

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 870

Introduced by Assembly Member Grove
(Principal coauthor: Senator Walters)

February 17, 2011

~~An act to amend Section 22200 of the Education Code, and to amend Section 20090 of the Government Code, relating to retirement. An act to add Section 20139 to the Government Code, relating to public employees' retirement.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 870, as amended, Grove. ~~Retirement.—Public employees' retirement: hybrid plan.~~

Existing law creates the Public Employees' Retirement System which provides a defined benefit to its members based on age at retirement, service credit, and final compensation.

This bill would require the Board of Administration of the Public Employees' Retirement System to create a hybrid retirement plan for public employees who become members on or after January 1, 2012, that offers a defined contribution plan and defined benefit plan for retirement for service and a defined benefit plan for retirement for disability or for death. The bill would prohibit those plans from creating a vested property right for the member with respect to any employer contributions before retirement, as specified. The bill would prohibit those members from being eligible to enroll in the defined benefit plan for retirement for service that existed before January 1, 2012.

~~The Teachers' Retirement Law establishes the State Teachers' Retirement System which is administered by the Teachers' Retirement~~

~~Board. That law authorizes a person who is employed to perform creditable service by a community college district and either a school district that provides instruction for prekindergarten, kindergarten, or grades 1 to 12, inclusive, or a county office of education, to only be elected to the position on the board that corresponds to the position in which he or she accrued the most service credit during the prior school year.~~

~~The Public Employees' Retirement Law (PERL) vests the Board of Administration of the Public Employees' Retirement System with the management and control of the Public Employees' Retirement System. PERL provides that the board includes one member of the State Personnel Board, selected by, and serving at the pleasure of, the State Personnel Board.~~

~~This bill would make technical, nonsubstantive changes to those provisions.~~

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

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

- 1 SECTION 1. Section 20139 is added to the Government Code,
- 2 to read:
- 3 20139. (a) The Board of Administration of the Public
- 4 Employees' Retirement System shall create a hybrid retirement
- 5 plan for public employees who become members on or after
- 6 January 1, 2012, that has the following characteristics:
- 7 (1) The plan shall have both a defined contribution plan and a
- 8 defined benefit plan for retirement for service. The defined benefit
- 9 plan shall have formulas that yield a lower benefit than the
- 10 formulas in effect on January 1, 2011.
- 11 (2) The plan shall have a defined benefit plan for disability
- 12 retirement and death benefits.
- 13 (3) The plan shall not create a vested property right for the
- 14 member with respect to any employer contributions before the date
- 15 of retirement for service or disability.
- 16 (b) Public employees who become members on or after January
- 17 1, 2012, shall not be eligible to enroll in the defined benefit plan
- 18 for service retirement that existed before January 1, 2012.
- 19 SECTION 1. Section 22200 of the Education Code is amended
- 20 to read:

1 22200. ~~(a) The plan and the system are administered by the~~
2 ~~Teachers' Retirement Board. On and after January 1, 2004, the~~
3 ~~members of the board are as follows:~~

4 ~~(1) The Superintendent of Public Instruction.~~

5 ~~(2) The Controller.~~

6 ~~(3) The Treasurer.~~

7 ~~(4) The Director of Finance.~~

8 ~~(5) Three persons who are either members of the Defined Benefit~~
9 ~~Program or participants in the Cash Balance Benefit Program, as~~
10 ~~follows:~~

11 ~~(A) One person who, at the time of election, is an active member~~
12 ~~of the Defined Benefit Program or an active participant of the Cash~~
13 ~~Balance Benefit Program employed by a school district that~~
14 ~~provides instruction for prekindergarten, kindergarten, or grades~~
15 ~~1 to 12, inclusive, or a county office of education, in a position~~
16 ~~other than a school administrator that requires a services credential~~
17 ~~with a specialization in administrative services. This member shall~~
18 ~~be elected by the active members of the Defined Benefit Program~~
19 ~~and active participants of the Cash Balance Benefit Program who~~
20 ~~are employed by a school district that provides instruction for~~
21 ~~prekindergarten, kindergarten, or grades 1 to 12, inclusive, or~~
22 ~~county office of education, pursuant to regulations adopted by the~~
23 ~~board, for a four-year term commencing on January 1, 2004.~~

