOR RELATIONS: FACTFINDING PROVISIONS

AB 1606 clarifies the situations in which an employee organization representing local public employees may request factfinding upon reaching impasse in labor negotiations with the employer.

1) Current law:

- a) establishes the Meyers-Milias-Brown Act (MMBA), which governs labor relations between local public employers and the recognized representatives of local public employees.
- b) requires collective bargaining over wages, hours, and other terms and conditions of employment between public employers and public employee organizations.
- c) in cases of impasse that occur in collective bargaining, establishes a mediation process intended to aid in resolving disputes.
- d) allows public employee organizations to request factfinding if a mediator is unable to reach a settlement within 30 days of appointment, and establishes procedures and requirements for the fact-finding process.
- e) allows an employer to implement its last, best and final offer once any applicable mediation and fact-finding procedures have been exhausted and, despite the implementation of the best and final offer, allows a recognized employee organization the right each year to meet and confer.
- f) delegates jurisdiction over the employer-employee relationship to the Public Employment Relations Board (PERB) and charges PERB with resolving disputes and enforcing the statutory duties and rights of local public agency employers and employee organizations.

2) This bill clarifies that if the dispute leading to impasse was not submitted to mediation, the employee organization may request factfinding within 30 days after the date that either party provided the other with written notice of the declaration of impasse.

Chapter 314, Statutes of 2012

Assembly Bill 1654 (Cook): FIVE YEAR BAN ON ANY PUBLIC EMPLOYMENT FOR AT-WILL PUBLIC EMPLOYEES CONVICTED OF JOB RELATED FELONIES

AB 1654 disqualifies certain at-will public employees from any public employment for a period of five years following the later of a specified felony conviction or release from incarceration, and makes findings and declarations regarding the bill's applicability to charter cities and counties.

1) Existing law:

- a) makes punishable by imprisonment for two, three, or four years any person who bribes or offers a bribe to a public official, as specified, and any public official who accepts a bribe. A public official convicted of bribery is forever disfranchised and disqualified from holding any public office or trust.

2) This bill:

- a) prohibits a public employee who is convicted of a felony involving bribery, embezzlement of public money, extortion or theft of public money, perjury, or conspiracy to commit any of those crimes arising out of his or her official duties from being employed by a city, county, district, or any other public agency of the state for a period of five years.
- b) specifies that the five-year disqualification period begins on the later of:
 - i. The date of final conviction; or,
 - ii. The date on which the employee is released from incarceration.
- c) defines "public employee" for purposes of these provisions as an at-will employee hired to provide services to an elected public officer elected or reelected to public office on or after January 1, 2013.
- d) declares that this is an issue of statewide concern and not a municipal affair and, therefore, will apply to all cities and counties, including charter cities and counties.

Chapter 54, Statutes of 2012

Assembly Bill 1659 (Butler): LOS ANGELES CITY AND COUNTY: EMPLOYEE RELATIONS COMMISSIONS' INDEPENDENCE

AB 1659 requires that the employee relations commissions (ERCs) for the City and the County of Los Angeles be independent of the city and county management as a condition to exercising the powers granted them under the Meyers-Milias-Brown Act (MMBA).

Gut and Amend

Assembly Bill 1735 (Wieckowski): HIRING FLEXIBILITY FOR KEY CALSTRS POSITIONS

AB 1735 adds two positions – the Chief Operating Officer (also designated as Chief of Staff) (COO) and the Chief Financial Officer (CFO) – to the list of key positions for which the CalSTRS Board can set compensation independent of the civil service classification system. The bill also restricts salary for the two positions to no greater than 150 percent of the Governor’s salary.

Died in Senate Appropriations Committee

Assembly Bill 1819 (Ammiano): CALSTRS & CALPERS: MANDATORY MEMBERSHIP FOR CHARTER SCHOOL EMPLOYEES

AB 1819 requires public charter schools to cover their employees under the California State Teachers’ Retirement System (CalSTRS) or the California Public Employees’ Retirement System (CalPERS) as applicable.

1) Existing law:

- a) allows a charter school, as an option, to cover its employees under CalSTRS and CalPERS. If a charter school chooses to make CalSTRS and/or CalPERS available, all employees of the charter school who qualify for membership in the system are entitled to coverage.
- b) requires a charter school to indicate the manner by which staff members will be covered by CalSTRS, CalPERS or Social Security in its charter. In addition, all provisions of existing law apply in the same manner that they do to other public schools in the district that granted the charter.
- c) requires a charter school that offers CalSTRS, CalPERS or both, to inform all applicants of what coverage they would have and that accepting employment in the charter school may exclude them from further coverage in their current retirement system.
- d) requires a charter school to provide Social Security coverage for employees if it does not provide CalSTRS/CalPERS coverage.

