

AMENDED IN SENATE APRIL 21, 2010

**SENATE BILL**

**No. 919**

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**Introduced by Senator Hollingsworth**

February 1, 2010

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~~An act to amend Section 22000 of the Government Code, relating to public retirement.~~ *An act to amend Sections 19816.21, 20405.1, 20677, 20677.4, 20677.5, 20681, 20683, 20683.1, 20686, 20687, 20687.2, 20689, 20694, 21076, 21251.13, 21354.1, 21362.2, 21363.1, 21363.3, 21363.4, 21363.8, 21369.1, 22762, and 22850 of, to add Sections 20037.14, 20037.15, 20037.16, 21354.6, 21363.5, 21363.6, 21363.7, 22871.1, 22875.1, and 22894 to, and to repeal Section 20401.5 of, the Government Code, relating to state employee benefits, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 919, as amended, Hollingsworth. ~~Public retirement: social security.~~ *State employee benefits.*

*(1) The Public Employees' Retirement Law (PERL) provides a defined benefit to members of the Public Employees' Retirement System (PERS) based on age at retirement, service credit, and final compensation, as those terms are defined. Under PERL employees belong to various membership categories, which include state safety members and state miscellaneous members. Safety members of PERS receive a higher level of benefits and make higher contributions than state miscellaneous members. Under existing law, effective July 1, 2004, specified state employee positions in State Bargaining Unit 7 are classified as state safety members of PERS. Certain managerial, supervisory, or confidential positions, as well as specified officers and employees of*

*the executive branch, by virtue of their relation to State Bargaining Unit 7, are also classified as state safety members of PERS.*

*This bill would provide that state employees in State Bargaining Unit 7 first hired on or after the date the act takes effect, in job classifications formerly subject to state safety membership prior to that date, shall be state miscellaneous members of PERS. The bill would provide that these provisions would apply notwithstanding a certain statutory provision or any provision of an expired memorandum of understanding, as specified.*

*(2) PERL defines final compensation variously based on different member classifications, bargaining units, and dates of hire. PERL generally provides for a definition of final compensation based on the highest annual average compensation earnable by the member during a designated 12-month or 36-month period.*

*This bill would provide that final compensation for a person who becomes a state member of the system on or after the date the act takes effect, and who is represented by State Bargaining Unit 6, 8, 9, or as a peace officer/firefighter member of State Bargaining Unit 7, means the highest annual average compensation earnable by the member during a designated 36-month period. This bill would provide that final compensation for a person who becomes a patrol member of the system on or after July 3, 2010, and who is represented by State Bargaining Unit 5, means the highest annual average compensation earnable by the member during a designated 36-month period. The bill would provide that these provisions would apply notwithstanding a certain statutory provision or any provision of an expired memorandum of understanding, as specified. The bill would also apply this definition of final compensation to a state employee who is excepted from the definition of state employee for purposes of state labor relations, as specified, or an officer or employee of the executive branch of state government who is not a member of the civil service, who is employed by the state for the first time and becomes a state member of the system on or after the date the act takes effect.*

*(3) PERL provides that attorneys in the offices of the Attorney General and the State Public Defender are state miscellaneous members of PERS. PERL authorizes state prosecutors and state public defenders, as defined, to be included within the state safety member classification under PERS, if agreed to in a memorandum of understanding, as specified.*

*This bill would repeal the provisions described above that authorize state prosecutors and state public defenders to be included within the state safety member classification pursuant to an agreement in a memorandum of understanding.*

*(4) PERL prescribes contribution rates for state employees who are state miscellaneous, state industrial, state safety members, patrol members, or state peace officer/firefighter members, among others, in amounts based on percentages of monthly compensation. PERL reduces those contributions by excepting from the definition of monthly compensation specified amounts ranging between \$238 and \$863, based on member classification, among other things. Member contributions are deposited into the Public Employees' Retirement Fund, which is a continuously appropriated trust fund.*

*This bill would increase these contribution rates for specified state miscellaneous members, state industrial members, state safety members, patrol members, or state peace office/firefighter members by eliminating the exceptions from the definition of monthly compensation of specified amounts ranging between \$238 and \$863, as described above. The bill would apply these provisions notwithstanding a specified statutory provision or any provision of an expired memorandum of understanding, as specified. By increasing member contributions into a continuously appropriated fund, this bill would make an appropriation.*

*(5) PERL establishes various retirement formulas that apply to specified membership categories. Under PERL, state miscellaneous members, state industrial members, and school members of the First Tier, 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 and state industrial members of the Second Tier are generally subject to a retirement formula commonly known as 1.25. Under PERL, patrol members and specified state peace officer/firefighter members are generally subject to a retirement formula commonly known as 3% at 50, while other state peace officer/firefighter members are subject to a 3% at 55 retirement formula. Under PERL, state safety members are generally subject to a 2.5% at 55 retirement formula.*

*This bill would provide that state miscellaneous members, state industrial members, and school members, of the First Tier, who are first employed on and after the date the act takes effect, are subject to*

*a 2% at 65 retirement formula. This bill would provide that state miscellaneous and state industrial members, of the Second Tier, who are first employed after the date the act takes effect are subject to a 0.5% at 65 retirement formula. The bill would provide that patrol members who are first employed on and after July 3, 2010, and state peace officer/firefighter members in State Bargaining Unit 6, 7, or 8 who are first employed on and after the date the act takes effect, are subject to a 2.7% at 57 retirement formula. The bill would provide state peace officer/firefighter members who are first employed on and after the date the act takes effect, who are employed by the schools, the California State University, or the legislative or judicial branch of government, are subject to a 2.5% at 57 retirement formula. The bill would provide that state safety members who are first employed on and after the date the act takes effect, are subject to a 2% at 62 retirement formula. The bill would provide that these provisions would apply notwithstanding a certain statutory provision or any provision of an expired memorandum of understanding, as specified.*

*(6) The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, permits an employee or annuitant to enroll in a health benefit plan approved or maintained by the board, as specified. PEMHCA permits the board, without compliance with any provision of law relating to competitive bidding, to enter into contracts with carriers offering health care benefit plans or with entities offering services relating to the administration of health benefit plans. Existing law provides for a monthly appropriation from the General Fund of amounts necessary for the administration of the act and other specified employer contributions.*

*This bill would provide that, on and after the date the act takes effect, another unnamed entity of the state that is authorized by statute is within the definition of the term "board" for the purposes of administering the PEMHCA. By providing that General Fund moneys that are appropriated monthly may be spent by this additional administrative body, this bill would make an appropriation. The bill would also allow the board, as it would be defined, without compliance with any provision of law relating to competitive bidding, to provide self-funded plans by contracting with entities offering services relating to the administration of health benefit plans. By permitting General Fund moneys appropriated monthly to be spent for a new purpose, this bill would*

*make an appropriation. The bill would permit plan designs and premiums to vary in different areas of the state.*

*(7) PEMHCA requires the state and each employee or annuitant to contribute a portion of the cost of providing the benefit coverage afforded under the approved health benefit plan in which the employee or annuitant is enrolled. Existing law provides that a represented state employee first hired on or after January 1, 1989, shall not be vested for the full employer contribution payable for annuitants unless he or she has 20 years of credited state service, as defined, at the time of retirement, as specified. The employer contribution payable for annuitants with at least 10 years of credited service but less than 20 years of service is prorated based on credited state service at the time of retirement.*

*This bill would, notwithstanding those provisions, prohibit a state, California State University, legislative, or judicial branch employee first hired on or after the date the act takes effect, from receiving any portion of the employer contribution payable for annuitants unless he or she is credited with 25 years of state service, as defined, at the time of retirement. The bill would provide that the employer contribution for these employees who become annuitants or a survivor of that person, be adjusted in the annual Budget Act. The bill would require that those adjustments be based on the principle that the employer contribution for each annuitant shall be the same as the highest employer contribution paid for an active state employee.*

*(8) PEMHCA authorizes a contracting agency, as specified, to elect to become subject to the act, along with the agency's employees and annuitants. Existing law establishes certain minimum rates for contracting employer contributions in this regard and requires that the employer contribution be equal for both employees and annuitants.*

*This bill would permit a contracting agency of PEMHCA and the exclusive representative of employees of that agency to agree through collective bargaining that the employer contribution for employee and annuitant health benefits coverage for employees first hired on or after the effective date of a memorandum of understanding may differ from the employer contribution provided to existing employees and annuitants. The bill would provide that these provisions are not subject to labor negotiation impasse procedures. The bill would require a contracting agency that applies a different contribution rate to employees not represented by a bargaining unit to certify that, with regard to those employees, there is not an applicable memorandum of*

*understanding. The bill would provide that an agreement reached in this regard is not valid if it provides an employer contribution for employees with less than 5 years of credited service with the contracting agency.*

*(9) This bill would declare that it is to take effect immediately as an urgency statute.*

~~The Board of Administration of the Public Employees' Retirement system is required, upon application by a public agency, as defined, to execute an agreement with the federal government for the coverage of the public employees of the agency under the federal Social Security Act in conformity with specified regulations:~~

~~Existing law expresses the Legislature's policy that protection afforded to employees in positions covered by a public retirement system on the date that an agreement for coverage for those employees under the federal Social Security Act is made applicable to the service performed, or to the benefits received, under the retirement system and that those protections are not impaired as a result of the agreement or as a result of a legislative enactment made in anticipation of the agreement.~~

~~This bill would make technical, nonsubstantive changes to that provision:~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

1     SECTION 1. Section 19816.21 of the Government Code is  
 2     amended to read:  
 3     19816.21. (a) Notwithstanding Sections 18717 and 19816.20,  
 4     effective July 1, 2004, the following officers and employees, who  
 5     are in the following classifications or positions on or after July 1,  
 6     2004, *and before the date specified in subdivision (d)*, shall be  
 7     state safety members of the Public Employees' Retirement System:  
 8     (1) State employees in State Bargaining Unit 7 (Protective  
 9     Services and Public Services) whose job classifications are subject  
 10    to state miscellaneous membership in the Public Employees'  
 11    Retirement System, unless otherwise excluded by a memorandum  
 12    of understanding.  
 13    (2) State employees in managerial, supervisory, or confidential  
 14    positions that are related to the job classifications described in  
 15    paragraph (1) and that are subject to state miscellaneous

1 membership in the Public Employees' Retirement System, provided  
2 that the Department of Personnel Administration has approved  
3 their inclusion.

4 (3) Officers and employees of the executive branch of state  
5 government who are not members of the civil service and who are  
6 in positions that are related to the job classifications described in  
7 paragraph (1) and that are subject to state miscellaneous  
8 membership in the Public Employees' Retirement System, provided  
9 that the Department of Personnel Administration has approved  
10 their inclusion.

11 (b) The department shall notify the Public Employees'  
12 Retirement System of the classes or positions that become subject  
13 to state safety membership under this section, as prescribed in  
14 Section 20405.1.

