

Senate Bill No. 22

Passed the Senate October 8, 2010

Secretary of the Senate

Passed the Assembly October 8, 2010

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2010, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 21251.13, 21353, 21354.1, 21363, 21363.1, 21363.3, 21363.4, 21363.8, 21369, and 21369.1 of, and to add Section 20037.15 to, the Government Code, relating to state employees.

LEGISLATIVE COUNSEL'S DIGEST

SB 22, Hollingsworth. State employees: benefits: retirement.

(1) The Public Employees' Retirement Law (PERL) provides a comprehensive set of rights and benefits based upon age, service credit, and final compensation. Existing law defines final compensation variously for different member classifications and bargaining units and, in this regard, defines final compensation for a state member for the purpose of calculating retirement benefits as the highest annual average compensation earnable by the member during a designated 12-month or 36-month period, depending upon the bargaining unit and classification of that employee. Currently the final compensation for members hired on or after July 1, 2006, who are represented by State Bargaining Units 12, 16, 18, and 19, and for members hired on and after October 31, 2010, who are represented by State Bargaining Units 5 and 8 means the final compensation earnable by the member during a designated 36-month period.

This bill would provide that final compensation for a person who becomes a state member, as specified, on or after January 15, 2011, and who is represented by State Bargaining Unit 6, 7, or 9, or who is an excluded employee, legislative employee, judicial branch employee, or an employee of California State University, means the highest annual average compensation earnable by the member during a designated 36-month period.

(2) PERL establishes various retirement formulas that apply to specified membership categories. Under PERL, state miscellaneous members are generally subject to a retirement formula commonly known as 2% at 55, which, if the member retires at 55 years of age, yields a benefit equal to 2% of the member's final compensation multiplied by the member's years of service credit, as specified. Under PERL, state miscellaneous members

represented by specified bargaining units who are first employed on and after September 1, 2010, are subject to a 2% at 60 retirement formula. Under PERL, patrol members and specified state peace officer/firefighter members are subject to a 3% at 50 retirement formula, with the exception of patrol members and firefighters who are members of State Bargaining Units 5 and 8, first employed on and after October 31, 2010, who are subject to a 3% at 55 retirement formula. Under PERL, safety members employed by the state and the California State University are generally subject to a 2.5% at age 55 retirement formula.

This bill would provide that all state miscellaneous members, who are first employed on and after January 15, 2011, are subject to a 2% at 60 retirement formula, but would provide that the change would not apply if there is a current memorandum of understanding that provides a different formula only for the period that the memorandum of understanding is in effect. The bill would provide that peace officer/firefighter members of State Bargaining Units 6 and 7 and state, legislative, judicial branch, and California State University peace officers who are first employed on and after January 15, 2011, are subject to a 2.5% at 55 retirement formula, but would provide that the change would not apply if there is a current memorandum of understanding that provides a different formula only for the period that the memorandum of understanding is in effect. This bill would provide that safety members who are first employed by the state and the California State University on and after January 15, 2011, are subject to a 2% at age 55 retirement formula, but would provide that the change would not apply if there is a current memorandum of understanding that provides a different formula only for the period that the memorandum of understanding is in effect.

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

SECTION 1. Section 20037.15 is added to the Government Code, to read:

20037.15. (a) Notwithstanding Sections 3517.8, 20035, and 20037, final compensation for a person who is employed for the first time and becomes a member of the system on or after January 15, 2011, means the highest average annual compensation earnable by the member during the consecutive 36-month period

immediately preceding the effective date of his or her retirement, or the date of his or her last separation from state service if earlier, or during any other period of 36 consecutive months during his or her state membership that the member designates on the application for retirement.

(b) This section applies to the following:

(1) Service credit accrued while a member of State Bargaining Unit 6 or 9 or in a class related to State Bargaining Unit 6 or 9 as an employee who is excepted from the definition of “state employee” in subdivision (c) of Section 3513, or an officer or employee of the executive branch of state government who is not a member of the civil service.

(2) Service credit accrued while a peace officer/firefighter member represented by State Bargaining Unit 7 or in a class related to peace officer/firefighter members in State Bargaining Unit 7 as an employee who is excepted from the definition of “state employee” in subdivision (c) of Section 3513, or an officer or employee of the executive branch of state government who is not a member of the civil service.

(3) Service credit accrued as an employee who is excepted from the definition of “state employee” in subdivision (c) of Section 3513, or an officer or employee of the executive branch of state government who is not a member of the civil service.

(4) Service credit accrued as an employee of the Legislature, the judicial branch, or the California State University.

(c) This section does not apply to:

(1) Former employees previously employed before January 15, 2011, who return to employment on or after January 15, 2011, and who were previously subject to a 12-month average.

(2) State employees hired prior to January 15, 2011, who were subject to Section 20281.5 during the first 24 months of state employment, and who were previously subject to a 12-month average.

(3) State employees hired prior to January 15, 2011, who become subject to representation by State Bargaining Unit 6, 7, or 9 on or after January 15, 2011, and who were previously subject to a 12-month average.

(4) Employees on an approved leave of absence employed before January 15, 2011, who return to active employment on or after

January 15, 2011, and who were previously subject to a 12-month average.

