

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1142

Introduced by Senator Walters

February 21, 2012

An act to add ~~Section~~ *Sections 7507.1 and 7507.3* to the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

SB 1142, as amended, Walters. Public employee benefits: postemployment health care benefits.

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, establishes provisions governing postemployment health care benefits for members and their families, upon meeting vesting requirements and subject to various limitations. That law permits a contracting agency to be subject to the act for its employees and annuitants, upon meeting specified criteria. Existing law also establishes various postemployment health care benefits under other benefit systems, including those offered by counties, districts, and cities.

This bill would prohibit a public employer, as defined, for employees first hired on or after January 1, 2013, from providing postemployment health care benefits on behalf of its employees unless it fully funds those benefits, as determined by an actuary. *This bill would also require a public employer, as defined, to fund actuarially postemployment health care benefits to be provided to its public employees, in accordance with generally accepted accounting principles for governments, as specified, to ensure that those benefits are fully funded.*

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

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

1 SECTION 1. Section 7507.1 is added to the Government Code,
2 to read:

3 7507.1. (a) Notwithstanding any other law, for employees first
4 hired on or after January 1, 2013, a public employer shall not
5 provide postemployment health care benefits on behalf of its
6 employees, unless it fully funds these benefits, as determined by
7 an actuary.

8 (b) For purposes of this section, the following definitions apply:

9 (1) "Public employee" means an officer, including those elected
10 or appointed, or an employee of a public employer.

11 (2) "Public employer" means:

12 (A) The state and every state entity, including, but not limited
13 to, the Legislature, the courts, and the California State University,
14 but excluding the University of California.

15 (B) Any political subdivision of the state, including, but not
16 limited to, a city, county, city and county, school district,
17 community college district, joint powers authority, joint powers
18 agency, and any public agency, authority, board, commission,
19 district, or other entity, but excluding a charter city or charter
20 county.

21 SEC. 2. Section 7507.3 is added to the Government Code, to
22 read:

23 7507.3. (a) *Notwithstanding any other law, a public employer*
24 *shall fund actuarially postemployment health care benefits to be*
25 *provided to its public employees, in accordance with generally*
26 *accepted accounting principles for governments, using*
27 *amortization of unfunded liabilities over periods that do not exceed*
28 *the remaining service lives of current employees, for the purpose*
29 *of ensuring that those benefits are fully funded. To implement this*
30 *provision, an employer may incrementally increase its*
31 *contributions to the plan in equally increasing installments over*
32 *a five-year period, unless its total revenues have declined in any*
33 *fiscal year, in which case the required contribution increases shall*
34 *be suspended for that year.*

35 (b) For purposes of this section, the following definitions apply:

1 (1) *“Public employee” means an officer, including those elected*
2 *or appointed, or an employee of a public employer.*

3 (2) *“Public employer” means:*

4 (A) *The state and every state entity, including, but not limited*
5 *to, the Legislature, the courts, and the California State University,*
6 *but excluding the University of California.*

7 (B) *Any political subdivision of the state, including, but not*
8 *limited to, a city, county, school district, community college district,*
9 *joint powers authority, joint powers agency, and any public agency,*
10 *authority, board, commission, district, or other entity, but excluding*
11 *a charter city or charter county.*

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