24 ~~(B) One person who, at the time of election, is an active member~~
25 ~~of the Defined Benefit Program or an active participant of the Cash~~
26 ~~Balance Benefit Program employed by a school district that~~
27 ~~provides instruction for prekindergarten, kindergarten, or grades~~
28 ~~1 to 12, inclusive, or a county office of education. This member~~
29 ~~shall be elected by the active members of the Defined Benefit~~
30 ~~Program and active participants of the Cash Balance Benefit~~
31 ~~Program who are employed by a school district that provides~~
32 ~~instruction for prekindergarten, kindergarten, or grades 1 to 12,~~
33 ~~inclusive, or a county office of education, pursuant to regulations~~
34 ~~adopted by the board, for a four-year term commencing on January~~
35 ~~1, 2004.~~

36 ~~(C) One person who, at the time of election, is a community~~
37 ~~college instructor and an active member of the Defined Benefit~~
38 ~~Program or an active participant of the Cash Balance Benefit~~
39 ~~Program employed by a community college district, who shall be~~
40 ~~elected by the active community college members of the Defined~~

1 Benefit Program and the active community college participants of
2 the Cash Balance Benefit Program, pursuant to regulations adopted
3 by the board, for a four-year term commencing on January 1, 2004.

4 (6) Five persons appointed by the Governor for a term of four
5 years, subject to confirmation by the Senate, as follows:

6 (A) One person who, at the time of appointment, is a member
7 of the governing board of a school district or a community college
8 district.

9 (B) One person who is either a retired member under this part
10 or a retired participant under Part 14 (commencing with Section
11 26000).

12 (C) Three persons representing the public, whose terms shall
13 be staggered by varying the first terms of these members, as
14 follows:

15 (i) One person to a term expiring December 31, 2005.

16 (ii) One person to a term expiring December 31, 2006.

17 (iii) One person to a term expiring December 31, 2007.

18 (b) A person who is employed to perform creditable service by
19 a community college district and either a school district that
20 provides instruction for prekindergarten, kindergarten, or grades
21 1 to 12, inclusive, or a county office of education may only be
22 elected to the position on the board that corresponds to the position
23 in which he or she accrued the most service credit during the prior
24 school year.

25 (c) The members of the board shall annually elect a chairperson
26 and vice chairperson.

27 SEC. 2. Section 20090 of the Government Code is amended
28 to read:

29 20090. The Board of Administration of the Public Employees'
30 Retirement System is continued in existence. It consists of:

31 (a) One member of the State Personnel Board, selected by, and
32 serving at the pleasure of, the State Personnel Board.

33 (b) The Director of the Department of Personnel Administration.

34 (c) The Controller.

35 (d) The State Treasurer.

36 (e) An official of a life insurer and an elected official of a
37 contracting agency, appointed by the Governor.

38 (f) One person representing the public, appointed jointly by the
39 Speaker of the Assembly and the Senate Committee on Rules.

- 1 ~~(g) Six members elected under the supervision of the board as~~
2 ~~follows:~~
- 3 ~~(1) Two members elected by the members of this system from~~
4 ~~the membership thereof.~~
- 5 ~~(2) A member elected by the active state members of this system~~
6 ~~from the state membership thereof.~~
- 7 ~~(3) A member elected by and from the active local members of~~
8 ~~this system who are employees of a school district or a county~~
9 ~~superintendent of schools.~~
- 10 ~~(4) A member elected by and from the active local members of~~
11 ~~this system other than those who are employees of a school district~~
12 ~~or a county superintendent of schools.~~
- 13 ~~(5) A member elected by and from the retired members of this~~
14 ~~system.~~

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