15 (c) *Notwithstanding Section 3517.8 or any provision of an*  
16 *expired memorandum of understanding continued in effect pursuant*  
17 *to Section 3517.8, no state employee in State Bargaining Unit 7*  
18 *first hired on or after the date specified in subdivision (d), shall*  
19 *be a state safety member. Any job classification for which*  
20 *employees were granted state safety membership pursuant to this*  
21 *section prior to the date specified in subdivision (d), shall be*  
22 *subject to state miscellaneous membership on and after that date,*  
23 *for employees first hired on or after that date.*

24 (d) *The changes made by the act adding this subdivision shall*  
25 *be operative on the date the act takes effect.*

26 SEC. 2. Section 20037.14 is added to the Government Code,  
27 to read:

28 20037.14. (a) *Notwithstanding Sections 20035 and 20037,*  
29 *final compensation for service credit accrued while a state*  
30 *employee who is excepted from the definition of state employee in*  
31 *subdivision (c) of Section 3513, or an officer or employee of the*  
32 *executive branch of state government who is not a member of the*  
33 *civil service, who is employed by the state for the first time and*  
34 *becomes a state member of the system on or after the date specified*  
35 *in subdivision (d), means the highest average annual compensation*  
36 *earnable by the member during the consecutive 36-month period*  
37 *immediately preceding the effective date of his or her retirement,*  
38 *or the date of his or her last separation from state service if earlier,*  
39 *or during any other period of 36 consecutive months during his*

1 or her state membership that the member designates on the  
2 application for retirement.

3 (b) Except as provided in subdivision (c), this section does not  
4 apply to:

5 (1) Former state employees who return to state employment on  
6 or after the date specified in subdivision (d).

7 (2) State employees hired prior to the date specified in  
8 subdivision (d), who were subject to Section 20281.5 during the  
9 first 24 months of state employment.

10 (3) State employees hired prior to the date specified in  
11 subdivision (d), who become excluded or exempt employees on or  
12 after that date.

13 (4) State employees on an approved leave of absence employed  
14 before the date specified in subdivision (d), who return to active  
15 employment on or after that date.

16 (c) Notwithstanding subdivision (b), this section shall apply to  
17 an employee who was subject to Section 20037.6, 20037.7,  
18 20037.8, 20037.9, 20037.10, 20037.11, 20037.12, or 20037.13  
19 from the date of first employment until the date specified in  
20 subdivision (d).

21 (d) The changes made by the act adding this subdivision shall  
22 be operative on the date the act takes effect.

23 SEC. 3. Section 20037.15 is added to the Government Code,  
24 to read:

25 20037.15. (a) Notwithstanding Sections 20035 and 20037,  
26 final compensation for a person who becomes a state member of  
27 the system on or after the date specified in subdivision (f), and is  
28 represented by State Bargaining Unit 6, 8, 9, or as a peace  
29 officer/firefighter member of State Bargaining Unit 7, means the  
30 highest average annual compensation earnable by the member  
31 during the consecutive 36-month period immediately preceding  
32 the effective date of his or her retirement, or the date of his or her  
33 last separation from state service if earlier, or during any other  
34 period of 36 consecutive months during his or her state membership  
35 that the member designates on the application for retirement.

36 (b) This section applies to service credit accrued while a member  
37 of State Bargaining Unit 6, 8, 9, or as a peace officer/firefighter  
38 member of State Bargaining Unit 7.

39 (c) Except as provided in subdivision (d), this section does not  
40 apply to:

1 (1) Former state employees previously employed before the date  
2 specified in subdivision (f), who return to state employment on or  
3 after that date.

4 (2) State employees hired prior to the date specified in  
5 subdivision (f), who were subject to Section 20281.5 during the  
6 first 24 months of state employment.

7 (3) State employees hired prior to the date specified in  
8 subdivision (f), who become subject to representation by State  
9 Bargaining Unit 6, 7, 8, or 9 on or after that date.

10 (4) State employees on an approved leave of absence employed  
11 before the date specified in subdivision (f), who return to active  
12 employment on or after that date.

13 (d) Notwithstanding subdivision (b), this section shall apply to  
14 an employee who was subject to Section 20037.6, 20037.7,  
15 20037.8, 20037.9, 20037.10, 20037.11, 20037.12, or 20037.13  
16 from the date of first employment until the date specified in  
17 subdivision (f).

18 (e) Notwithstanding Section 3517.8 or any provision of an  
19 expired memorandum of understanding continued in effect pursuant  
20 to Section 3517.8, this section shall control as of the date specified  
21 in subdivision (f), without further legislative action.

22 (f) The changes made by the act adding this subdivision shall  
23 be operative on the date the act takes effect.

24 SEC. 4. Section 20037.16 is added to the Government Code,  
25 to read:

26 20037.16. (a) Notwithstanding Sections 20035 and 20037,  
27 final compensation for a person who becomes a state member of  
28 the system on or after July 3, 2010, and is represented by State  
29 Bargaining Unit 5, means the highest average annual  
30 compensation earnable by the member during the consecutive  
31 36-month period immediately preceding the effective date of his  
32 or her retirement, or the date of his or her last separation from  
33 state service if earlier, or during any other period of 36 consecutive  
34 months during his or her state membership that the member  
35 designates on the application for retirement.

36 (b) This section applies to service credit accrued while a member  
37 of State Bargaining Unit 5.

38 (c) Except as provided in subdivision (d), this section does not  
39 apply to:

- 1 (1) Former state employees previously employed before July 3,
- 2 2010, who return to state employment on or after July 3, 2010.
- 3 (2) State employees hired prior to July 3, 2010, who were subject
- 4 to Section 20281.5 during the first 24 months of state employment.
- 5 (3) State employees hired prior to July 3, 2010, who become
- 6 subject to representation by State Bargaining Unit 5, 6, 7, 8, or 9
- 7 on or after July 3, 2010.
- 8 (4) State employees on an approved leave of absence employed
- 9 before July 3, 2010, who return to active employment on or after
- 10 July 3, 2010.
- 11 (d) Notwithstanding subdivision (c), this section shall apply to
- 12 an employee who is subject to Section 20037.6, 20037.7, 20037.8,
- 13 20037.9, 20037.10, 20037.11, 20037.12, or 20037.13 from the
- 14 date of first employment until July 2, 2010.
- 15 (e) Notwithstanding Section 3517.8 or any provision of an
- 16 expired memorandum of understanding continued in effect pursuant
- 17 to Section 3517.8, this section shall control as of July 3, 2010,
- 18 without further legislative action.
- 19 SEC. 5. Section 20401.5 of the Government Code is repealed.
- 20 20401.5.—(a) “State safety member” also includes state
- 21 prosecutors and state public defenders.
- 22 (b) For purposes of this part, “state prosecutor” means a state
- 23 officer or employee who meets all of the following criteria:
- 24 (1) He or she is employed by the Department of Justice, Office
- 25 of the Attorney General.
- 26 (2) His or her job classification is Chief Assistant Attorney
- 27 General, Senior Assistant Attorney General, Supervising Deputy
- 28 Attorney General, Deputy Attorney General, or any other similar
- 29 classification or title.
- 30 (3) His or her effective date of retirement is on or after the date
- 31 the state employer and the bargaining unit elect to be subject to
- 32 this section as provided in subdivision (f).
- 33 (c) For purposes of this part, “state public defender” means a
- 34 state officer or employee who meets all of the following criteria:
- 35 (1) He or she is employed by the Office of the State Public
- 36 Defender.
- 37 (2) His or her job classification is State Public Defender, Senior
- 38 Deputy State Public Defender, Supervising Deputy State Public
- 39 Defender, Deputy State Public Defender, or any other similar
- 40 classification or title.

1 ~~(3) His or her effective date of retirement is on or after the date~~  
2 ~~the state employer and the bargaining unit elect to be subject to~~  
3 ~~this section as provided in subdivision (f).~~

4 ~~(d) Past state miscellaneous service performed by a state~~  
5 ~~prosecutor or state public defender who becomes a state safety~~  
6 ~~member pursuant to this section shall be converted to state safety~~  
7 ~~service if the past service was rendered in a position that has~~  
8 ~~subsequently been reclassified as a state safety position pursuant~~  
9 ~~to this section. Any unfunded liability resulting from this section~~  
10 ~~shall be paid by the employer.~~

11 ~~(e) Notwithstanding any other provision of this part, state~~  
12 ~~prosecutors and state public defenders shall be subject to the benefit~~  
13 ~~formula contained in Section 21369.1, or any other benefit formula~~  
14 ~~applicable to state safety members that does not provide benefits~~  
15 ~~greater than those benefits provided under Section 21363.1.~~

16 ~~(f) This section does not apply to any officers or employees~~  
17 ~~described in subdivision (b) or (c) who are members of State~~  
18 ~~Bargaining Unit 2 unless and until the state employer and the~~  
19 ~~bargaining unit elect to be subject to this section by amendment~~  
20 ~~to or by express provision in a memorandum of understanding~~  
21 ~~entered into between the parties.~~

22 ~~(g) This section does not apply to any officer or employee~~  
23 ~~described in subdivision (b) or (c) who dies prior to the date the~~  
24 ~~state employer and the bargaining unit elect to be subject to this~~  
25 ~~section as provided in subdivision (f).~~

26 *SEC. 6. Section 20405.1 of the Government Code is amended*  
27 *to read:*

28 20405.1. Notwithstanding Section 20405, this section shall  
29 apply to state employees in state bargaining units that have agreed  
30 to these provisions in a memorandum of understanding between  
31 the state employer and the recognized employee organization, as  
32 defined in Section 3513, state employees who are excluded from  
33 the definition of “state employee” by subdivision (c) of Section  
34 3513, and officers or employees of the executive branch of state  
35 government who are not members of the civil service.

36 (a) On and after the effective date of this section, state safety  
37 members shall also include officers and employees whose  
38 classifications or positions are found to meet the state safety criteria  
39 prescribed in Section 19816.20, provided the Department of  
40 Personnel Administration agrees to their inclusion, and officers

1 and employees whose classifications or positions have been  
2 designated as subject to state safety membership pursuant to  
3 Section 19816.21 *before the date specified in subdivision (e)*. For  
4 employees covered by a collective bargaining agreement, the  
5 effective date of safety membership shall be the date on which the  
6 department and the employees' exclusive representative reach  
7 agreement by memorandum of understanding pursuant to Section  
8 3517.5 or any later date specified in the memorandum of  
9 understanding. For employees not covered by a collective  
10 bargaining agreement, the Department of Personnel Administration  
11 shall determine the effective date of safety membership.

12 (b) The department shall notify the board as new classes or  
13 positions become eligible for state safety membership, as specified  
14 in subdivision (a), and specify how service prior to the effective  
15 date shall be credited.

16 (c) The department shall prepare and submit to the Legislature  
17 an annual report that contains the classes or positions that are  
18 eligible for state safety membership under this section.

19 (d) Any person designated as a state safety member pursuant  
20 to this section may elect, within 90 days of notification by the  
21 board, to remain subject to the miscellaneous or industrial service  
22 retirement benefit and contribution rate by filing an irrevocable  
23 election with the board. A member who so elects shall be subject  
24 to the reduced benefit factors specified in Section 21076, 21353,  
25 or 21354.1, as applicable, only for service also included in the  
26 federal system.

27 (e) *The changes made by the act adding this subdivision shall*  
28 *be operative on the date the act takes effect.*

29 *SEC. 7. Section 20677 of the Government Code is amended to*  
30 *read:*

31 20677. (a) (1) The normal rate of contribution for a state  
32 miscellaneous member employed by the California State  
33 University, the University, or the legislative or judicial branch  
34 whose service is not included in the federal system shall be 6  
35 percent of the compensation in excess of three hundred seventeen  
36 dollars (\$317) per month paid that member for service rendered  
37 on and after July 1, 1976.

38 (2) The normal rate of contribution for a school member or a  
39 local miscellaneous member shall be 7 percent of the compensation  
40 paid that member for service rendered on and after June 21, 1971.