2) This bill:

- a) requires public charter schools to cover their employees under CalSTRS or CalPERS as applicable.
- b) is not applicable to charter schools and their employees to the extent that coverage in CalSTRS and CalPERS would cause adverse tax consequences to the retirement systems or their members under the Internal Revenue Code.

Died in Senate Appropriations Committee

Assembly Bill 1885 (Bonilla): '37 ACT COUNTY RETIREMENT RECIPROCITY: 1 YEAR TO RE-EMPLOY

AB 1885 extends the reemployment period for qualifying for reciprocity eligibility for laid off employees from six months to one-year for all counties operating retirement systems under the County Employees' Retirement Law of 1937 ('37 Act).

1) Existing law:

- a) establishes the 1937 Act County Employees' Retirement Law, which covers 20 independent county retirement systems, each governed by an independent board of retirement.
- b) provides for reciprocity of retirement benefits (including using the highest "final compensation" for the purposes of calculating retirement benefits) for members of specified public retirement systems, including the '37 Act retirement system, who retire concurrently under one of those systems and another reciprocal retirement system as long as the break between employment in the two systems does not exceed six months.
- c) authorizes a one-year reemployment period to qualify for reciprocity eligibility for employees who are laid off because of lack of work, a lack of funds, or a reduction in workforce. This provision is only operative in '37 Act counties where the board of supervisors has adopted a resolution to make these provisions applicable.

2) This bill:

- a) eliminates the existing provision that requires a resolution by the board of supervisors to make the one year period applicable to that county. Thus, the one-year reemployment period would apply to all '37 Act counties.

9/29/12, Vetoed by Governor

To the Members of the California State Assembly:

I am returning Assembly Bill 1885 without my signature.

This bill mandates that all counties increase the reciprocity period from six months to one year for some county employees laid-off and later re-employed.

I don't believe it is reasonable to require counties to offer this benefit and reverse an explicit agreement made during the negotiations that led to the pension reform law I signed this month.

Sincerely,

Edmund G. Brown Jr.

Assembly Bill 1930 (Gorell): IMPROVE VETERANS' ACCESS TO STATE CIVIL SERVICE EXAM NOTICES

This bill requires the State Personnel Board (SPB) to notify the California Department of Veterans Affairs (CalVet) when any promotional examination for the establishment of an eligible list is announced or advertised.

Chapter 142, Statutes of 2012

Assembly Bill 2053 (Allen): BAY AREA RAPID TRANSIT DISTRICT: RETIREE HEALTH CARE VESTING

Authorizes the San Francisco Bay Area Rapid Transit District (BART) to make contributions for postretirement health benefits through the Public Employees' Medical and Hospital Care Act (PEMHCA) subject to a vesting requirement, as specified, which is different than that allowed under current law for CalPERS contracting agencies. Any new vesting schedule under this bill would be negotiated with employee representatives. Furthermore, no schedule would be valid if it provides a benefit to employees with less than 10 years of service. Nor would it be valid if it fails to provide a 100 percent contribution to employees with 15 or more years of service.

9/29/12, Vetoed by Governor

To the Members of the California State Assembly:

I am returning Assembly Bill 2053 without my signature.

This bill makes the vesting period for BART employee's retirement health benefits 15 years.

The labor contracts for BART's five bargaining units expire next year, so negotiations for new contracts will start soon if not already. The vesting period for health benefits is a matter that should be negotiated in the new contracts. This bill removes the vesting period from negotiations.

**Sincerely,
Edmund G. Brown Jr.**

Assembly Bill 2140 (Lara): CALIFORNIA HIGHWAY PATROL CADETS: RETIREMENT CONTRIBUTION RATES

AB 2140 makes technical changes to reflect the actual agreement between the state and Bargaining Unit (BU) 5 regarding the correct employee contribution rate for retirement benefits

for California Highway Patrol (CHP) cadets. BU 5 cadets' employee contribution rate, according to the agreement, should be 7 percent rather than the current 10 percent.