(d) If this section is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

SEC. 2. Section 21251.13 of the Government Code is amended to read:

21251.13. (a) Notwithstanding any other provision of law, Sections 21070.5, 21070.6, 21073.1, 21073.7, 21354.1, 21362.2, 21363.1, and 21369.1 and the amendments to Sections 21070, 21071, 21072, 21073, 21073.5, and 21353.5, enacted during the first year of the 1999–2000 Regular Session:

(1) Shall not become operative unless the board adopts a resolution that does both of the following: (A) employs, for the June 30, 1998, valuation, 95 percent of the market value of assets of the state employer as the actuarial value of the assets; and (B) amortizes the June 30, 1998, excess assets over a period of 20 years, beginning July 1, 1999.

(2) Shall not apply to a state employee, as defined in subdivision (c) of Section 3513, in a bargaining unit unless and until incorporated in a memorandum of understanding, pursuant to Section 3517.5, applicable to that bargaining unit.

(3) Shall not apply to excluded employees, as defined in Section 3527, unless the Department of Personnel Administration has approved the application of those provisions to those employees. Notwithstanding any provision of law to the contrary, any approval by the Department of Personnel Administration for the application of these provisions to those excluded employees is irrevocable.

(b) Notwithstanding anything in a memorandum of understanding to the contrary, (1) the benefits provided under the provisions of those sections described in subdivision (a), as added or amended during the first year of the 1999–2000 Regular Session, shall not terminate upon the expiration or termination of the memorandum of understanding, and (2) the only conditions to the operation of the provisions of those sections described in

subdivision (a), as added or amended during the first year of the 1999–2000 Regular Session, are contained in this section.

(c) Notwithstanding Section 3517.8 or any provision of a memorandum of understanding that has been continued in effect on and after January 15, 2011, pursuant to Section 3517.8 to the contrary, the retirement formulas in Sections 21354.1, 21363.3, 21363.4, 21363.8, and 21369.1 shall only apply to state employees who were first employed and subject to those sections before January 15, 2011. Those sections shall not apply to any state employee member first employed on and after January 15, 2011.

(d) Upon request by the state employer or other entity, or on its own volition, the board may change the amortization period, or take any other action the board deems necessary or appropriate, to mitigate the impact of unforeseen factors that may cause an increase in the employer contribution by the state. Nothing in this section shall be construed to limit the board's authority under Section 17 of Article 16 of the California Constitution.

SEC. 3. Section 21353 of the Government Code is amended to read:

21353. (a) The combined current and prior service pensions for a local miscellaneous member, a school member, a state miscellaneous or state industrial member, or a university member is a pension derived from the contributions of the employer sufficient, when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of retirement, to equal the fraction of one-fiftieth of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding completed quarter year, in the following table, multiplied by the number of years of current and prior service except service in a category of membership other than that of state or state industrial member, local miscellaneous member, school member, or a university member, or service covered under this First Tier retirement formula, with which the member is entitled to be credited at retirement:

Age of Retirement	Fraction
50	.546
50¼	.554
50½	.562

50¾	.570
51	.578
51¼	.586
51½	.595
51¾	.603
52	.612
52¼	.621
52½	.630
52¾	.639
53	.648
53¼	.658
53½	.668
53¾	.678
54	.688
54¼	.698
54½	.709
54¾	.719
55	.730
55¼	.741
55½	.753
55¾	.764
56	.776
56¼	.788
56½	.800
56¾	.813
57	.825
57¼	.839
57½	.852
57¾	.865
58	.879
58¼	.893
58½	.908
58¾	.923
59	.937
59¼	.953
59½	.969
59¾	.985
60	1.000
60¼	1.017
60½	1.034

60¾	1.050
61	1.067
61¼	1.084
61½	1.101
61¾	1.119
62	1.136
62¼	1.154
62½	1.173
62¾	1.191
63 and over	1.209

(b) The fractions specified in the above table shall be reduced by one-third as applied to that part of final compensation that does not exceed four hundred dollars (\$400) per month for all service of a member any of whose service has been included in the federal system. This reduction shall not apply to a member employed by a contracting agency that enters into a contract after July 1, 1971, and elects not to be subject to this paragraph or with respect to service rendered after the termination of coverage under the federal system with respect to the coverage group to which the member belongs.

(c) The improved retirement allowance provided by this section is granted subject to future reduction prior to a member's retirement, by offset of federal system benefits or otherwise, as the Legislature may from time to time deem appropriate because of changes in the federal system benefits.

(d) With the exception of state miscellaneous members for service rendered for the California State University or the legislative or judicial branch of government, this section shall apply to state miscellaneous and state industrial members who are not employed by the state on or after January 1, 2000.

(e) (1) This section shall apply to a state miscellaneous or industrial member who is employed by the state for the first time and becomes a state miscellaneous or industrial member of the system on or after the first day of the pay period following the effective date of the act adding this subdivision, and is represented by State Bargaining Unit 12, 16, 18, or 19. With respect to related state miscellaneous or industrial members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members

of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(2) This subdivision does not apply to:

(A) Former state employees previously employed before the first day of the pay period following the effective date of this subdivision, who return to state employment on or after the first day of the pay period following the effective date of this subdivision.

(B) State employees hired prior to the first day of the pay period following the effective date of this subdivision, who were subject to Section 20281.5 during the first 24 months of state employment.

(C) State employees hired prior to the first day of the pay period following the effective date of this subdivision, who become subject to representation by State Bargaining Unit 12, 16, 18, or 19 on or after the first day of the pay period following the effective date of the act adding this subdivision.

(D) State employees on an approved leave of absence employed before the first day of the pay period following the effective date of this subdivision, who return to active employment on or after the first day of the pay period following the effective date of the act adding this subdivision.