1 (3) Notwithstanding paragraph (2), the normal rate of  
2 contribution for a local miscellaneous member subject to Section  
3 21354.3, 21354.4, or 21354.5 shall be 8 percent of the  
4 compensation paid that member for service rendered on and after  
5 the date the member's contracting agency elects to be subject to  
6 that section.

7 (4) The normal rate of contribution as established under this  
8 subdivision for a local miscellaneous or school member whose  
9 service is included in the federal system, and whose service  
10 retirement allowance is reduced under Section 21353, 21354,  
11 21354.1, 21354.3, 21354.4, or 21354.5 because of that inclusion,  
12 shall be reduced by one-third as applied to compensation not  
13 exceeding four hundred dollars (\$400) per month for service after  
14 the date of execution of the agreement including service in the  
15 federal system and prior to termination of the agreement with  
16 respect to the coverage group to which he or she belongs.  
17 Notwithstanding the foregoing, effective January 1, 2001, the  
18 normal rate of contribution for school members whose service is  
19 included in the federal system shall not be reduced pursuant to this  
20 paragraph as applied to compensation earned on or after that date.

21 (b) (1) The normal rate of contribution for a state miscellaneous  
22 member employed by the California State University, the  
23 University, or the legislative or judicial branch whose service has  
24 been included in the federal system shall be 5 percent of  
25 compensation in excess of five hundred thirteen dollars (\$513) per  
26 month paid that member for service rendered on and after July 1,  
27 1976.

28 (2) The normal rate of contribution for a state miscellaneous or  
29 industrial member employed by the California State University,  
30 the University, or the legislative or judicial branch, who has elected  
31 to be subject to Section 21353.5 and whose service has been  
32 included in the federal system, shall be 5 percent of compensation,  
33 subject to the reduction specified in paragraph (5) of subdivision  
34 (a).

35 (c) *Notwithstanding subdivisions (a) and (b) the following shall*  
36 *apply:*

37 (1) *The normal rate of contribution for a state miscellaneous*  
38 *member employed by the California State University, the*  
39 *University, or the legislative or judicial branch whose service is*  
40 *not included in the federal system shall be 6 percent of the*

1 *compensation per month paid that member for service rendered*  
2 *on and after the date specified in subdivision (d).*

3 *(2) The normal rate of contribution for a state miscellaneous*  
4 *member employed by the California State University, the*  
5 *University, or the legislative or judicial branch whose service has*  
6 *been included in the federal system shall be 5 percent of*  
7 *compensation per month paid that member for service rendered*  
8 *on and after the date specified in subdivision (d).*

9 *(d) The changes made by the act adding this subdivision shall*  
10 *be operative on the date the act takes effect.*

11 *SEC. 8. Section 20677.4 of the Government Code is amended*  
12 *to read:*

13 20677.4. (a) (1) The normal rate of contribution for a state  
14 miscellaneous or state industrial member whose service is not  
15 included in the federal system shall be 6 percent of the  
16 compensation in excess of three hundred seventeen dollars (\$317)  
17 per month paid to that member for service rendered on or after  
18 July 1, 1976.

19 (2) The normal rate of contribution for a state miscellaneous or  
20 state industrial member, who has elected to be subject to Section  
21 21353.5 and whose service is not included in the federal system,  
22 shall be 6 percent of the member's compensation.

23 (3) The normal rate of contribution as established under this  
24 subdivision for a member whose service is included in the federal  
25 system, and whose service retirement allowance is reduced under  
26 Section 21354.1, because of that inclusion, shall be reduced by  
27 one-third as applied to compensation not exceeding four hundred  
28 dollars (\$400) per month for service after the date of execution of  
29 the agreement including service in the federal system and prior to  
30 termination of the agreement with respect to the coverage group  
31 to which he or she belongs.

32 (b) The normal rate of contribution for a state miscellaneous or  
33 state industrial member whose service has been included in the  
34 federal system shall be 5 percent of compensation in excess of five  
35 hundred thirteen dollars (\$513) per month paid that member for  
36 service rendered on or after July 1, 1976.

37 *(c) Notwithstanding subdivisions (a) and (b) the following shall*  
38 *apply:*

39 *(1) The normal rate of contribution for a state miscellaneous*  
40 *or state industrial member whose service is not included in the*

1 *federal system shall be 6 percent of the compensation per month*  
2 *paid to that member for service rendered on or after the date*  
3 *specified in subdivision (i).*

4 (2) *The normal rate of contribution for a state miscellaneous*  
5 *or state industrial member whose service has been included in the*  
6 *federal system shall be 5 percent of compensation per month paid*  
7 *that member for service rendered on or after the date specified in*  
8 *subdivision (i).*

9 ~~(e)~~

10 (d) *The normal rate of contribution for a state miscellaneous or*  
11 *state industrial member who is subject to Section 21076 or 21077*  
12 *shall be 0 percent.*

13 ~~(d)~~

14 (e) *A member who elected to become subject to Section 21353*  
15 *solely for service rendered on or after the effective date of the*  
16 *election, as authorized by subdivision (c) of Section 21070 during*  
17 *the period between November 1, 1988, and October 31, 1989, is*  
18 *not required to make the contributions specified in Section 21073.*

19 ~~(e)~~

20 (f) *A member who elects to become subject to Section 21354.1,*  
21 *as applicable, shall contribute at the rate specified in paragraph*  
22 *(1) of subdivision (a) or paragraph (1) of subdivision (b), as*  
23 *determined by the member's status with the federal system, and*  
24 *the rate shall be applied from the first of the month following the*  
25 *date of the election. A member who makes the election shall also*  
26 *contribute for service prior to the date the contribution rate was*  
27 *applied, in the manner specified in Section 21073 or 21073.1, as*  
28 *applicable.*

29 ~~(f)~~

30 (g) *If the provisions of this section are in conflict with the*  
31 *provisions of a memorandum of understanding reached pursuant*  
32 *to Section 3517.5, the memorandum of understanding shall be*  
33 *controlling without further legislative action, except that if the*  
34 *provisions of a memorandum of understanding require the*  
35 *expenditure of funds, the provisions shall not become effective*  
36 *unless and until approved by the Legislature in the annual Budget*  
37 *Act.*

38 ~~(g)~~

39 (h) *The Director of the Department of Personnel Administration*  
40 *may establish the normal rate of contribution for a state employee*

1 who is excepted from the definition of “state employee” in  
2 subdivision (c) of Section 3513, and an officer or employee of the  
3 executive branch of state government who is not a member of the  
4 civil service. The normal rate of contribution shall be the same for  
5 all members identified in this subdivision. The contribution rate  
6 shall be effective the beginning of the pay period indicated by the  
7 Director of the Department of Personnel Administration but shall  
8 be no earlier than the beginning of the pay period following the  
9 date the board receives notification.

10 *(i) The changes made by the act adding this subdivision shall*  
11 *be operative on the date the act takes effect.*

12 *SEC. 9. Section 20677.5 of the Government Code is amended*  
13 *to read:*

14 20677.5. (a) Notwithstanding any provisions of Section  
15 20677.4 to the contrary, effective with the beginning of the July  
16 2006 pay period, the normal rate of contribution for state  
17 miscellaneous or state industrial members who are subject to  
18 Section 21354.1, and are represented by State Bargaining Unit 2,  
19 shall be:

20 (1) Seven percent of the compensation in excess of three hundred  
21 seventeen dollars (\$317) per month paid to a member whose service  
22 is not included in the federal system.

23 (2) Six percent of compensation in excess of five hundred  
24 thirteen dollars (\$513) per month paid to that member whose  
25 service has been included in the federal system.

26 *(b) Notwithstanding Section 20677.4 or subdivision (a), effective*  
27 *with the beginning of the pay period immediately following the*  
28 *date specified in subdivision (e), the normal rate of contribution*  
29 *for state miscellaneous or state industrial members who are subject*  
30 *to Section 21354.1, and are represented by State Bargaining Unit*  
31 *2, shall be:*

32 *(1) Seven percent of the compensation per month paid to a*  
33 *member whose service is not included in the federal system.*

34 *(2) Six percent of compensation per month paid to that member*  
35 *whose service has been included in the federal system.*

36 ~~(b)~~

37 *(c) If the provisions of this section are in conflict with the*  
38 *provisions of a memorandum of understanding reached pursuant*  
39 *to Section 3517.5, the memorandum of understanding shall be*  
40 *controlling without further legislative action, except that if the*

1 provisions of a memorandum of understanding require the  
2 expenditure of funds, the provisions shall not become effective  
3 unless and until approved by the Legislature in the annual Budget  
4 Act.

5 ~~(e)~~

6 (d) The Director of the Department of Personnel Administration  
7 may establish the normal rate of contribution for a state employee  
8 who is excepted from the definition of “state employee” in  
9 subdivision (c) of Section 3513, and an officer or employee of the  
10 executive branch of state government who is not a member of the  
11 civil service. The normal rate of contribution shall be the same for  
12 all members identified in this subdivision. The contribution rate  
13 shall be effective the beginning of the pay period indicated by the  
14 Director of the Department of Personnel Administration but shall  
15 be no earlier than the beginning of the pay period following the  
16 date the board receives notification.

17 *(e) The changes made by the act adding this subdivision shall*  
18 *be operative on the date the act takes effect.*

19 *SEC. 10. Section 20681 of the Government Code is amended*  
20 *to read:*

21 20681. (a) The normal rate of contribution for patrol members  
22 shall be 8 percent of the compensation in excess of eight hundred  
23 sixty-three dollars (\$863) per month paid those members. The  
24 Legislature reserves the right to increase the rate of contribution  
25 of patrol members as it may find appropriate from time to time.

26 *(b) Notwithstanding subdivision (a), the normal rate of*  
27 *contribution for patrol members shall be 8 percent of the*  
28 *compensation per month paid those members for service rendered*  
29 *on or after July 3, 2010. The Legislature reserves the right to*  
30 *increase the rate of contribution of patrol members as it may find*  
31 *appropriate from time to time.*

32 ~~(b)~~

33 (c) If the provisions of this section are in conflict with the  
34 provisions of a memorandum of understanding reached pursuant  
35 to Section 3517.5, the memorandum of understanding shall be  
36 controlling without further legislative action, except that if the  
37 provisions of a memorandum of understanding require the  
38 expenditure of funds, the provisions shall not become effective  
39 unless approved by the Legislature in the annual Budget Act.

40 ~~(e)~~

1 (d) The provisions of a memorandum of understanding  
2 pertaining to subdivision (a) may be applied to patrol members  
3 who either are excluded from the definition of state employees in  
4 subdivision (c) of Section 3513, or are nonelected officers or  
5 employees of the executive branch of government and are not  
6 members of the civil service, provided the Department of Personnel  
7 Administration has approved this inclusion and has notified the  
8 board.

9 *SEC. 11. Section 20683 of the Government Code is amended*  
10 *to read:*

11 20683. (a) For each state member subject to Section 21369 or  
12 21369.1, the normal rate of contribution shall be 6 percent of  
13 compensation in excess of three hundred seventeen dollars (\$317)  
14 per month paid to a member whose service is not included in the  
15 federal system or in excess of five hundred thirteen dollars (\$513)  
16 for one whose service is included in the federal system. If the  
17 provisions of this section are in conflict with the provisions of a  
18 memorandum of understanding reached pursuant to Section 3517.5,  
19 the memorandum of understanding shall be controlling without  
20 further legislative action, except that if those provisions of the  
21 memorandum of understanding require the expenditure of funds,  
22 those provisions shall not become effective unless approved by  
23 the Legislature in the annual Budget Act.