1) Existing Law:

- a) pursuant to the current collective bargaining agreement, Bargaining Unit 5's employee contribution rates were supposed to increase 2 percent for each classification. For patrol officers who are state patrol members, the rate was to increase from 8 percent to 10 percent. For cadets who are state miscellaneous members, the rate was supposed to increase from 5 percent to 7 percent. Due to drafting errors in the implementing legislation, the contribution rate for the cadets was increased to 10 percent instead of 7 percent.
- b) provides that CHP cadets shall participate in the California Public Employees' Retirement System (CalPERS) as state miscellaneous members in BU 5; and provides that upon successful completion of the CHP Academy and promotion to patrol officer, they shall become state patrol members in BU 5.
- c) sets employee retirement contribution amounts for all members of BU 5 at 10 percent of compensation in excess of \$513 per month for members who are in Social Security, and 11 percent of compensation in excess of \$317 per month towards retirement for members are not in Social Security. As state miscellaneous members, cadets are in Social Security. As state patrol members, patrol officers are not in Social Security.
- d) provides that upon becoming patrol officers, the cadets' state miscellaneous service credit converts to state patrol service credit if the cadet opts for the conversion.

2) This bill:

- a) resets the employer contribution rate for state miscellaneous members of BU 5 (i.e., cadets) from 10 percent to 7 percent to reflect the actual agreement negotiated between the state and BU 5.

Chapter 249, Statutes of 2012

Assembly Bill 2142 (Furutani): PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT: RISK ADJUSTMENT PROCEDURES

Authorizes the California Public Employees' Retirement System (CalPERS) to implement risk adjustment procedures that adjust and redistribute premium payments across its health plans based on rules and regulations established by the CalPERS Board of Administration (Board).

Chapter 445, Statutes of 2012

Assembly Bill 2271 (Perea): FRANCHISE TAX BOARD: SEASONAL CLERKS' LEAVE CARRYOVER OPTION

AB 2271 provides the Franchise Tax Board (FTB) with flexibility to offer its seasonal clerks the option to carry over their accumulated leave to future seasons instead of having to cash out the clerks' leave balances at the end of their seasonal work period.

1) Existing law:

- a) requires that a separated employee be promptly paid all compensation (including wages and accrued benefits such as leave credits) at the time of separation. Violation of the prompt payment obligation results in the imposition of penalties.

2) This bill:

- a) specifically authorizes the FTB to do any one of the following with the accumulated vacation or annual leave credits of seasonal clerks placed on unpaid leave due to a lack of work:

- Pay the seasonal clerk employee in a lump-sum payment for accumulated vacation/annual leave credits.
- By mutual agreement, schedule the seasonal clerk employee for vacation/annual leave.
- Allow the seasonal clerk employee to retain his/her vacation/annual credits.
- Effect a combination of a, b, or c above.

- b) enables the FTB to comply with the collective bargaining agreement with State Bargaining Unit 4.

Chapter 482, Statutes of 2012

Assembly Bill 2381 (Roger Hernandez): JUDICIAL COUNCIL: EMPLOYEE INCLUSION IN DILLS ACT

AB 2381 establishes the Judicial Council Employer-Employee Relations (JCCER) article to cover Judicial Council employees, including employees of the Administrative Office of the Courts (AOC), so that AOC employees receive the right to organize and bargain consistent with most California employees.

Died in Senate PE&R Committee

Assembly Bill 2663 (Public Employees, Retirement and Social Security Committee): CALSTRS ANNUAL HOUSEKEEPING BILL: MAKES VARIOUS CHANGES TO THE TEACHERS' RETIREMENT LAW

AB 2663 makes technical, clarifying and non-controversial changes to various sections of the Education Code administered by the California State Teachers' Retirement System (CalSTRS) and of the Public Resources Code to improve, and continue effective administration of the System.

Chapter 864, Statutes of 2012

**Assembly Bill 2664 (Public Employees, Retirement and Social Security Committee): '37
ACT COUNTY RETIREMENT SYSTEMS: ELECTRONIC SIGNATURES; BENEFIT
ADJUSTMENT AUTHORITY FOR ERRORS & OMISSIONS; RETIREE DENTAL
BENEFITS**

AB 2664 would provide authority for a '37 Act County Retirement System to:

- 1) use and accept an electronic signature on documents from members if submitted using technology deemed by the board to be sufficient to ensure authenticity;
- 2) for Los Angeles County Employees' Retirement Association (LACERA), recalculate and adjust retiree benefits as specified to account for errors and omissions discovered within in 3 years, or 10 years if involving fraud; and
- 3) enroll retirees into a group dental plan administered by the system for active members provided that retiree participants pay the entire premium for the dental benefits.

Chapter 59, Statutes of 2012

**Assembly Bill 2665 (Allen):
Died in Senate PE&R Committee**