(f) (1) This section shall apply to a state miscellaneous or industrial member who is employed by the state for the first time and becomes a state miscellaneous or industrial member of the system on or after October 31, 2010, and is represented by State Bargaining Unit 5 or 8. With respect to related state miscellaneous or industrial members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(2) This subdivision does not apply to:

(A) Former state employees previously employed before October 31, 2010, who return to state employment on or after October 31, 2010.

(B) State employees hired prior to October 31, 2010, who were subject to Section 20281.5 during the first 24 months of state employment.

(C) State employees hired prior to October 31, 2010, who become subject to representation by State Bargaining Unit 5 or 8 on or after October 31, 2010.

(D) State employees on an approved leave of absence employed before October 1, 2010, who return to active employment on or after October 31, 2010.

(g) (1) Notwithstanding Section 3517.8 or any provision of an expired memorandum of understanding, this section shall also apply to a state miscellaneous or industrial member who is employed by the state, the Legislature, the judicial branch, or the California State University for the first time and becomes a member of the system on or after January 15, 2011.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

(3) This subdivision does not apply to:

(A) Former state, legislative, judicial branch, or university employees previously employed before January 15, 2011, who return to employment on or after January 15, 2011, and who were not previously subject to this section.

(B) State employees hired prior to January 15, 2011, who were subject to Section 20281.5 during the first 24 months of state employment, and who were not previously subject to this section.

(C) State, legislative, judicial branch, or university employees on an approved leave of absence employed before January 15, 2011, who return to active employment on or after January 15, 2011, and who were not previously subject to this section.

SEC. 4. Section 21354.1 of the Government Code is amended to read:

21354.1. (a) The combined current and prior service pensions for school members, state miscellaneous or state industrial members, or university members who are subject to the provisions of this section is a pension derived from the contributions of the employer sufficient, when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of retirement, to equal the fraction of

one-fiftieth of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding completed quarter year, in the following table, multiplied by the number of years of current and prior service, except service in a category of membership other than that of a school member, state miscellaneous or state industrial member, or university member or service covered under this retirement formula with which the member is entitled to be credited at retirement:

Age at retirement	Fraction
50	0.550
50¼	0.573
50½	0.595
50¾	0.618
51	0.640
51¼	0.663
51½	0.685
51¾	0.708
52	0.730
52¼	0.753
52½	0.775
52¾	0.798
53	0.820
53¼	0.843
53½	0.865
53¾	0.888
54	0.910
54¼	0.933
54½	0.955
54¾	0.978
55	1.000
55¼	1.008
55½	1.016
55¾	1.024
56	1.032
56¼	1.040
56½	1.048
56¾	1.055
57	1.063

57¼	1.071
57½	1.079
57¾	1.086
58	1.094
58¼	1.102
58½	1.110
58¾	1.118
59	1.125
59¼	1.134
59½	1.141
59¾	1.149
60	1.157
60¼	1.165
60½	1.173
60¾	1.180
61	1.188
61¼	1.196
61½	1.203
61¾	1.211
62	1.219
62¼	1.227
62½	1.235
62¾	1.243
63 and over	1.250

(b) The fraction specified in the above table shall be reduced by one-third as applied to that part of final compensation that does not exceed four hundred dollars (\$400) per month for all service of a member any of whose service has been included in the federal system. This subdivision shall not apply to school members whose service is included in the federal system with respect to service performed on or after January 1, 2001.

(c) This section shall supersede Section 21353 for all school members, all university members, and all state miscellaneous members, with respect to service rendered for the California State University or the legislative or judicial branch of government, who retire on or after January 1, 2000.

(d) This section shall also supersede Section 21353 for state miscellaneous or state industrial members, for service not subject to subdivision (c), who are employed by the state on or after

January 1, 2000, and who do not elect under Section 21070.5 to be subject to Second Tier benefits.

(e) Operation and application of this section are subject to the limitations set forth in Section 21251.13.

(f) Notwithstanding any other provision of this section, this section shall not apply to a state miscellaneous or industrial member who is employed by the state for the first time and becomes a state miscellaneous or industrial member of the system on or after the first day of the pay period following the effective date of the act adding this subdivision, and is represented by State Bargaining Unit 12, 16, 18, or 19. With respect to related state miscellaneous or industrial members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(g) Notwithstanding any other provision of this section, this section shall not apply to a state miscellaneous or industrial member who is employed by the state for the first time and becomes a state miscellaneous or industrial member of the system on or after October 31, 2010, and is represented by State Bargaining Unit 5 or 8. With respect to related state miscellaneous or industrial members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(h) (1) Notwithstanding Section 3517.8 or any provision of an expired memorandum of understanding, or any other provision of this section, this section shall not apply to a state miscellaneous or industrial member who is employed by the state, the Legislature, the judicial branch, or the California State University for the first time and becomes a member of the system on or after January 15, 2011.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of

understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

SEC. 5. Section 21363 of the Government Code is amended to read:

21363. (a) The combined current and prior service pensions for state peace officer/firefighter members subject to this section with respect to state peace officer/firefighter service and the combined current and prior service pensions for local safety members with respect to local safety service rendered to a contracting agency that is subject to this section is a pension derived from the contributions of the employer sufficient when added to the service retirement annuity that is derived from the accumulated normal contributions of the state peace officer/firefighter or local safety member at the date of his or her retirement to equal the fraction of one-fiftieth of his or her final compensation set forth opposite his or her age at retirement taken to the preceding completed quarter year, in the following table, multiplied by the number of years of state peace officer/firefighter service or local safety service subject to this section with which he or she is credited at retirement:

