

**Introduced by Senator Wiggins**  
(Principal coauthor: Assembly Member Hernandez)

January 28, 2008

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An act to amend Section 7507 of, and to add Section 7507.2 to, the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

SB 1123, as introduced, Wiggins. Public employee benefits.

(1) Existing law requires a state or local retirement system to secure, not less than triennially, the services of an enrolled actuary, who is to perform a valuation of the system. Existing law requires the Legislature and local legislative bodies to secure the services of an enrolled actuary to provide a statement of the actuarial impact upon future annual costs before authorizing increases in public retirement plan benefits. Existing law requires the future annual costs of the public retirement plan benefits, as determined by the actuary, to be made public at a public meeting at least 2 weeks prior to the adoption of any increases in the benefits.

This bill would include other postretirement benefits within the subject matter of the actuary's statement, described above, that is provided before the Legislature or a local legislative body may authorize an increase in benefits. The bill would also require the future annual costs of other postemployment benefits to be made public at a public meeting at least 2 weeks prior to adoption. The bill would require an actuary to be present to provide information at the meeting where the adoption of a new benefit will be considered. The bill would prohibit the adoption of any benefit to which its provisions apply by means of a consent calendar. By increasing the duties of local entities, this bill would impose

a state-mandated local program. The bill would except from these provisions a school district or a county office of education.

The bill would also create the California Actuarial Advisory Panel, which would be required to provide impartial and independent information on pensions, other postemployment benefits, and best practices to the Legislature, the Governor, public retirement systems, public agencies, and interested parties. The bill would specify various responsibilities of the panel, including defining actuarial model policies and best practices for public retirement plan benefits and postemployment benefits, developing pricing and disclosure standards for California public sector benefit improvements, and developing quality control standards for California public sector actuaries.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) The Public Employee Post-Employment Benefits
- 3 Commission was jointly formed by the Governor and the
- 4 Legislature to determine how best to fund postemployment benefits
- 5 for the employees and retirees of California's state and local
- 6 governments.
- 7 (b) The Public Employee Post-Employment Benefits
- 8 Commission concluded that the best way to ensure that these
- 9 benefits are delivered as promised is to prefund them.
- 10 (c) The Public Employee Post-Employment Benefits
- 11 Commission further concluded that in order to gain and maintain
- 12 public support for these benefits, the benefits should be adopted
- 13 in well-noticed public hearings, with their costs clearly and publicly
- 14 reported annually, and any fraud or abuse addressed directly.
- 15 SEC. 2. Section 7507 of the Government Code is amended to
- 16 read:

1 7507. (a) The Legislature and local legislative bodies shall  
2 secure the services of an enrolled actuary to provide a statement  
3 of the actuarial impact upon future annual costs before authorizing  
4 increases in public retirement plan benefits *or other*  
5 *postemployment benefits*. An “enrolled actuary” means an actuary  
6 enrolled under subtitle C of Title III of the federal Employee  
7 Retirement Income Security Act of 1974 and “future annual costs”  
8 shall include, but not be limited to, annual dollar increases or the  
9 total dollar increases involved when available.

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11 (b) *The* future annual costs as determined by the actuary shall  
12 be made public at a public meeting at least two weeks prior to the  
13 adoption of any increases in public retirement plan benefits *or*  
14 *other postemployment benefits*. *An actuary shall be present to*  
15 *provide information at the meeting where the adoption of a new*  
16 *benefit will be considered. The adoption of any benefit to which*  
17 *this section applies shall not be placed on a consent calendar.*

18 (c) *The requirements of this section do not apply to a school*  
19 *district or a county office of education.*

20 SEC. 3. Section 7507.2 is added to the Government Code, to  
21 read:

22 7507.2. (a) There is hereby enacted the California Actuarial  
23 Advisory Panel. The panel shall provide impartial and independent  
24 information on pensions, other postemployment benefits, and best  
25 practices to the Legislature, the Governor, public retirement  
26 systems, public agencies, and interested parties.

27 (b) The responsibilities of the California Actuarial Advisory  
28 Panel shall include, but are not limited to:

29 (1) Defining the range of actuarial model policies and best  
30 practices for public retirement plan benefits, including pensions  
31 and other postemployment benefits.

32 (2) Developing pricing and disclosure standards for California  
33 public sector benefit improvements.

34 (3) Developing quality control standards for California public  
35 sector actuaries.

36 (4) Gathering model funding policies and practices.

37 (5) Replying to policy questions from public retirement systems  
38 in California.

39 (6) Commenting on complaints or conflicts regarding funding  
40 policies.

1     SEC. 4. If the Commission on State Mandates determines that  
2 this act contains costs mandated by the state, reimbursement to  
3 local agencies and school districts for those costs shall be made  
4 pursuant to Part 7 (commencing with Section 17500) of Division  
5 4 of Title 2 of the Government Code.

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