24 (b) *Notwithstanding subdivision (a), for each state member*  
25 *subject to Section 21369 or 21369.1, the normal rate of*  
26 *contribution shall be 6 percent of compensation per month paid*  
27 *that member for service rendered on or after the date specified in*  
28 *subdivision (g).*

29 ~~(b)~~

30 (c) The Director of the Department of Personnel Administration  
31 may establish the normal rate of contribution for a state employee  
32 who is excepted from the definition of “state employee” in  
33 subdivision (c) of Section 3513, and an officer or employee of the  
34 executive branch of state government who is not a member of the  
35 civil service. The normal rate of contribution shall be the same for  
36 all members identified in this subdivision. The contribution rate  
37 shall be effective the beginning of the pay period indicated by the  
38 Director of the Department of Personnel Administration but shall  
39 be no earlier than the beginning of the pay period following the  
40 date the board receives notification.

1     ~~(e)~~

2     (d) For each local safety member subject to Section 21369, the  
3 normal rate of contribution shall be 7 percent of compensation.

4     ~~(d)~~

5     (e) The normal rate of contribution as established under this  
6 section for a local member whose service is included in the federal  
7 system and whose retirement allowance is reduced because of that  
8 inclusion shall be reduced by one-third as applied to compensation  
9 not exceeding four hundred dollars (\$400) per month for service  
10 rendered after the date of execution of the modification of the  
11 federal-state agreement including those services in the federal  
12 system and prior to termination of his or her coverage under the  
13 federal system.

14     ~~(e)~~

15     (f) The operative date of this section with respect to a local  
16 safety member shall be the date upon which he or she becomes  
17 subject to Section 21369.

18     (g) *The changes made by the act adding this subdivision shall*  
19 *be operative on the date the act takes effect.*

20     SEC. 12. *Section 20683.1 of the Government Code is amended*  
21 *to read:*

22     20683.1. (a) For each state safety member subject to Section  
23 21369 or 21369.1 who are represented by State Bargaining Unit  
24 2, the normal rate of contribution shall be 7 percent of  
25 compensation in excess of three hundred seventeen dollars (\$317)  
26 per month paid to a member whose service is not included in the  
27 federal system beginning with the July 2006 pay period. If the  
28 provisions of this section are in conflict with the provisions of a  
29 memorandum of understanding reached pursuant to Section 3517.5,  
30 the memorandum of understanding shall be controlling without  
31 further legislative action, except that if those provisions of the  
32 memorandum of understanding require the expenditure of funds,  
33 those provisions shall not become effective unless approved by  
34 the Legislature in the annual Budget Act.

35     (b) *Notwithstanding subdivision (a), for each state safety*  
36 *member subject to Section 21369 or 21369.1 who is represented*  
37 *by State Bargaining Unit 2, the normal rate of contribution shall*  
38 *be 7 percent of compensation per month paid to a member whose*  
39 *service is not included in the federal system beginning with the*

1 *pay period immediately following the date specified in subdivision*  
2 *(d).*

3 ~~(b)~~

4 (c) The Director of the Department of Personnel Administration  
5 may establish the normal rate of contribution for a state employee  
6 who is excepted from the definition of “state employee” in  
7 subdivision (c) of Section 3513, and an officer or employee of the  
8 executive branch of state government who is not a member of the  
9 civil service. The normal rate of contribution shall be the same for  
10 all members identified in this subdivision. The contribution rate  
11 shall be effective the beginning of the pay period indicated by the  
12 Director of the Department of Personnel Administration but shall  
13 be no earlier than the beginning of the pay period following the  
14 date the board receives notification.

15 *(d) The changes made by the act adding this subdivision shall*  
16 *be operative on the date the act takes effect.*

17 *SEC. 13. Section 20686 of the Government Code is amended*  
18 *to read:*

19 20686. (a) For each state safety member defined in Section  
20 20401 and whose current and prior service pensions shall be  
21 computed pursuant to Section 21373, the normal rate of  
22 contribution shall be 8 percent and shall be made only on the  
23 compensation in excess of two hundred thirty-eight dollars (\$238)  
24 per month. The Legislature reserves the right to increase the rate  
25 of contribution as it may find appropriate from time to time. No  
26 adjustment shall be included in rates adopted under this section as  
27 the result of amendments hereto, changing the time at which  
28 members may retire or the benefits members shall receive, because  
29 of time during which members have contributed at different rates  
30 prior to that adoption.

31 *(b) Notwithstanding subdivision (a), for each state safety*  
32 *member defined in Section 20401 and whose current and prior*  
33 *service pensions shall be computed pursuant to Section 21373, the*  
34 *normal rate of contribution shall be 8 percent per month beginning*  
35 *with the pay period immediately following the date specified in*  
36 *subdivision (c). The Legislature reserves the right to increase the*  
37 *rate of contribution as it may find appropriate from time to time.*

38 *(c) The changes made by the act adding this subdivision shall*  
39 *be operative on the date the act takes effect.*

1     *SEC. 14. Section 20687 of the Government Code is amended*  
2 *to read:*

3     20687. (a) The normal rate of contribution for state peace  
4 officer/firefighter members subject to Section 21363, 21363.1,  
5 21363.3, 21363.4, or 21363.8 shall be 8 percent of the  
6 compensation in excess of two hundred thirty-eight dollars (\$238)  
7 per month paid to those members.

8     **(b)** *Notwithstanding subdivision (a), the normal rate of*  
9 *contribution for state peace officer/firefighter members subject to*  
10 *Section 21363, 21363.1, 21363.3, 21363.4, 21363.5, or 21363.8*  
11 *shall be 8 percent of the compensation per month paid to those*  
12 *members beginning with the pay period immediately following the*  
13 *date specified in subdivision (e).*

14     **(b)**

15     **(c)** If the provisions of this section are in conflict with the  
16 provisions of a memorandum of understanding reached pursuant  
17 to Section 3517.5 or pursuant to Chapter 12 (commencing with  
18 Section 3560) of Division 4 of Title 1, the memorandum of  
19 understanding shall be controlling without further legislative action,  
20 except that if those provisions of a memorandum of understanding  
21 require the expenditure of funds, those provisions shall not become  
22 effective unless approved by the Legislature in the annual Budget  
23 Act.

24     **(e)**

25     **(d)** The Director of the Department of Personnel Administration  
26 may establish the normal rate of contribution for a state employee  
27 who is excepted from the definition of “state employee” in  
28 subdivision (c) of Section 3513, and an officer or employee of the  
29 executive branch of state government who is not a member of the  
30 civil service. The normal rate of contribution shall be the same for  
31 all members identified in this subdivision. The contribution rate  
32 shall be effective the beginning of the pay period indicated by the  
33 Director of the Department of Personnel Administration but shall  
34 be no earlier than the beginning of the pay period following the  
35 date the board receives notification.

36     **(e)** *The changes made by the act adding this subdivision shall*  
37 *be operative on the date the act takes effect.*

38     *SEC. 15. Section 20687.2 of the Government Code is amended*  
39 *to read:*

1 20687.2. (a) Notwithstanding Section 20687, the normal rate  
2 of contribution for state peace officer/firefighter members who are  
3 supervisors within the boards and departments of the Youth and  
4 Adult Correctional Agency or who are correctional supervisors  
5 within the State Department of Mental Health for pay periods  
6 beginning after April 30, 2001, shall be 8 percent of compensation  
7 in excess of eight hundred sixty-three dollars (\$863) per month  
8 paid those members.

9 (b) *Notwithstanding Section 20687 or subdivision (a), the*  
10 *normal rate of contribution for state peace officer/firefighter*  
11 *members who are supervisors within the boards and departments*  
12 *of the Youth and Adult Correctional Agency or who are*  
13 *correctional supervisors within the State Department of Mental*  
14 *Health for pay periods beginning after the date specified in*  
15 *subdivision (c), shall be 8 percent of compensation per month paid*  
16 *those members.*

17 (c) *The changes made by the act adding this subdivision shall*  
18 *be operative on the date the act takes effect.*

19 SEC. 16. Section 20689 of the Government Code is amended  
20 to read:

21 20689. (a) The Legislature reserves the right to increase or  
22 otherwise adjust the rates of contribution prescribed in this article  
23 in amounts and in a manner it may from time to time find  
24 appropriate.

25 (b) *If statutory changes made to state employee contribution*  
26 *rates beginning the date specified in subdivision (d), are in conflict*  
27 *with Section 3517.8 or a memorandum of understanding continued*  
28 *in effect pursuant to Section 3517.8, those statutory changes will*  
29 *be controlling as of the date specified in subdivision (d), without*  
30 *further legislative action until or unless a later memorandum of*  
31 *understanding reached pursuant to Section 3517.5 specifically*  
32 *supersedes those changes.*

33 (c) *If statutory changes made to contribution rates beginning*  
34 *July 3, 2010, for employees in State Bargaining Unit 5 are in*  
35 *conflict with Section 3517.8 or a memorandum of understanding*  
36 *continued in effect pursuant to Section 3517.8, those statutory*  
37 *changes shall be controlling as of July 3, 2010, without further*  
38 *legislative action until or unless a later memorandum of*  
39 *understanding reached pursuant to Section 3517.5 specifically*  
40 *supersedes those changes.*

1 (d) *The changes made by the act adding this subdivision shall*  
2 *be operative on the date the act takes effect.*

3 *SEC. 17. Section 20694 of the Government Code is amended*  
4 *to read:*

5 20694. (a) This section shall apply only to patrol members in  
6 State Bargaining Unit 5.

7 (b) The state shall pay all of the normal contributions required  
8 to be paid by patrol members pursuant to Section 20681 until June  
9 30, 2001.

10 (c) Notwithstanding Section 20681, effective July 1, 2001, the  
11 normal rate of contribution for patrol members shall be 1.5 percent  
12 of the compensation in excess of eight hundred sixty-three dollars  
13 (\$863) per month paid those members. The state shall pay the  
14 difference between the normal contributions that would be required  
15 to be paid by patrol members pursuant to Section 20681 and the  
16 amount paid by those members pursuant to this section.

17 (d) *Notwithstanding Section 20681 and subdivision (c), the*  
18 *normal rate of contribution for patrol members shall be 1.5 percent*  
19 *of the compensation per month paid to those members for service*  
20 *rendered on or after July 3, 2010.*

21 ~~(e)~~

22 (e) If the provisions of this section are in conflict with the  
23 provisions of a memorandum of understanding reached pursuant  
24 to Section 3517.5, the memorandum of understanding shall be  
25 controlling without further legislative action, except that if the  
26 provisions of a memorandum of understanding require the  
27 expenditure of funds, the provisions shall not become effective  
28 unless approved by the Legislature in the annual Budget Act.