Age at Retirement	Fraction
50	1.0000
50 $\frac{1}{4}$	1.0125
50 $\frac{1}{2}$	1.0250
50 $\frac{3}{4}$	1.0375
51	1.0500
51 $\frac{1}{4}$	1.0625
51 $\frac{1}{2}$	1.0750
51 $\frac{3}{4}$	1.0875
52	1.1000
52 $\frac{1}{4}$	1.1125
52 $\frac{1}{2}$	1.1250
52 $\frac{3}{4}$	1.1375
53	1.1500
53 $\frac{1}{4}$	1.1625
53 $\frac{1}{2}$	1.1750
53 $\frac{3}{4}$	1.1875

Age at Retirement	Fraction
54	1.2000
54 $\frac{1}{4}$	1.2125
54 $\frac{1}{2}$	1.2250
54 $\frac{3}{4}$	1.2375
55 and over.....	1.2500

(b) (1) In no event shall the current service pension and the combined current and prior service pensions under this section for all service to all employers exceed an amount that, when added to the service retirement annuity related to that service, equals 75 percent of final compensation.

(2) For state members, with respect to service for all state employers under this section, the benefit shall not exceed:

(A) Eighty percent of final compensation for state members who retire on or after January 1, 1995.

(B) Eighty-five percent of final compensation for state peace officer/firefighter members in State Bargaining Units 6 and 8 who retire on or after January 1, 1999, and prior to January 1, 2000.

(C) Ninety percent of final compensation for state peace officer/firefighter members who retire on or after January 1, 2000.

(3) For local safety members who retire on or after January 1, 2000, the benefit shall not exceed 85 percent of final compensation. If the pension relates to service to more than one employer, or this section and Section 21369, and would otherwise exceed that maximum, the pension payable with respect to each section or employer shall be reduced in the same proportion as the allowance bears to the total allowance computed as though there were no limit, so that the total of the pensions shall equal the maximum. Where a state or local member retiring on or after January 1, 1995, has service under this section with both state and local agency employers, the higher maximum shall apply and the additional benefit, if any, shall be funded by increasing the member's pension payable with respect to the employer for whom the member performed the service subject to the higher maximum.

(c) The Legislature reserves, with respect to any member subject to this section, the right to provide for the adjustment of industrial disability retirement allowances because of earnings of a retired person and modification of the conditions and qualifications

required for retirement for disability as it may find appropriate because of the earlier age of service retirement made possible by the benefits under this section.

(d) This section may be applied to related supervisory classes or confidential positions for the respective bargaining units specified in this section.

(e) (1) This section shall be operative with respect to state peace officer/firefighter members in Corrections Bargaining Unit No. 6, Protective Services and Public Safety Bargaining Unit No. 7, or Firefighters Bargaining Unit No. 8, in accordance with a memorandum of understanding reached between the state and the exclusive bargaining agent in the respective unit pursuant to Chapter 10.3 (commencing with Section 3512) of Division 4 of Title 1.

(2) This section also shall be operative with respect to the state peace officer/firefighter members employed by a California State University police department who are in Public Safety Unit No. 8 in accordance with a memorandum of understanding reached between the Trustees of the California State University and the recognized employee organization pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1.

(3) This section shall also be operative with respect to a “state peace officer/firefighter member” defined in subdivision (a) of Section 20396 if authorized by, and in accordance with, a memorandum of understanding reached between the Trustees of the California State University and the recognized employee organization pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1.

(4) Nothing in this section or in any other provision of law affected by Chapter 1320 of the Statutes of 1984 or Chapter 234 of the Statutes of 1986 shall be construed as authorizing any future negotiation with respect to whether or not any bargaining unit specified in this section whose memorandum of understanding was previously approved by the Legislature pursuant to law and this section, shall continue to remain within the state peace officer/firefighter membership category.

(5) The operative date of this section with respect to members in each of the bargaining units specified in this section shall be as provided for in the memorandum of understanding.

(6) With the exception of state peace officer/firefighter members for service rendered for the California State University or the legislative or judicial branch of government, this section shall apply to state peace officer/firefighter members who are not employed by the state on or after January 1, 2000.

(f) This section shall be known as, and may be cited as, the State Peace Officers' and Fire Fighters' Retirement Act.

(g) The Legislature reserves the right to subsequently modify or amend this part in order to completely effectuate the intent and purposes of this section and the right to not provide any new comparable advantages if disadvantages to employees result from any modification or amendment.

(h) This section shall not apply to a contracting agency nor its employees until, first, it is agreed to in a written memorandum of understanding entered into by an employer and representatives of employees and, second, the contracting agency elects to be subject to it by amendment to its contract made in the manner prescribed for approval of contracts or in the case of a new contract, by express provision of the contract. The operative date of this section with respect to a local safety member shall be the effective date of the amendment to his or her employer's contract electing to be subject to this section. However, this section shall not apply to any local safety member in the employ of an employer not subject to this section on January 1, 2000.

