

AMENDED IN SENATE APRIL 26, 2011

AMENDED IN SENATE MARCH 25, 2011

SENATE BILL

No. 689

Introduced by Senator Harman

February 18, 2011

~~An act to amend Sections 7503 and 7504 of the Government Code, relating to public retirement systems.~~*An act to add Section 7504.5 to the Government Code, relating to public retirement systems.*

LEGISLATIVE COUNSEL'S DIGEST

SB 689, as amended, Harman. Public retirement systems.

Existing law requires all state and local public retirement systems to prepare an annual report in accordance with generally accepted accounting principles.

~~This bill would require those reports to be prepared quarterly.~~

~~Existing law also requires all state and local public retirement systems to secure, not less than triennially, the services of an enrolled actuary.~~

~~This bill would require those systems instead to secure those services not less than biennially.~~

Existing law also requires the Controller to compile and publish a report annually on the financial condition of all state and local public retirement systems containing specified data.

~~This bill would require that report to include, on or before July 1, 2012, the Public Employees' Retirement System, the State Teachers' Retirement System, and the University of California Retirement System each to establish and maintain an Internet Web site that allows the public to access specified information about any retired member who receives a pension of \$100,000 or more annually. The bill would also require that report to be filed with the Legislature, the Department of~~

Finance, and the Legislative Analyst's Office, and specified information regarding the costs of postretirement health care benefits.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7504.5 is added to the Government Code,
2 to read:
3 7504.5. (a) On or before July 1, 2012, the Public Employees'
4 Retirement System, the State Teachers' Retirement System, and
5 the University of California Retirement System each shall establish
6 and maintain an Internet Web site that allows the public to access
7 information pertaining to the costs of pensions and postretirement
8 health care benefits. The information shall be updated no less than
9 quarterly.
10 (b) The information posted on the Internet Web site required
11 by subdivision (a) shall include all of the following information:
12 (1) The following information regarding any retired member
13 who receives a pension of one hundred thousand dollars (\$100,000)
14 or more annually:
15 (A) The classification from which the member retired.
16 (B) The department or agency from which the member retired.
17 (C) The amount of the pension that the member receives
18 annually.
19 (2) The following information regarding postretirement health
20 care benefits for all retired members of the system:
21 (A) The total cost of employer contributions paid for annuitants
22 since the last update.
23 (B) The difference in dollars between the costs in subparagraph
24 (A) in the current reporting period and the previous reporting
25 period.
26 (C) The difference as a percentage between the costs in
27 subparagraph (A) in the current reporting period and the previous
28 reporting period.
29 SEC. 2. The Legislature finds and declares that to ensure the
30 security of the University of California funds, including retirement
31 funds, it is necessary for this act to apply to the University of
32 California.

1 SECTION 1.— Section 7503 of the Government Code is amended
2 to read:

3 7503.— All state and local public retirement systems shall prepare
4 a quarterly report in accordance with generally accepted accounting
5 principles.

6 SEC. 2.— Section 7504 of the Government Code is amended to
7 read:

8 7504.— (a) All state and local public retirement systems shall
9 secure, not less than biennially, the services of an enrolled actuary.
10 An enrolled actuary, for the purposes of this section, means an
11 actuary enrolled under subtitle C of Title III of the federal
12 Employee Retirement Income Security Act of 1974 (Public Law
13 93-406) and who has demonstrated experience in public retirement
14 systems. The actuary shall perform a valuation of the system
15 utilizing actuarial assumptions and techniques established by the
16 agency that are, in the aggregate, reasonably related to the
17 experience and the actuary's best estimate of anticipated experience
18 under the system. Any differences between the actuarial
19 assumptions and techniques used by the actuary that differ
20 significantly from those established by the agency shall be
21 disclosed in the actuary's report and the effect of the differences
22 on the actuary's statement of costs and obligations shall be shown.

23 (b) All state and local public retirement systems shall secure
24 the services of a qualified person to perform an attest audit of the
25 system's financial statements. A qualified person means any of
26 the following:

27 (1) A person who is licensed to practice as a certified public
28 accountant in this state by the California Board of Accountancy.

29 (2) A person who is registered and entitled to practice as a public
30 accountant in this state by the California Board of Accountancy.

31 (3) A county auditor in any county subject to the County
32 Employees Retirement Law of 1937 (Chapter 3 (commencing with
33 Section 31450) of Part 3 of Division 4 of Title 3).

34 (4) A county auditor in any county having a pension trust and
35 retirement plan established pursuant to Section 53216.

36 (e) All state and local public retirement systems shall submit
37 audited financial statements to the Controller at the earliest
38 practicable opportunity within six months of the close of each
39 fiscal year. However, the Controller may delay the filing date for
40 reports due in the first year until the time as report forms have

1 ~~been developed that, in his or her judgment, will satisfy the~~
 2 ~~requirements of this section. The financial statements shall be~~
 3 ~~prepared in accordance with generally accepted accounting~~
 4 ~~principles in the form and manner prescribed by the Controller.~~
 5 ~~The penalty prescribed in Section 53895 shall be invoked for failure~~
 6 ~~to comply with this section. Upon a satisfactory showing of good~~
 7 ~~cause, the Controller may waive the penalty for late filing provided~~
 8 ~~by this subdivision.~~

9 ~~(d) (1) Notwithstanding Section 10231.5, the Controller shall~~
 10 ~~compile and publish a report annually on the financial condition~~
 11 ~~of all state and local public retirement systems containing, but not~~
 12 ~~limited to, the data required in Section 7502. The report shall be~~
 13 ~~published within 12 months of the receipt of the information, and~~
 14 ~~in no case later than 18 months after the end of the fiscal year upon~~
 15 ~~which the information in the report is based.~~

16 ~~(2) The report required by this subdivision shall also include~~
 17 ~~the following information regarding any retired member who~~
 18 ~~receives a pension of one hundred thousand dollars (\$100,000) or~~
 19 ~~more annually:~~

- 20 ~~(A) The classification from which the member retired.~~
- 21 ~~(B) The department or agency from which the member retired.~~
- 22 ~~(C) The amount of the pension that the member receives~~
 23 ~~annually.~~

24 ~~(3) The report required by this subdivision shall be filed with~~
 25 ~~the Legislature, the Department of Finance, and the Legislative~~
 26 ~~Analyst's Office.~~