29 *SEC. 18. Section 21076 of the Government Code is amended*  
30 *to read:*

31 21076. (a) (1) The service retirement allowance for a state  
32 miscellaneous or state industrial member who has elected the  
33 benefits of this section is a pension equal to the fraction of  
34 one-hundredth of the member's final compensation set forth  
35 opposite the member's age at retirement, taken to the preceding  
36 completed quarter year in the following table, multiplied by the  
37 member's number of years of state miscellaneous service:

38		
39	Age at	
40	Retirement	Fraction

1	50	.5000
2	50¼	.5125
3	50½	.5250
4	50¾	.5375
5	51	.5500
6	51¼	.5625
7	51½	.5750
8	51¾	.5875
9	52	.6000
10	52¼	.6125
11	52½	.6250
12	52¾	.6375
13	53	.6500
14	53¼	.6625
15	53½	.6750
16	53¾	.6875
17	54	.7000
18	54¼	.7125
19	54½	.7250
20	54¾	.7375
21	55	.7500
22	55¼	.7625
23	55½	.7750
24	55¾	.7875
25	56	.8000
26	56¼	.8125
27	56½	.8250
28	56¾	.8375
29	57	.8500
30	57¼	.8625
31	57½	.8750
32	57¾	.8875
33	58	.9000
34	58¼	.9125
35	58½	.9250
36	58¾	.9375
37	59	.9500
38	59¼	.9625
39	59½	.9750
40	59¾	.9875

1	60	1.0000
2	60¼	1.0125
3	60½	1.0250
4	60¾	1.0375
5	61	1.0500
6	61¼	1.0625
7	61½	1.0750
8	61¾	1.0875
9	62	1.1000
10	62¼	1.1125
11	62½	1.1250
12	62¾	1.1375
13	63	1.1500
14	63¼	1.1625
15	63½	1.1750
16	63¾	1.1875
17	64	1.2000
18	64¼	1.2125
19	64½	1.2250
20	64¾	1.2375
21	65	1.2500

22

23 *(2) This subdivision shall only apply to state miscellaneous or*  
24 *state industrial members who are first employed before the date*  
25 *specified in subdivision (d).*

26 *(b) (1) Upon attaining the age of 65 years or more, the*  
27 *combined current and prior service pensions for state*  
28 *miscellaneous or state industrial members subject to this section*  
29 *is a pension derived from the contributions of the employer*  
30 *sufficient, when added to the service retirement annuity that is*  
31 *derived from the accumulated normal contributions of the member*  
32 *at the date of his or her retirement, to equal 0.5 percent of his or*  
33 *her final compensation at retirement multiplied by the number of*  
34 *years of service with which he or she is credited at retirement. For*  
35 *state miscellaneous or state industrial members that retire between*  
36 *50 and 65 years of age, the amount of the service pension shall be*  
37 *calculated as a reduced, prorated fraction of 0.5 percent, as*  
38 *determined by the actuary, of his or her final compensation at*  
39 *retirement amount based on age at retirement and multiplied by*  
40 *the number of years of state miscellaneous or state industrial*

1 member service subject to this section with which he or she is  
2 credited at retirement.

3 (2) This subdivision shall apply to state miscellaneous or state  
4 industrial members who are first employed on or after the date  
5 specified in subdivision (d).

6 ~~(b)~~

7 (c) This section shall not apply to a National Guard member.

8 (d) The changes made by the act adding this subdivision shall  
9 be operative on the date the act takes effect.

10 SEC. 19. Section 21251.13 of the Government Code is amended  
11 to read:

12 21251.13. (a) Notwithstanding any other provision of law,  
13 Sections 21070.5, 21070.6, 21073.1, 21073.7, 21354.1, 21362.2,  
14 21363.1, and 21369.1 and the amendments to Sections 21070,  
15 21071, 21072, 21073, 21073.5, and 21353.5, enacted during the  
16 first year of the 1999–2000 Regular Session:

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

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

27 (3) Shall not apply to excluded employees, as defined in Section  
28 3527, unless the Department of Personnel Administration has  
29 approved the application of those provisions to those employees.  
30 Notwithstanding any provision of law to the contrary, any approval  
31 by the Department of Personnel Administration for the application  
32 of these provisions to those excluded employees is irrevocable.  
33 *On and after July 3, 2010, the Department of Personnel*  
34 *Administration may make Section 21363.5 applicable to excluded*  
35 *employees connected to State Bargaining Unit 5 who are first*  
36 *employed on and after July 3, 2010. On and after the date specified*  
37 *in subdivision (g), the Department of Personnel Administration*  
38 *may make Section 21363.5 applicable to excluded peace*  
39 *officer/firefighters connected with State Bargaining Unit 6, 7, or*

1 8 who are first employed on and after the date specified in  
2 subdivision (f).

3 (b) Notwithstanding anything in a memorandum of  
4 understanding to the contrary, (1) the benefits provided under the  
5 provisions of those sections described in subdivision (a), as added  
6 or amended during the first year of the 1999–2000 Regular Session,  
7 shall not terminate upon the expiration or termination of the  
8 memorandum of understanding, and (2) the only conditions to the  
9 operation of the provisions of those sections described in  
10 subdivision (a), as added or amended during the first year of the  
11 1999–2000 Regular Session, are contained in this section.

12 (c) Notwithstanding Section 3517.8 or any provision of a  
13 memorandum of understanding continued in effect pursuant to  
14 Section 3517.8, on and after the date specified in subdivision (f),  
15 the retirement formulas defined in Section 21354.1, 21363.1,  
16 21363.3, 21363.4, 21363.8, or 21369.1 shall only apply to state  
17 employees who were first employed and subject to that section  
18 before that date. Those sections shall not apply to any state  
19 employee member first employed on and after the date specified  
20 in subdivision (f).

21 (d) Notwithstanding Section 3517.8 or any provision of a  
22 memorandum of understanding continued in effect pursuant to  
23 Section 3517.8, on and before July 2, 2010, the retirement formula  
24 defined in Section 21362.2 shall only apply to state patrol members  
25 first employed and subject to that section on or after July 3, 2010.

26 (e)

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

34 (f) The changes made by the act adding this subdivision shall  
35 be operative on the date the act takes effect.

36 SEC. 20. Section 21354.1 of the Government Code is amended  
37 to read:

38 21354.1. (a) The combined current and prior service pensions  
39 for school members, state miscellaneous or state industrial  
40 members, or university members who are subject to the provisions

1 of this section is a pension derived from the contributions of the  
 2 employer sufficient, when added to the service retirement annuity  
 3 that is derived from the accumulated normal contributions of the  
 4 member at the date of retirement, to equal the fraction of  
 5 one-fiftieth of the member's final compensation set forth opposite  
 6 the member's age at retirement, taken to the preceding completed  
 7 quarter year, in the following table, multiplied by the number of  
 8 years of current and prior service, except service in a category of  
 9 membership other than that of a school member, state  
 10 miscellaneous or state industrial member, or university member  
 11 or service covered under this retirement formula with which the  
 12 member is entitled to be credited at retirement:

13	14 Age at		15 Fraction
16	17 retirement		
16	50 .....		0.550
17	50 1/4 .....		0.573
18	50 1/2 .....		0.595
19	50 3/4 .....		0.618
20	51 .....		0.640
21	51 1/4 .....		0.663
22	51 1/2 .....		0.685
23	51 3/4 .....		0.708
24	52 .....		0.730
25	52 1/4 .....		0.753
26	52 1/2 .....		0.775
27	52 3/4 .....		0.798
28	53 .....		0.820
29	53 1/4 .....		0.843
30	53 1/2 .....		0.865
31	53 3/4 .....		0.888
32	54 .....		0.910
33	54 1/4 .....		0.933
34	54 1/2 .....		0.955
35	54 3/4 .....		0.978
36	55 .....		1.000
37	55 1/4 .....		1.008
38	55 1/2 .....		1.016
39	55 3/4 .....		1.024
40	56 .....		1.032

1	56 <sup>1</sup> / <sub>4</sub> .....	1.040
2	56 <sup>1</sup> / <sub>2</sub> .....	1.048
3	56 <sup>3</sup> / <sub>4</sub> .....	1.055
4	57 .....	1.063
5	57 <sup>1</sup> / <sub>4</sub> .....	1.071
6	57 <sup>1</sup> / <sub>2</sub> .....	1.079
7	57 <sup>3</sup> / <sub>4</sub> .....	1.086
8	58 .....	1.094
9	58 <sup>1</sup> / <sub>4</sub> .....	1.102
10	58 <sup>1</sup> / <sub>2</sub> .....	1.110
11	58 <sup>3</sup> / <sub>4</sub> .....	1.118
12	59 .....	1.125
13	59 <sup>1</sup> / <sub>4</sub> .....	1.134
14	59 <sup>1</sup> / <sub>2</sub> .....	1.141
15	59 <sup>3</sup> / <sub>4</sub> .....	1.149
16	60 .....	1.157
17	60 <sup>1</sup> / <sub>4</sub> .....	1.165
18	60 <sup>1</sup> / <sub>2</sub> .....	1.173
19	60 <sup>3</sup> / <sub>4</sub> .....	1.180
20	61 .....	1.188
21	61 <sup>1</sup> / <sub>4</sub> .....	1.196
22	61 <sup>1</sup> / <sub>2</sub> .....	1.203
23	61 <sup>3</sup> / <sub>4</sub> .....	1.211
24	62 .....	1.219
25	62 <sup>1</sup> / <sub>4</sub> .....	1.227
26	62 <sup>1</sup> / <sub>2</sub> .....	1.235
27	62 <sup>3</sup> / <sub>4</sub> .....	1.243
28	63 and over .....	1.250

29

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

37 (c) This section shall supersede Section 21353 for all school  
38 members, all university members, and all state miscellaneous  
39 members, with respect to service rendered for the California State  
40 University or the legislative or judicial branch of government, who

1 retire on or after January 1, 2000, *or are first employed before the*  
2 *date specified in subdivision (f). If this provision is in conflict with*  
3 *Section 3517.8 or any provision of an expired memorandum of*  
4 *understanding continued in effect pursuant to Section 3517.8, this*  
5 *section will be controlling as of the date specified in subdivision*  
6 *(f), without further legislative action.*

7 (d) This section shall also supersede Section 21353 for state  
8 miscellaneous or state industrial members, for service not subject  
9 to subdivision (c), who are employed by the state on or after  
10 January 1, 2000, *and before the date specified in subdivision (f),*  
11 *and who do not elect under Section 21070.5 to be subject to Second*  
12 *Tier benefits. If this provision is in conflict with Section 3517.8 or*  
13 *any provision of an expired memorandum of understanding*  
14 *continued in effect pursuant to Section 3517.8, this section will be*  
15 *controlling as of the date specified in subdivision (f), without*  
16 *further legislative action.*

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

19 (f) *The changes made by the act adding this subdivision shall*  
20 *be operative on the date the act takes effect.*

21 *SEC. 21. Section 21354.6 is added to the Government Code,*  
22 *to read:*

23 21354.6. (a) *Upon attaining the age of 65 years or more, the*  
24 *combined current and prior service pensions for state*  
25 *miscellaneous, state industrial, or school members subject to this*  
26 *section is a pension derived from the contributions of the employer*  
27 *sufficient, when added to the service retirement annuity that is*  
28 *derived from the normal contributions of the member at the date*  
29 *of his or her retirement, to equal 2 percent of his or her final*  
30 *compensation at retirement multiplied by the number of years of*  
31 *current and prior service, except service in a category of*  
32 *membership other than state miscellaneous, state industrial, or*  
33 *school member, or service covered under First Tier retirement*  
34 *formula, with which he or she is credited at retirement. For state*  
35 *miscellaneous, state industrial, or school members that retire*  
36 *between 50 and 65 years of age, the amount of the service pension*  
37 *shall be calculated at a reduced, prorated fraction of 2 percent,*  
38 *as determined by the actuary, of his or her final compensation at*  
39 *retirement amount based on age at retirement and multiplied by*  
40 *the number of years of state miscellaneous, state industrial, and*

1 school member service subject to this section with which he or she  
2 is credited at retirement.