(i) Notwithstanding Section 3517.8 or any provision of an expired memorandum of understanding, this section shall apply to a state peace officer/firefighter member who is employed by the state for the first time and becomes a state peace officer/firefighter member of the system on or after January 15, 2011, and is represented by State Bargaining Unit 6 or 7. With respect to related state peace officer/firefighter members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(j) (1) This section shall also apply to a state peace officer/firefighter member who is employed by the California State University or judicial branch of government or the Legislature for

the first time and becomes a state peace officer/firefighter member on or after January 15, 2011.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

(k) Subdivisions (i) and (j) do not apply to:

(1) Former state, legislative, judicial branch, or California State University employees employed before January 15, 2011, who return to state or university employment on or after January 15, 2011, and who were not previously subject to this section.

(2) State employees hired prior to January 15, 2011, who were subject to Section 20281.5 during the first 24 months of state employment and who were not previously subject to this section.

(3) State employees hired prior to January 15, 2011, who become subject to representation by State Bargaining Unit 6 or 7 on or after January 15, 2011, and who were not previously subject to this section.

(4) State, legislative, judicial branch, or California State University employees on an approved leave of absence before January 15, 2011, who return to active employment on or after January 15, 2011, and who were not previously subject to this section.

SEC. 6. Section 21363.1 of the Government Code is amended to read:

21363.1. (a) The combined current and prior service pensions for state peace officer/firefighter members subject to this section with respect to state peace officer/firefighter service, and for local safety members with respect to local safety service rendered to a contracting agency that is subject to this section, is a pension derived from the contributions of the employer sufficient when added to the service retirement annuity that is derived from the accumulated normal contributions of the state peace officer/firefighter member or local safety member at the date of his or her retirement to equal the fraction of 3 percent of his or her final compensation set forth opposite his or her age at retirement taken to the preceding completed quarter year, in the following

table, multiplied by the number of years of state peace officer/firefighter service or local safety service subject to this section with which he or she is credited at retirement:

Age at Retirement	Fraction
50	.800
50¼	.810
50½	.820
50¾	.830
51	.840
51¼	.850
51½	.860
51¾	.870
52	.880
52¼	.890
52½	.900
52¾	.910
53	.920
53¼	.930
53½	.940
53¾	.950
54	.960
54¼	.970
54½	.980
54¾	.990
55 and over	1.000

(b) In no event shall the current service pension and the combined current and prior service pensions under this section for all service to all employers exceed an amount that, when added to the service retirement annuity related to that service, equals 85 percent of final compensation. For state peace officer/firefighter members with respect to service for all state employers under this section, the benefit shall not exceed 90 percent of final compensation. If the pension relates to service to more than one employer and would otherwise exceed that maximum, the pension payable with respect to each employer shall be reduced in the same proportion as the allowance based on service to that employer bears to the total allowance computed as though there were no

limit, so that the total of the pensions shall equal the maximum. Where a state or local member has service under this section with both state and local agency employers, the higher maximum shall apply and the additional benefit shall be funded by increasing the member's pension payable with respect to the employer for whom the member performed the service subject to the higher maximum.

(c) This section shall supersede Section 21363 for state peace officer/firefighter members with respect to service rendered for the California State University or the legislative or judicial branch of government.

(d) This section shall also supersede Section 21363 for state peace officer/firefighter members, for service not subject to subdivision (c), who are employed by the state on or after January 1, 2000.

(e) This section shall not apply to any contracting agency nor its employees unless and until the agency elects to be subject to the provisions of this section by amendment to its contract made in the manner prescribed for approval of contracts or, in the case of contracts made after the date this section becomes operative, by express provision in the contract making the contracting agency subject to this section. The operative date of this section for a local safety member shall be the effective date of the amendment to his or her employer's contract electing to be subject to this section.

(f) This section shall supersede Section 21363, 21366, 21368, 21369, or 21370, whichever is then applicable, with respect to local safety members who retire after the date this section becomes applicable to their respective employers.

(g) The Legislature reserves, with respect to any member subject to this section, the right to provide for the adjustment of industrial disability retirement allowances because of earnings of a retired person and modification of the conditions and qualifications required for retirement for disability as it may find appropriate because of the earlier age of service retirement made possible by the benefits under this section.

(h) The Legislature reserves the right to subsequently modify or amend this part in order to completely effectuate the intent and purposes of this section and the right to not provide any new comparable advantages if disadvantages to employees result from any modification or amendment.

(i) Operation and application of this section are subject to the limitations set forth in Section 21251.13.

(j) This section shall apply to a state patrol member who is employed by the state for the first time and becomes a state patrol member of the system on or after October 31, 2010, and is represented by State Bargaining Unit 5. With respect to related state patrol members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(k) This section shall apply to a state peace officer/firefighter member who is employed by the state for the first time and becomes a state peace officer/firefighter member of the system on or after October 31, 2010, and is represented by State Bargaining Unit 8. With respect to related state peace officer/firefighter members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(l) Subdivisions (j) and (k) do not apply to:

(1) Former state employees previously employed before October 31, 2010, who return to state employment on or after October 31, 2010.

(2) State employees hired prior to October 31, 2010, who were subject to Section 20281.5 during the first 24 months of state employment.

(3) State employees hired prior to October 31, 2010, who become subject to representation by State Bargaining Unit 5 or 8 on or after October 31, 2010.

(4) State employees on an approved leave of absence employed before October 31, 2010, who return to active employment on or after October 31, 2010.

