

ASSEMBLY BILL

No. 160

Introduced by Assembly Member Alejo

January 22, 2013

An act to amend Section 7522.04 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 160, as introduced, Alejo. California Public Employees' Pension Reform Act of 2013: exceptions.

The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, requires a public retirement system, as defined, to modify its plan or plans to comply with the act, as specified. Among other things, PEPRA prohibits a public employer from offering a defined benefit pension plan exceeding specified retirement formulas, requires new members of public retirement systems to contribute at least a specified amount of the normal cost, as defined, for their defined benefit plans, and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement.

This bill would except from PEPRA, by excepting from the definition of public retirement system, certain multiemployer plans authorized under federal law and retirement plans for public employees whose collective bargaining rights are protected by a specified provision of federal law.

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 7522.04 of the Government Code is
2 amended to read:

3 7522.04. For the purposes of this article:

4 (a) “Defined benefit formula” means a formula used by the
5 retirement system to determine a retirement benefit based on age,
6 years of service, and pensionable compensation earned by an
7 employee up to the limit defined in Section 7522.10.

8 (b) “Employee contributions” means the contributions to a public
9 retirement system required to be paid by a member of the system,
10 as fixed by law, regulation, administrative action, contract, contract
11 amendment, or other written agreement recognized by the
12 retirement system as establishing an employee contribution.

13 (c) “Federal system” means the old age, survivors, disability,
14 and health insurance provisions of the federal Social Security Act
15 (42 U.S.C. Sec. 301 et seq.).

16 (d) “Member” means a public employee who is a member of
17 any type of a public retirement system or plan.

18 (e) “New employee” means either of the following:

19 (1) An employee, including one who is elected or appointed, of
20 a public employer who is employed for the first time by any public
21 employer on or after January 1, 2013, and who was not employed
22 by any other public employer prior to that date.

23 (2) An employee, including one who is elected or appointed, of
24 a public employer who is employed for the first time by any public
25 employer on or after January 1, 2013, and who was employed by
26 another public employer prior to that date, but who was not subject
27 to reciprocity under subdivision (c) of Section 7522.02.

28 (f) “New member” means any of the following:

29 (1) An individual who becomes a member of any public
30 retirement system for the first time on or after January 1, 2013,
31 and who was not a member of any other public retirement system
32 prior to that date.

33 (2) An individual who becomes a member of a public retirement
34 system for the first time on or after January 1, 2013, and who was
35 a member of another public retirement system prior to that date,
36 but who was not subject to reciprocity under subdivision (c) of
37 Section 7522.02.

1 (3) An individual who was an active member in a retirement
2 system and who, after a break in service of more than six months,
3 returned to active membership in that system with a new employer.
4 For purposes of this subdivision, a change in employment between
5 state entities or from one school employer to another shall not be
6 considered as service with a new employer.

7 (g) “Normal cost” means the portion of the present value of
8 projected benefits under the defined benefit that is attributable to
9 the current year of service, as determined by the public retirement
10 system’s actuary according to the most recently completed
11 valuation.

12 (h) “Public employee” means an officer, including one who is
13 elected or appointed, or an employee of a public employer.

14 (i) “Public employer” means:

15 (1) The state and every state entity, including, but not limited
16 to, the Legislature, the judicial branch, including judicial officers,
17 and the California State University.

18 (2) Any political subdivision of the state, or agency or
19 instrumentality of the state or subdivision of the state, including,
20 but not limited to, a city, county, city and county, a charter city, a
21 charter county, school district, community college district, joint
22 powers authority, joint powers agency, and any public agency,
23 authority, board, commission, or district.

24 (3) Any charter school that elects or is required to participate
25 in a public retirement system.

26 (j) (1) “Public retirement system” means any pension or
27 retirement system of a public employer, including, but not limited
28 to, an independent retirement plan offered by a public employer
29 that the public employer participates in or offers to its employees
30 for the purpose of providing retirement benefits, or a system of
31 benefits for public employees that is governed by Section 401(a)
32 of Title 26 of the United States Code.

33 (2) “Public retirement system” does not include:

34 (A) A multiemployer plan authorized by Section 302(c)(5) of
35 the Taft-Hartley Act (29 U.S.C. Sec. 186(c)(5)) if the public
36 employer began participation in that plan prior to January 1, 2013,
37 and that plan is regulated by the Employee Retirement Income
38 Security Act of 1974 (29 U.S.C. Sec. 1001 et seq.).

39 (B) A retirement plan for public employees whose collective
40 bargaining rights are protected by Section 5333(b) of Title 49 of

- 1 *the United States Code and the agreements entered pursuant to*
- 2 *that provision.*

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