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

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

18 (d) This section shall apply to state miscellaneous, state  
19 industrial, and school members first employed on or after the date  
20 specified in subdivision (g). If this paragraph is in conflict with  
21 Section 3517.8 or any provision of an expired memorandum of  
22 understanding continued in effect pursuant to Section 3517.8, this  
23 paragraph shall be controlling as of the date specified in  
24 subdivision (g), without further legislative action.

25 (e) If this section is in conflict with Section 3517.8 or any  
26 provision of an expired memorandum of understanding continued  
27 in effect pursuant to Section 3517.8, this section will be controlling  
28 as of the date specified in subdivision (g), without further  
29 legislative action.

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

32 (g) The changes made by the act adding this section shall be  
33 operative on the date the act takes effect.

34 SEC. 22. Section 21362.2 of the Government Code is amended  
35 to read:

36 21362.2. (a) Upon attaining the age of 50 years or more, the  
37 combined current and prior service pension for state patrol  
38 members and for local safety members with respect to local safety  
39 service rendered to a contracting agency that is subject to the  
40 provisions of this section is a pension derived from the

1 contributions of the employer sufficient when added to the service  
2 retirement annuity that is derived from the accumulated normal  
3 contributions of the member at the date of his or her retirement to  
4 equal 3 percent of his or her final compensation at retirement,  
5 multiplied by the number of years of patrol service or local safety  
6 service subject to this section with which he or she is credited at  
7 retirement.

8 (b) In no event shall the current service pension and the  
9 combined current and prior service pensions under this section for  
10 all service to all employers exceed an amount that, when added to  
11 the service retirement annuity related to that service, equals 85  
12 percent of final compensation. For state patrol members with  
13 respect to service for all state employers under this section, the  
14 benefit shall not exceed 90 percent of final compensation. If the  
15 pension relates to service to more than one employer and would  
16 otherwise exceed that maximum, the pension payable with respect  
17 to each employer shall be reduced in the same proportion as the  
18 allowance based on service to that employer bears to the total  
19 allowance computed as though there were no limit, so that the total  
20 of the pensions shall equal the maximum. Where a state or local  
21 member has service under this section with both state and local  
22 agency employers, the higher maximum shall apply and the  
23 additional benefit shall be funded by increasing the member's  
24 pension payable with respect to the employer for whom the member  
25 performed the service subject to the higher maximum.

26 (c) For patrol members employed by the state on or after January  
27 1, 2000, *or are first employed on or before July 2, 2010*, this  
28 section shall supersede Section 21362. *If this provision is in conflict*  
29 *with Section 3517.8 or any provision of an expired memorandum*  
30 *of understanding continued in effect pursuant to Section 3517.8,*  
31 *this section will be controlling as of July 3, 2010, without further*  
32 *legislative action.*

33 (d) This section shall not apply to state safety or state peace  
34 officer/firefighter members.

35 (e) This section shall not apply to any contracting agency nor  
36 its employees unless and until the agency elects to be subject to  
37 the provisions of this section by amendment to its contract made  
38 in the manner prescribed for approval of contracts or, in the case  
39 of contracts made after the date this section becomes operative,  
40 by express provision in the contract making the contracting agency

1 subject to this section. The operative date of this section for a local  
2 safety member shall be the effective date of the amendment to his  
3 or her employer’s contract electing to be subject to this section.

4 (f) This section shall supersede Section 21362, 21363, 21363.1,  
5 21366, 21368, 21369, or 21370, whichever is then applicable, with  
6 respect to local safety members who retire after the date this section  
7 becomes applicable to their respective employers.

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

15 (h) Operation and application of this section is subject to the  
16 limitations set forth in Section 21251.13.

17 *SEC. 23. Section 21363.1 of the Government Code is amended*  
18 *to read:*

19 21363.1. (a) The combined current and prior service pensions  
20 for state peace officer/firefighter members subject to this section  
21 with respect to state peace officer/firefighter service, and for local  
22 safety members with respect to local safety service rendered to a  
23 contracting agency that is subject to this section, is a pension  
24 derived from the contributions of the employer sufficient when  
25 added to the service retirement annuity that is derived from the  
26 accumulated normal contributions of the state peace  
27 officer/firefighter member or local safety member at the date of  
28 his or her retirement to equal the fraction of 3 percent of his or her  
29 final compensation set forth opposite his or her age at retirement  
30 taken to the preceding completed quarter year, in the following  
31 table, multiplied by the number of years of state peace  
32 officer/firefighter service or local safety service subject to this  
33 section with which he or she is credited at retirement:

35	Age at		Fraction
36	Retirement		
37	50 .....		.800
38	50 ¼ .....		.810
39	50 ½ .....		.820
40	50 ¾ .....		.830

1	51	.....	.840
2	51 <sup>1</sup> / <sub>4</sub>	.....	.850
3	51 <sup>1</sup> / <sub>2</sub>	.....	.860
4	51 <sup>3</sup> / <sub>4</sub>	.....	.870
5	52	.....	.880
6	52 <sup>1</sup> / <sub>4</sub>	.....	.890
7	52 <sup>1</sup> / <sub>2</sub>	.....	.900
8	52 <sup>3</sup> / <sub>4</sub>	.....	.910
9	53	.....	.920
10	53 <sup>1</sup> / <sub>4</sub>	.....	.930
11	53 <sup>1</sup> / <sub>2</sub>	.....	.940
12	53 <sup>3</sup> / <sub>4</sub>	.....	.950
13	54	.....	.960
14	54 <sup>1</sup> / <sub>4</sub>	.....	.970
15	54 <sup>1</sup> / <sub>2</sub>	.....	.980
16	54 <sup>3</sup> / <sub>4</sub>	.....	.990
17	55 and over	.....	1.000

18

19 (b) In no event shall the current service pension and the  
20 combined current and prior service pensions under this section for  
21 all service to all employers exceed an amount that, when added to  
22 the service retirement annuity related to that service, equals 85  
23 percent of final compensation. For state peace officer/firefighter  
24 members with respect to service for all state employers under this  
25 section, the benefit shall not exceed 90 percent of final  
26 compensation. If the pension relates to service to more than one  
27 employer and would otherwise exceed that maximum, the pension  
28 payable with respect to each employer shall be reduced in the same  
29 proportion as the allowance based on service to that employer  
30 bears to the total allowance computed as though there were no  
31 limit, so that the total of the pensions shall equal the maximum.  
32 Where a state or local member has service under this section with  
33 both state and local agency employers, the higher maximum shall  
34 apply and the additional benefit shall be funded by increasing the  
35 member's pension payable with respect to the employer for whom  
36 the member performed the service subject to the higher maximum.

37 (c) This section shall supersede Section 21363 for state peace  
38 officer/firefighter members *who are employed by the state before*  
39 *the date specified in subdivision (i)*, with respect to service rendered

1 for the California State University or the legislative or judicial  
2 branch of government.

3 (d) This section shall also supersede Section 21363 for state  
4 peace officer/firefighter members, for service not subject to  
5 subdivision (c), who are employed by the state on or after January  
6 1, 2000, *and before the date specified in subdivision (i)*.

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

16 (f) This section shall supersede Section 21363, 21366, 21368,  
17 21369, or 21370, whichever is then applicable, with respect to  
18 local safety members who retire after the date this section becomes  
19 applicable to their respective employers.

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

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

32 (i)

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

35 (i) *The changes made by the act adding this subdivision shall  
36 be operative on the date the act takes effect.*

37 *SEC. 24. Section 21363.3 of the Government Code is amended  
38 to read:*

39 21363.3. (a) The combined current and prior service pensions  
40 for state peace officer/firefighter members described in Section

1 20394 is a pension derived from the contributions of the employer  
2 sufficient when added to the service retirement annuity that is  
3 derived from the accumulated normal contributions of the member  
4 at the date of his or her retirement to equal 3 percent of his or her  
5 final compensation at the age of 50 years, multiplied by the number  
6 of years of state peace officer/firefighter service subject to this  
7 section with which he or she is credited at retirement.

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

24 (c) This section shall apply to state peace officer/firefighter  
25 members described in Section 20394 if authorized by, and in  
26 accordance with, a memorandum of understanding reached between  
27 the Trustees of the California State University and the recognized  
28 employee organization pursuant to Chapter 12 (commencing with  
29 Section 3560) of Division 4 of Title 1. This section may also apply  
30 to sworn peace officer/firefighter members described in Section  
31 20394 in related management positions, if the Trustees of the  
32 California State University have approved the application in writing  
33 to the Board of Administration of the Public Employees'  
34 Retirement System.

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

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

10 (f) *This section shall not apply to any state peace*  
11 *officer/firefighter member described in Section 20394 who is first*  
12 *employed on or after the date specified in subdivision (g). If this*  
13 *subdivision is in conflict with Section 3517.8 or any provision of*  
14 *an expired memorandum of understanding continued in effect*  
15 *pursuant to Section 3517.8, this section will be controlling as of*  
16 *the date specified in subdivision (g), without further legislative*  
17 *action.*

18 (g) *The changes made by the act adding this subdivision shall*  
19 *be operative on the date the act takes effect.*

20 SEC. 25. *Section 21363.4 of the Government Code is amended*  
21 *to read:*

22 21363.4. (a) Upon attaining the age of 50 years or more, the  
23 combined current and prior service pension for a state peace  
24 officer/firefighter member described in subdivision (c) who retires  
25 or dies on or after January 1, 2006, is a pension derived from the  
26 contributions of the employer sufficient, when added to the service  
27 retirement annuity that is derived from the accumulated normal  
28 contributions of the member at the date of his or her retirement,  
29 to equal 3 percent of his or her final compensation at retirement,  
30 multiplied by the number of years of state peace officer/firefighter  
31 service, as defined in subdivision (d), subject to this section with  
32 which he or she is credited at retirement.

33 (b) For state peace officer/firefighter members, with respect to  
34 service for all state employers under this section, the current service  
35 pension and the combined current and prior service pension under  
36 this section shall not exceed an amount that, when added to the  
37 service retirement annuity related to that service, equals 90 percent  
38 of final compensation. If the pension relates to service to more  
39 than one employer and would otherwise exceed that maximum,  
40 the pension payable with respect to each employer shall be reduced

1 in the same proportion as the allowance based on service to that  
2 employer bears to the total allowance computed as though there  
3 were no limit, so that the total of the pensions shall equal the  
4 maximum.

5 (c) For purposes of this section, “state peace officer/firefighter  
6 member” means state peace officer/firefighter members under this  
7 part who, on or after January 1, 2006, are employed by the state  
8 and are members of State Bargaining Unit 6 or State Bargaining  
9 Unit 8, *or who are first employed by the state before the date*  
10 *specified in subdivision (h), and are members of State Bargaining*  
11 *Unit 6 or State Bargaining Unit 8*, and may include state peace  
12 officer/firefighter members in related managerial, supervisory, or  
13 confidential positions and officers or employees of the executive  
14 branch of state government who are not members of the civil  
15 service, provided the Department of Personnel Administration has  
16 approved their inclusion in writing to the board.

17 (d) For purposes of this section, “state peace officer/firefighter  
18 service” means service performed by a state peace  
19 officer/firefighter member while a member of State Bargaining  
20 Unit 6 or State Bargaining Unit 8, and may include state peace  
21 officer/firefighter service in related managerial, supervisory, or  
22 confidential positions or as officers or employees of the executive  
23 branch of state government who are not members of the civil  
24 service, provided the Department of Personnel Administration has  
25 approved their inclusion in writing to the board.