(m) (1) Notwithstanding any other provision of this section, this section shall not apply to a peace officer/firefighter member who is employed for the first time by the California State University or the legislative or judicial branch and becomes a state

peace officer/firefighter member of the system on or after January 15, 2011.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

(n) Notwithstanding Section 3517.8, or any provision of an expired memorandum of understanding, or any other provision of this section, this section shall not apply to those peace officer/firefighter members in state Bargaining Units 6 and 7 first employed by the state on or after January 15, 2011.

SEC. 7. Section 21363.3 of the Government Code is amended to read:

21363.3. (a) The combined current and prior service pensions for state peace officer/firefighter members described in Section 20394 is a pension derived from the contributions of the employer sufficient when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of his or her retirement to equal 3 percent of his or her final compensation at the age of 50 years, multiplied by the number of years of state peace officer/firefighter service subject to this section with which he or she is credited at retirement.

(b) In no event shall the current service pension and the combined current and prior service pensions under this section for all service to all employers exceed an amount that, when added to the service retirement annuity related to that service, equals 90 percent of final compensation. If the pension relates to service to more than one employer and would otherwise exceed that maximum, the pension payable with respect to each employer shall be reduced in the same proportion as the allowance based on service to that employer bears to the total allowance computed as though there were no limit, so that the total of the pensions shall equal the maximum. Where a state peace officer/firefighter member has service under this section, or other safety retirement formulas pursuant to this part with state or local agency employers, the higher maximum shall apply and the additional benefit shall be

funded by increasing the member's pension payable with respect to the state employer.

(c) This section shall apply to state peace officer/firefighter members described in Section 20394 if authorized by, and in accordance with, a memorandum of understanding reached between the Trustees of the California State University and the recognized employee organization pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1. This section may also apply to sworn peace officer/firefighter members described in Section 20394 in related management positions, if the Trustees of the California State University have approved the application in writing to the Board of Administration of the Public Employees' Retirement System.

(d) This section shall supersede Section 21363.1 with respect to peace officer/firefighter service for members employed by the California State University police department on or after the date a memorandum of understanding, or action by the Trustees of the California State University regarding related management positions, makes this section applicable to these members.

(e) This section may not prevent a subsequent memorandum of understanding, or subsequent action by the Trustees of the California State University regarding related management positions, from making this section inapplicable to peace officer/firefighter members first employed by the California State University police department on or after a date specified in a subsequent memorandum of understanding, or subsequent action by the Trustees of the California State University regarding related management positions.

(f) (1) Notwithstanding any other provision of this section, this section shall not apply to a state peace officer/firefighter member described in Section 20394 who is employed for the first time and becomes a state peace officer/firefighter member of the system on or after January 15, 2011.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

SEC. 8. Section 21363.4 of the Government Code is amended to read:

21363.4. (a) Upon attaining the age of 50 years or more, the combined current and prior service pension for a state peace officer/firefighter member described in subdivision (c) who retires or dies on or after January 1, 2006, is a pension derived from the contributions of the employer sufficient when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of his or her retirement to equal 3 percent of his or her final compensation at retirement, multiplied by the number of years of state peace officer/firefighter service, as defined in subdivision (d), subject to this section with which he or she is credited at retirement.

(b) For state peace officer/firefighter members, with respect to service for all state employers under this section, the current service pension and the combined current and prior service pension under this section shall not exceed an amount that, when added to the service retirement annuity related to that service, equals 90 percent of final compensation. If the pension relates to service to more than one employer and would otherwise exceed that maximum, the pension payable with respect to each employer shall be reduced in the same proportion as the allowance based on service to that employer bears to the total allowance computed as though there were no limit, so that the total of the pensions shall equal the maximum.

(c) For purposes of this section, “state peace officer/firefighter member” means state peace officer/firefighter members under this part who, on or after January 1, 2006, are employed by the state and are members of State Bargaining Unit 6 or State Bargaining Unit 8, and may include state peace officer/firefighter members in related managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, provided the Department of Personnel Administration has approved their inclusion in writing to the board.

(d) For purposes of this section, “state peace officer/firefighter service” means service performed by a state peace officer/firefighter member while a member of State Bargaining Unit 6 or State Bargaining Unit 8, and may include state peace officer/firefighter service in related managerial, supervisory, or

confidential positions or as officers or employees of the executive branch of state government who are not members of the civil service, provided the Department of Personnel Administration has approved their inclusion in writing to the board.

(e) This section shall supersede Section 21363 or 21363.1, whichever is applicable, with respect to state peace officer/firefighter members and service as defined herein.

(f) The Legislature reserves, with respect to any member subject to this section, the right to provide for the adjustment of industrial disability retirement allowances because of earnings of a retired person and modification of the conditions and qualifications required for retirement for disability as it may find appropriate because of the earlier ages of service retirement made possible by the benefits under this section.

(g) Notwithstanding any other provision of this section, this section shall not apply to a state peace officer/firefighter member who is employed by the state for the first time and becomes a state peace officer/firefighter member of the system on or after October 31, 2010, and is represented by State Bargaining Unit 8. With respect to related state peace officer/firefighter members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(h) Notwithstanding Section 3517.8, or any provision of an expired memorandum of understanding, or any other provision of this section, this section shall not apply to a state peace officer/firefighter member who is employed by the state for the first time and becomes a state peace officer/firefighter member of the system on or after January 15, 2011, and is represented by State Bargaining Unit 6. With respect to related state peace officer/firefighter members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

SEC. 9. Section 21363.8 of the Government Code is amended to read:

21363.8. (a) Upon attaining the age of 50 years or more, the combined current and prior service pension for a state peace officer/firefighter member described in subdivision (c) who retires or dies on or after January 1, 2004, is a pension derived from the contributions of the employer sufficient when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of his or her retirement to equal 3 percent of his or her final compensation at retirement, multiplied by the number of years of state peace officer/firefighter service, as defined in subdivision (d), subject to this section with which he or she is credited at retirement.

