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To: Members of the Conference Committee on Public Employee Pensions

From: Dwight Stenbakken, deputy executive director

Subject: Conference Committee on Public Employee Pensions: Overview of the Various Policies Regarding Pension Benefits for Elected Officials.

Some basic facts: There are currently 482 incorporated cities in California. Of the 482 cities in California 362 are general law cities and 120 are charter cities. Also, there are currently 449 cities contracting with CalPERS for pension benefits. While most cities are members of CalPERS, some or all council members may elect not to receive any pension benefits.

City council member salaries in general law cities are set by a statutory schedule, which is based on population (Govt. Code Section 36516):

| | | |
|--|-----------------|-----------------|
| Up to and including 35,000 residents | \$300 a month | \$3,600 a year |
| Over 35,000 and up to and including 50,000 | \$400 a month | \$4,800 a year |
| Over 50,000 and up to and including 75,000 | \$500 a month | \$6,000 a year |
| Over 75,000 and up to and including 150,000 | \$600 a month | \$7,200 a year |
| Over 150,000 and up to and including 250,000 | \$800 a month | \$9,600 a year |
| Over 250,000 residents | \$1,000 a month | \$12,000 a year |

By ordinance, a city council can increase its salaries beyond these statutory amounts, but a raise can't exceed 5% a year since the last increase. State law prohibits automatic salary increases. With majority-voter approval, city council members can receive higher or lower salaries than the statute prescribes.

There are no statutory limits on what a general law city can provide its council members for retirement, health, and federal social security benefits, if the city pays the same benefits to its employees.

City Council member salaries in charter cities are not restricted by the same statutory restrictions that apply to general law cities. The constitution authorizes charter cities to control their own municipal affairs. Through the municipal affairs doctrine charter cities are at liberty to set city council members' salaries.

CalPERS Restrictions on elected official's benefits: Government Code Section 20039 provides that final compensation for service as a council member can only be based on salaries earned in that office as a council member. This applies to city council members pension benefits that were elected or appointed on or after July 1, 1994. This restriction on benefits applies to an overwhelming majority (449) of cities in California. There are only 33 cities that do not contract with CalPERS.

Attachments:

- (A) General Law City Salary and Benefits;
- (B) Charter City Salary and Benefits