26 (e) This section shall supersede Section 21363 or 21363.1,  
27 whichever is applicable, with respect to state peace  
28 officer/firefighter members *employed on and after January 1,*  
29 *2006, or who are first employed before the date specified in*  
30 *subdivision (h)*, and service as defined herein.

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

38 (g) *This section shall not apply to any state peace*  
39 *officer/firefighter member who is first employed by the state on or*  
40 *after the date specified in subdivision (h). If this subdivision is in*

1 conflict with Section 3517.8 or any provision of an expired  
2 memorandum of understanding continued in effect pursuant to  
3 Section 3517.8, this section will be controlling as of the date  
4 specified in subdivision (h), without further legislative action.

5 (h) The changes made by the act adding this subdivision shall  
6 be operative on the date the act takes effect.

7 SEC. 26. Section 21363.5 is added to the Government Code,  
8 to read:

9 21363.5. (a) Upon attaining the age of 57 years or more, the  
10 combined current and prior service pensions for state peace  
11 officer/firefighter members subject to this section with respect to  
12 state peace officer/firefighter service, and patrol members, as  
13 described in subdivision (c), with respect to patrol member service,  
14 is a pension derived from the contributions of the employer  
15 sufficient, when added to the service retirement annuity that is  
16 derived from the accumulated normal contributions of the state  
17 peace officer/firefighter member or patrol member at the date of  
18 his or her retirement, to equal 2.7 percent of his or her final  
19 compensation at retirement multiplied by the number of years of  
20 state peace officer/firefighter service or patrol service subject to  
21 this section with which he or she is credited at retirement. For  
22 peace officer/firefighter members and patrol members, described  
23 in subdivision (c), that retire between 50 and 57 years of age, the  
24 amount of the service pension shall be calculated at a reduced,  
25 prorated fraction of 2.7 percent, as determined by the actuary, of  
26 his or her final compensation at retirement amount based on age  
27 at retirement and multiplied by the number of years of state peace  
28 officer/firefighter service or patrol service subject to this section  
29 with which he or she is credited at retirement.

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

1 employer bears to the total allowance computed as though there  
2 were no limit, so that the total of the pensions shall equal the  
3 maximum. Where a state or local member has service under this  
4 section with both state and local agency employers, the higher  
5 maximum shall apply and the additional benefit shall be funded  
6 by increasing the member's pension payable with respect to the  
7 employer for whom the member performed the service subject to  
8 the higher maximum.

9 (c) (1) This section shall apply to state peace officer/firefighter  
10 members in State Bargaining Unit 6, 7, or 8 first employed by the  
11 state on and after the date specified in subdivision (f). If this  
12 paragraph is in conflict with Section 3517.8 or any provision of  
13 an expired memorandum of understanding continued in effect  
14 pursuant to Section 3517.8, this paragraph shall be controlling  
15 as of the date specified in subdivision (f), without further legislative  
16 action.

17 (2) This section shall also apply to state patrol members first  
18 employed by the state on and after July 3, 2010. If this paragraph  
19 is in conflict with Section 3517.8 or any provision of an expired  
20 memorandum of understanding continued in effect pursuant to  
21 Section 3517.8, this paragraph shall be controlling as of July 3,  
22 2010, without further legislative action.

23 (d) If this section is in conflict with Section 3517.8 or any  
24 provision of an expired memorandum of understanding continued  
25 in effect pursuant to Section 3517.8, this section will be controlling  
26 as of the date specified in subdivision (f), without further legislative  
27 action.

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

30 (f) The changes made by the act adding this section shall be  
31 operative on the date the act takes effect.

32 SEC. 27. Section 21363.6 is added to the Government Code,  
33 to read:

34 21363.6. (a) Upon attaining the age of 57 years or more, the  
35 combined current and prior service pensions for peace  
36 officer/firefighter members first employed by schools, the  
37 California State University, or the legislative or judicial branch  
38 of government and subject to this section, is a pension derived  
39 from the contributions of the employer sufficient, when added to  
40 the service retirement annuity that is derived from the normal

1 contributions of the member at the date of his or her retirement,  
2 to equal 2.5 percent of his or her final compensation at retirement  
3 multiplied by the number of years of current and prior service,  
4 except service in a category of membership other than state  
5 miscellaneous, state industrial, or school member, or service  
6 covered under First Tier retirement formula, with which he or she  
7 is credited at retirement. For peace officer/firefighter members  
8 first employed by schools, the California State University, or the  
9 legislative or judicial branch of government that retire between  
10 50 and 57 years of age, the amount of the service pension shall be  
11 calculated at a reduced, prorated fraction of 2.5 percent, as  
12 determined by the actuary, of his or her final compensation at  
13 retirement amount based on age at retirement and multiplied by  
14 the number of years of peace officer/firefighter service performed  
15 for schools, the California State University, or the legislative or  
16 judicial branch of government service subject to this section with  
17 which he or she is credited at retirement.

18 (b) In no event shall the current service pension and the  
19 combined current and prior service pensions under this section  
20 for all service to all employers exceed an amount that, when added  
21 to the service retirement annuity related to that service, equals 90  
22 percent of final compensation. If the pension relates to service to  
23 more than one employer and would otherwise exceed that  
24 maximum, the pension payable with respect to each employer shall  
25 be reduced in the same proportion as the allowance based on  
26 service to that employer bears to the total allowance computed as  
27 though there were no limit, so that the total of the pensions shall  
28 equal the maximum. Where a state or local member has service  
29 under this section with both state and local agency employers, the  
30 higher maximum shall apply and the additional benefit, if any,  
31 shall be funded by increasing the member's pension payable with  
32 respect to the employer for whom the member performed the  
33 service subject to the higher maximum.

34 (c) This section shall apply to peace officer/firefighter members  
35 first employed by schools, the California State University, or the  
36 legislative or judicial branch of government, on and after the date  
37 specified in subdivision (f). If this paragraph is in conflict with  
38 Section 3517.8 or any provision of an expired memorandum of  
39 understanding continued in effect pursuant to Section 3517.8, this

1 paragraph shall be controlling as of the date specified in  
2 subdivision (f), without further legislative action.

3 (d) If this section is in conflict with Section 3517.8 or any  
4 provision of an expired memorandum of understanding continued  
5 in effect pursuant to Section 3517.8, this section will be controlling  
6 as of the date specified in subdivision (f), without further legislative  
7 action.

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

10 (f) The changes made by the act adding this section shall be  
11 operative on the date the act takes effect.

12 SEC. 28. Section 21363.7 is added to the Government Code,  
13 to read:

14 21363.7. (a) Upon attaining the age of 62 years or more, the  
15 combined current and prior service pensions for state safety  
16 members subject to this section, is a pension derived from the  
17 contributions of the employer sufficient, when added to the service  
18 retirement annuity that is derived from the normal contributions  
19 of the member at the date of his or her retirement, to equal 2  
20 percent of his or her final compensation at retirement multiplied  
21 by the number of years of current and prior service with which he  
22 or she is credited at retirement. For state safety members that  
23 retire between 50 and 62 years of age, the amount of the service  
24 pension shall be calculated at a reduced, prorated fraction of 2  
25 percent, as determined by the actuary, of his or her final  
26 compensation at retirement amount based on age at retirement  
27 and multiplied by the number of years of state safety member  
28 service subject to this section with which he or she is credited at  
29 retirement.

30 (b) In no event shall the current service pension and the  
31 combined current and prior service pensions under this section  
32 for all service to all employers exceed an amount that, when added  
33 to the service retirement annuity related to that service, equals 80  
34 percent of final compensation. If the pension relates to service to  
35 more than one employer and would otherwise exceed that  
36 maximum, the pension payable with respect to each employer shall  
37 be reduced in the same proportion as the allowance based on  
38 service to that employer bears to the total allowance computed as  
39 though there were no limit, so that the total of the pensions shall  
40 equal the maximum. Where a state or local member has service

1 *under this section with both state and local agency employers, the*  
2 *higher maximum shall apply and the additional benefit, if any,*  
3 *shall be funded by increasing the member's pension payable with*  
4 *respect to the employer for whom the member performed the*  
5 *service subject to the higher maximum.*

6 *(c) This section shall apply to state safety members first*  
7 *employed on and after the date specified in subdivision (f). If this*  
8 *paragraph is in conflict with Section 3517.8 or any provision of*  
9 *an expired memorandum of understanding continued in effect*  
10 *pursuant to Section 3517.8, this paragraph shall be controlling*  
11 *as of the date specified in subdivision (f), without further legislative*  
12 *action.*

13 *(d) If this section is in conflict with Section 3517.8 or any*  
14 *provision of an expired memorandum of understanding continued*  
15 *in effect pursuant to Section 3517.8, this section will be controlling*  
16 *as of the date specified in subdivision (f), without further legislative*  
17 *action.*

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

20 *(f) The changes made by the act adding this section shall be*  
21 *operative on the date the act takes effect.*

22 *SEC. 29. Section 21363.8 of the Government Code is amended*  
23 *to read:*

24 21363.8. (a) Upon attaining the age of 50 years or more, the  
25 combined current and prior service pension for a state peace  
26 officer/firefighter member described in subdivision (c) who retires  
27 or dies on or after January 1, 2004, is a pension derived from the  
28 contributions of the employer sufficient when added to the service  
29 retirement annuity that is derived from the accumulated normal  
30 contributions of the member at the date of his or her retirement to  
31 equal 3 percent of his or her final compensation at retirement,  
32 multiplied by the number of years of state peace officer/firefighter  
33 service, as defined in subdivision (d), subject to this section with  
34 which he or she is credited at retirement.

35 (b) For state peace officer/firefighter members, with respect to  
36 service for all state employers under this section, the current service  
37 pension and the combined current and prior service pension under  
38 this section may not exceed an amount that, when added to the  
39 service retirement annuity related to that service, equals 90 percent  
40 of final compensation. If the pension relates to service to more

1 than one employer and would otherwise exceed that maximum,  
2 the pension payable with respect to each employer shall be reduced  
3 in the same proportion as the allowance based on service to that  
4 employer bears to the total allowance computed as though there  
5 were no limit, so that the total of the pensions shall equal the  
6 maximum.

7 (c) (1) This section shall apply to state peace officer/firefighter  
8 members under this part who, on or after January 1, 2004, are  
9 employed by the state and are members of State Bargaining Unit  
10 7, *or who are first employed by the state before the date specified*  
11 *in subdivision (h), and are members of State Bargaining Unit 7.*

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

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

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

32 (e) This section shall supersede Section 21363 or 21363.1,  
33 whichever is applicable, with respect to state peace  
34 officer/firefighter members *employed on and after January 1,*  
35 *2004, or who are first employed before the date specified in*  
36 *subdivision (h),* subject to this section and state peace  
37 officer/firefighter service as defined herein.

38 (f) The Legislature reserves, with respect to any member subject  
39 to this section, the right to provide for the adjustment of industrial  
40 disability retirement allowances because of earnings of a retired

1 person and modification of the conditions and qualifications  
2 required for retirement for disability as it may find appropriate  
3 because of the earlier ages of service retirement made possible by  
4 the benefits under this section.