(b) For state peace officer/firefighter members, with respect to service for all state employers under this section, the current service pension and the combined current and prior service pension under this section may not exceed an amount that, when added to the service retirement annuity related to that service, equals 90 percent of final compensation. If the pension relates to service to more than one employer and would otherwise exceed that maximum, the pension payable with respect to each employer shall be reduced in the same proportion as the allowance based on service to that employer bears to the total allowance computed as though there were no limit, so that the total of the pensions shall equal the maximum.

(c) (1) This section shall apply to state peace officer/firefighter members under this part who, on or after January 1, 2004, are employed by the state and are members of State Bargaining Unit 7.

(2) This section may also apply to state peace officer/firefighter members in managerial, supervisory, or confidential positions that are related to the members described in paragraph (1) and to officers or employees of the executive branch of state government who are not members of the civil service and who are in positions that are related to the members described in paragraph (1), if the Department of Personnel Administration has approved their inclusion in writing to the board.

(d) (1) For purposes of this section, “state peace officer/firefighter service” means service performed by a state peace officer/firefighter member while a member of State Bargaining Unit 7.

(2) That service may include state peace officer/firefighter service in managerial, supervisory, or confidential positions that are related to the members described in paragraph (1) or as officers or employees of the executive branch of state government who are not members of the civil service and who are in positions that are related to the members described in paragraph (1), provided the Department of Personnel Administration has approved their inclusion in writing to the board.

(e) This section shall supersede Section 21363 or 21363.1, whichever is applicable, with respect to state peace officer/firefighter members subject to this section and state peace officer/firefighter service as defined herein.

(f) The Legislature reserves, with respect to any member subject to this section, the right to provide for the adjustment of industrial disability retirement allowances because of earnings of a retired person and modification of the conditions and qualifications required for retirement for disability as it may find appropriate because of the earlier ages of service retirement made possible by the benefits under this section.

(g) Notwithstanding Section 3517.8, or any provision of an expired memorandum of understanding, or any other provision of this section, this section shall not apply to a state peace officer/firefighter member who is employed by the state for the first time and becomes a state peace officer/firefighter member of the system on or after January 15, 2011, and is represented by State Bargaining Unit 7. With respect to related state peace officer/firefighter members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

SEC. 10. Section 21369 of the Government Code is amended to read:

21369. (a) The combined prior and current service pension for a state safety member, and a local safety member with respect to service to a contracting agency subject to this section, upon retirement after attaining the age of 55 years, is a pension derived from contributions of an employer sufficient, when added to that portion of the service retirement annuity that is derived from the

accumulated normal contributions of the member at the date of his or her retirement, to equal one-fiftieth of his or her final compensation multiplied by the number of years of state safety, police, fire, or county peace officer service that is credited to him or her as a state safety member or a local safety member subject to this section at retirement. Notwithstanding the preceding sentence, this section shall apply to the current and prior service pension for any other state safety member based on service to which it would have applied had the member, on July 1, 1971, been in employment described in Section 20403 or 20404.

(b) Upon retirement for service prior to attaining the age of 55 years, the percentage of final compensation payable for each year of credited service that is subject to this section shall be the product of 2 percent multiplied by the factor set forth in the following table for his or her actual age at retirement:

If the retirement age occurs at:	The percent for each year of credited service
50	0.713
50 $\frac{1}{4}$	0.725
50 $\frac{1}{2}$	0.737
50 $\frac{3}{4}$	0.749
51	0.761
51 $\frac{1}{4}$	0.775
51 $\frac{1}{2}$	0.788
51 $\frac{3}{4}$	0.801
52	0.814
52 $\frac{1}{4}$	0.828
52 $\frac{1}{2}$	0.843
52 $\frac{3}{4}$	0.857
53	0.871
53 $\frac{1}{4}$	0.886
53 $\frac{1}{2}$	0.902
53 $\frac{3}{4}$	0.917
54	0.933
54 $\frac{1}{4}$	0.950
54 $\frac{1}{2}$	0.966
54 $\frac{3}{4}$	0.983

(c) In no event shall the total pension for all service under this section exceed an amount that, when added to the service retirement annuity related to that service, equals 75 percent of final compensation. For state members who retire on or after January 1, 1995, and with respect to service for all state employers under this section, the benefit shall not exceed 80 percent of final compensation. For local members who retire on or after January 1, 2000, the benefit shall not exceed 85 percent of final compensation. If the pension relates to service to more than one employer and would otherwise exceed that maximum, the pension payable with respect to each employer shall be reduced in the same proportion as the allowance based on service to that employer bears to the total allowance computed as though there were no limit, so that the total of those pensions shall equal the maximum. Where a state or local member retiring on or after January 1, 1995, has service under this section with both state and local agency employers, the higher maximum shall apply and the additional benefit shall be funded by increasing the member's pension payable with respect to the employer for whom the member performed the service subject to the higher maximum.

(d) This section shall not apply to a person whose effective date of retirement is prior to July 1, 1971.

