

AMENDED IN SENATE MARCH 21, 2011

SENATE BILL

No. 521

Introduced by Senator Walters

(Coauthor: Senator Runner)

(Coauthors: Assembly Members Grove, Harkey, Jeffries, Mansoor, and Silva)

February 17, 2011

~~An act to amend Section 22000 of the Government Code, relating to public employees' retirement.~~ *An act to add Section 22944.4 to the Government Code, relating to public employees' benefits, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 521, as amended, Walters. Public employees' ~~retirement: social security: benefits:~~ *postemployment health care.*

The Public Employees' Medical and Hospital Care Act (PEMHCA) permits a public employer authorized by the Board of Administration of the Public Employees' Retirement System to elect to participate in the prefunding of postemployment health care benefits and other postemployment benefits for annuitants. Under PEMHCA, the governing body of a participating employer is required to contract with the board regarding the terms and conditions of that employer's participation in the prefunding plan. PEMHCA establishes the Annuitants' Health Care Coverage Fund in the State Treasury, as a trust fund and a retirement fund, which is continuously appropriated to the board for expenditure for the prefunding of health care coverage for annuitants.

This bill would require the board to determine the actuarially required contributions necessary to ensure that postemployment health care benefits provided under PEMHCA are fully funded. The bill would

require an employee first hired on or after January 1, 2012, and his or her employer, to each pay 50% of those actuarially required contributions, to be deposited into the Annuitants' Health Care Coverage Fund. By creating a new source of revenue for deposit into a continuously appropriated fund, the bill would make an appropriation.

~~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. 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 22944.4 is added to the Government Code,
 2 to read:
 3 22944.4. (a) The board shall determine the actuarially
 4 required contributions necessary to ensure that postemployment
 5 health care benefits provided under this part are fully funded.
 6 (b) Notwithstanding any other law, an employee first hired on
 7 or after January 1, 2012, and his or her employer, shall each pay
 8 50 percent of the actuarially required contributions determined
 9 pursuant to subdivision (a). The contributions of both the employee
 10 and the employer shall be deposited into the Annuitants' Health
 11 Care Coverage Fund.
 12 (c) The contributions of each employee shall be withheld from
 13 the monthly salary payable to him or her.
 14 (d) Notwithstanding any other law, an employee shall not have
 15 a vested property right to any employer contributions under this
 16 section before the date of retirement for service or disability, and

1 *the employer contributions shall not be refundable, under any*
2 *circumstances, to the employee.*

3 *(e) Upon a separation before the date of retirement for service*
4 *or disability, the employee may withdraw any contributions he or*
5 *she paid pursuant to this section.*

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

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