5 (g) *This section shall not apply to any state peace*  
6 *officer/firefighter member who is first employed by the state on or*  
7 *after the date specified in subdivision (h). If this subdivision is in*  
8 *conflict with Section 3517.8 or any provision of an expired*  
9 *memorandum of understanding continued in effect pursuant to*  
10 *Section 3517.8, this section will be controlling as of the date*  
11 *specified in subdivision (h), without further legislative action.*

12 (h) *The changes made by the act adding this subdivision shall*  
13 *be operative on the date the act takes effect.*

14 SEC. 30. *Section 21369.1 of the Government Code is amended*  
15 *to read:*

16 21369.1. (a) The combined current and prior service pensions  
17 for state safety members subject to this section with respect to state  
18 safety service that is subject to this section is a pension derived  
19 from the contributions of the employer sufficient when added to  
20 the service retirement annuity that is derived from the accumulated  
21 normal contributions of the state safety member at the date of his  
22 or her retirement to equal the fraction of one-fiftieth of his or her  
23 final compensation set forth opposite his or her age at retirement  
24 taken to the preceding completed quarter year, in the following  
25 table, multiplied by the number of years of state safety service  
26 subject to this section with which he or she is credited at retirement.

27

28	Age at		Fraction
29	Retirement		
30	50 .....		0.8500
31	50 1/4 .....		0.8625
32	50 1/2 .....		0.8750
33	50 3/4 .....		0.8875
34	51 .....		0.9000
35	51 1/4 .....		0.9125
36	51 1/2 .....		0.9250
37	51 3/4 .....		0.9375
38	52 .....		0.9500
39	52 1/4 .....		0.9625
40	52 1/2 .....		0.9750

1	52 <sup>3</sup> / <sub>4</sub> .....	0.9875
2	53 .....	1.0000
3	53 <sup>1</sup> / <sub>4</sub> .....	1.0320
4	53 <sup>1</sup> / <sub>2</sub> .....	1.0630
5	53 <sup>3</sup> / <sub>4</sub> .....	1.0940
6	54 .....	1.1250
7	54 <sup>1</sup> / <sub>4</sub> .....	1.1570
8	54 <sup>1</sup> / <sub>2</sub> .....	1.1880
9	54 <sup>3</sup> / <sub>4</sub> .....	1.2190
10	55 and over .....	1.2500

11

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

21 (c) This section shall supersede Section 21369 for state safety  
 22 members, *employed before the date specified in subdivision (g)*,  
 23 with respect to service rendered for the California State University.

24 (d) This section shall also supersede Section 21369 for state  
 25 safety members, for service not subject to subdivision (c), who are  
 26 employed by the state on or after January 1, 2000, *or who are first*  
 27 *employed before the date specified in subdivision (g). If this*  
 28 *subdivision is in conflict with Section 3517.8 or any provision of*  
 29 *an expired memorandum of understanding continued in effect*  
 30 *pursuant to Section 3517.8, this section will be controlling as of*  
 31 *the date specified in subdivision (g), without further legislative*  
 32 *action.*

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

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

6 ~~(g)~~

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

9 (g) *The changes made by the act adding this subdivision shall*  
10 *be operative on the date the act takes effect.*

11 SEC. 31. *Section 22762 of the Government Code is amended*  
12 *to read:*

13 22762. (a) “Board” means the Board of Administration of the  
14 Public Employees’ Retirement System. *On and after the date*  
15 *specified in subdivision (b), “board” also means another entity*  
16 *of the state that is authorized by statute.*

17 (b) *The changes made by the act adding this subdivision shall*  
18 *be operative on the date the act takes effect.*

19 SEC. 32. *Section 22850 of the Government Code is amended*  
20 *to read:*

21 22850. (a) The board may, without compliance with any  
22 provision of law relating to competitive bidding, enter into  
23 contracts with carriers offering health benefit plans or with entities  
24 offering services relating to the administration of health benefit  
25 plans *or provide self-funded plans by contracting with entities*  
26 *offering services relating to the administration of health benefit*  
27 *plans. Plan designs and premiums may vary in different areas of*  
28 *the state.*

29 (b) The board may contract with carriers for health benefit plans  
30 or approve health benefit plans offered by employee organizations,  
31 provided that the carriers have operated successfully in the hospital  
32 and medical care fields prior to the contracting for or approval  
33 thereof. The plans may include hospital benefits, surgical benefits,  
34 inpatient medical benefits, outpatient benefits, obstetrical benefits,  
35 and benefits offered by a bona fide church, sect, denomination, or  
36 organization whose principles include healing entirely by prayer  
37 or spiritual means.

38 (c) Notwithstanding any other provision of this part, the board  
39 may contract with health benefit plans offering unique or  
40 specialized health services.

1 (d) The board may administer self-funded or minimum premium  
2 health benefit plans.

3 (e) The board may contract for or implement employee cost  
4 containment and cost reduction incentive programs that involve  
5 the employee, the annuitant, and family members as active  
6 participants, along with the carrier and the provider, in a joint effort  
7 toward containing and reducing the cost of providing medical and  
8 hospital health care services to public employees. In developing  
9 these plans, the board, in cooperation with the Department of  
10 Personnel Administration, may request proposals from carriers  
11 and certified public employee representatives.

12 (f) Notwithstanding any other provision of this part, the board  
13 may do any of the following:

14 (1) Contract for, or approve, health benefit plans that charge a  
15 contracting agency and its employees and annuitants rates based  
16 on regional variations in the costs of health care services.

17 (2) Contract for, or approve, health benefit plans exclusively  
18 for the employees and annuitants of contracting agencies. State  
19 employees and annuitants may not enroll in these plans. The board  
20 may offer health benefit plans exclusively for employees and  
21 annuitants of contracting agencies in addition to or in lieu of other  
22 health benefit plans offered under this part. The governing body  
23 of a contracting agency may elect, upon filing a resolution with  
24 the board, to provide those health benefit plans to its employees  
25 and annuitants. The resolution shall be subject to mutual agreement  
26 between the contracting agency and the recognized employee  
27 organization, if any.

28 (g) The board shall approve any employee association health  
29 benefit plan that was approved by the board in the 1987–88 contract  
30 year or prior, provided the plan continues to meet the minimum  
31 standards prescribed by the board. The trustees of an employee  
32 association health benefit plan are responsible for providing health  
33 benefit plan administration and services to its enrollees.  
34 Notwithstanding any other provision of this part, the California  
35 Correctional Peace Officer Association Health Benefits Trust may  
36 offer different health benefit plan designs with varying premiums  
37 in different areas of the state.

38 (h) Irrespective of any other provision of law, the sponsors of  
39 a health benefit plan approved under this section may reinsure the  
40 operation of the plan with an admitted insurer authorized to write

1 disability insurance, if the premium includes the entire prepayment  
2 fee.

3 *SEC. 33. Section 22871.1 is added to the Government Code,*  
4 *to read:*

5 *22871.1. (a) This section shall only apply to an employee of*  
6 *the state, the California State University, the Legislature, or the*  
7 *judicial branch who is first employed on or after the date specified*  
8 *in subdivision (d).*

9 *(b) Notwithstanding Section 22871 or any other provision of*  
10 *this article, the employer contribution, with respect to each*  
11 *annuitant to whom this section applies who is retired from service*  
12 *or is a survivor of that person, shall be adjusted by the Legislature*  
13 *in the annual Budget Act. Those adjustments shall be based on the*  
14 *principle that the employer contribution for each annuitant shall*  
15 *be the same as the highest employer contribution paid for an active*  
16 *state employee.*

17 *(c) An annuitant described in this section shall be subject to the*  
18 *applicable vesting schedule for employees who first become*  
19 *members of the system on or after the date specified in subdivision*  
20 *(d), including, but not limited to, that vesting schedule described*  
21 *in Section 22875.1.*

22 *(d) The changes made by the act adding this section shall be*  
23 *operative on the date the act takes effect.*

24 *SEC. 34. Section 22875.1 is added to the Government Code,*  
25 *to read:*

26 *22875.1. (a) Notwithstanding Sections 22870, 22871, 22873,*  
27 *22874, and 22875, a state, California State University, or judicial*  
28 *branch employee who is first employed on or after the date*  
29 *specified in subdivision (e), shall not receive any portion of the*  
30 *employer contribution payable for annuitants unless he or she is*  
31 *credited with 25 years of state service at the time of retirement.*

32 *(b) This section shall apply only to an employee who retires for*  
33 *service. For purposes of this section, “state service” means service*  
34 *in at least one of the following categories:*

35 *(1) As an employee of the state, including service as an*  
36 *appointed officer of the state for compensation.*

37 *(2) As an employee of the California State University.*

38 *(3) As an employee of the judicial branch, except for all court*  
39 *services rendered by a justice of the Supreme Court or a Court of*  
40 *Appeal, or by a judge of a superior court.*

1 (c) *This section does not apply to employees of the Legislature,*  
2 *or to service rendered as an elected officer of the state for*  
3 *compensation.*

4 (d) *For purposes of this section, credited state service includes*  
5 *service to the state for which the employee, pursuant to Section*  
6 *20281.5, did not receive credit.*

7 (e) *The changes made by the act adding this section shall be*  
8 *operative on the date the act takes effect.*

9 SEC. 35. *Section 22894 is added to the Government Code, to*  
10 *read:*

11 22894. (a) *A contracting agency and the exclusive*  
12 *representative of employees of that agency may agree through*  
13 *collective bargaining that the employer contribution for employee*  
14 *and annuitant health benefits coverage for employees first hired*  
15 *on or after the effective date of a memorandum of understanding*  
16 *may differ from the employer contribution provided to existing*  
17 *employees and annuitants pursuant to Sections 22890 and 22892.*  
18 *This issue may not be subject to labor negotiation impasse*  
19 *procedures.*

20 (b) *If the memorandum of understanding establishes a*  
21 *retroactive effective date, any employee who is first hired on or*  
22 *before the date the memorandum of understanding is signed shall*  
23 *retain status as an existing employee for purposes of determining*  
24 *eligibility for postretirement health benefits coverage.*

25 (c) *If the contracting agency applies a different contribution*  
26 *rate to employees not represented by a bargaining unit, the*  
27 *contracting agency shall certify to the board that, with regard to*  
28 *those employees, there is not an applicable memorandum of*  
29 *understanding.*

30 (d) *An agreement reached pursuant to subdivision (a) is not*  
31 *valid if it provides an employer contribution for employees with*  
32 *less than five years of credited service with the contracting agency.*

33 (e) *The contracting agency shall provide, in the manner*  
34 *prescribed by the board, notice of any agreement entered into*  
35 *pursuant to this section and any additional information necessary*  
36 *to implement this section.*

37 SEC. 36. *This act is an urgency statute necessary for the*  
38 *immediate preservation of the public peace, health, or safety within*  
39 *the meaning of Article IV of the Constitution and shall go into*  
40 *immediate effect. The facts constituting the necessity are:*

1 *In order to facilitate the orderly administration of public*  
2 *retirement systems and public employee health benefit systems*  
3 *subject to this act at the earliest possible time, it is necessary that*  
4 *this act take effect immediately.*

5 ~~SECTION 1. Section 22000 of the Government Code is~~  
6 ~~amended to read:~~

7 ~~22000. It is the policy of the Legislature that the protection~~  
8 ~~afforded to employees in positions covered by a retirement system~~  
9 ~~on the date an agreement under this part is made applicable to~~  
10 ~~service performed in those positions, or to periodic benefits~~  
11 ~~received under that retirement system, will not be impaired as a~~  
12 ~~result of making the agreement or as a result of a legislative~~  
13 ~~enactment made in anticipation of the agreement.~~