(e) The Legislature reserves, with respect to any member subject to this section, the right to provide for the adjustment of industrial disability retirement allowances because of earnings of a retired person and modification of the conditions and qualifications required for retirement for disability as it may find appropriate because of the earlier age of service retirement made possible by the benefits under this section.

(f) The percentage of final compensation provided in this section shall be reduced by one-third as applied to that part of the member's final compensation that does not exceed four hundred dollars (\$400) per month for service after the effective date of coverage of a member under the federal system. This subdivision shall not apply to a member who retires after the date upon which coverage under the federal system of persons in his or her employment terminates. It shall not apply to a local safety member employed by a contracting agency electing to be subject to this section after March 7, 1973, unless the agency elects to be subject to this paragraph by amendment to its contract or by appropriate

provision of a contract entered into after this provision is effective and as to any member, the reduction in the percentage of final compensation shall apply to all local safety service to the agency, if any of the local safety service has been included in the federal system.

(g) With the exception of state safety members for service rendered for the California State University, this section shall apply to state safety members who are not employed by the state on or after January 1, 2000.

(h) This section shall not apply to a contracting agency nor its employees until the agency elects to be subject to it by amendment to its contract made in the manner prescribed for approval of contracts or in the case of a new contract, by express provision of the contract. The operative date of this section with respect to a local safety member shall be the effective date of the amendment to his or her employer's contract electing to be subject to this section.

(i) (1) Notwithstanding Section 3517.8 or any provision of an expired memorandum of understanding, this section shall also apply to a state safety member who is employed by the state or the California State University for the first time and becomes a state safety member of the system on or after January 15, 2011. With respect to related state safety members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

(j) This section does not apply to:

(1) Former state or California State University employees employed before January 15, 2011, who return to state or university employment on or after January 15, 2011, and who were not previously subject to this section.

(2) State employees hired prior to January 15, 2011, who were subject to Section 20281.5 during the first 24 months of state employment, and who were not previously subject to this section.

(3) State or California State University employees on an approved leave of absence before January 15, 2011, who return to active employment on or after January 15, 2011, and who were not previously subject to this section.

(4) State employees who are subject to Section 21369.2 so long as their memorandum of understanding is in effect. Upon expiration of the memorandum of understanding, notwithstanding Section 3517.8, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

SEC. 11. Section 21369.1 of the Government Code is amended to read:

21369.1. (a) The combined current and prior service pensions for state safety members subject to this section with respect to state safety service that is subject to this section is a pension derived from the contributions of the employer sufficient when added to the service retirement annuity that is derived from the accumulated normal contributions of the state safety member at the date of his or her retirement to equal the fraction of one-fiftieth of his or her final compensation set forth opposite his or her age at retirement taken to the preceding completed quarter year, in the following table, multiplied by the number of years of state safety service subject to this section with which he or she is credited at retirement.

Age at Retirement	Fraction
50	0.8500
50¼	0.8625
50½	0.8750
50¾	0.8875
51	0.9000
51¼	0.9125
51½	0.9250
51¾	0.9375
52	0.9500
52¼	0.9625
52½	0.9750
52¾	0.9875

53	1.0000
53¼	1.0320
53½	1.0630
53¾	1.0940
54	1.1250
54¼	1.1570
54½	1.1880
54¾	1.2190
55 and over	1.2500

(b) For state safety members with respect to service for all state employers under this section, the benefit shall not exceed 80 percent of final compensation. If the pension relates to service to more than one employer, and would otherwise exceed that maximum, the pension payable with respect to each employer shall be reduced in the same proportion as the allowance based on service to that employer bears to the total allowance computed as though there were no limit, so that the total of the pensions shall equal the maximum.

(c) This section shall supersede Section 21369 for state safety members with respect to service rendered for the California State University.

(d) This section shall also supersede Section 21369 for state safety members, for service not subject to subdivision (c), who are employed by the state on or after January 1, 2000.

(e) The Legislature reserves, with respect to any member subject to this section, the right to provide for the adjustment of industrial disability retirement allowances because of earnings of a retired person and modification of the conditions and qualifications required for retirement for disability as it may find appropriate because of the earlier age of service retirement made possible by the benefits under this section.

(f) The Legislature reserves the right to subsequently modify or amend this part in order to completely effectuate the intent and purposes of this section and the right to not provide any new comparable advantages if disadvantages to employees result from any modification or amendment.

(g) Operation and application of this section are subject to the limitations set forth in Section 21251.13.

(h) Notwithstanding any other provision of this section, this section shall not apply to a state safety member who is employed by the state for the first time and becomes a state safety member of the system on or after the first day of the pay period following the effective date of the act adding this subdivision, and is represented by State Bargaining Unit 12, 16, 18, or 19. With respect to related state safety members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(i) (1) Notwithstanding Section 3517.8, or any provision of an expired memorandum of understanding, or any other provision of this section, this section shall not apply to a state safety member who is employed by the state or the California State University for the first time and becomes a state safety member of the system on or after January 15, 2011. With respect to related state safety members in managerial, supervisory, or confidential positions and officers or employees of the executive branch of state government who are not members of the civil service, the Director of the Department of Personnel Administration may exercise his or her discretion whether to approve their status in writing to the board.

(2) If this subdivision is in conflict with a memorandum of understanding that is current and in effect on January 15, 2011, the memorandum of understanding shall be controlling while it remains in effect. Upon expiration of the memorandum of understanding that is in effect and current on January 15, 2011, this section shall be controlling and may not be superseded by a subsequent memorandum of understanding.

Approved _____, 2010

Governor