

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1143

Introduced by Senator Walters

February 21, 2012

An act to add ~~Section 7507.3 to Chapter 13~~ (commencing with Section 3700) to Division 4 of Title 1 of the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

SB 1143, as amended, Walters. Public employees' benefits: postemployment ~~health care~~ benefits.

Existing law establishes the Public Employees' Retirement System (PERS) and the State Teachers' Retirement System (STRS) for the purpose of providing pension benefits to their employees. Existing law also establishes the Judges' Retirement System II which provides pension benefits to elected judges and the Legislators' Retirement System which provides pension benefits to elective officers of the state other than judges and to legislative statutory officers. The County Employees Retirement Law of 1937 authorizes counties, cities, and districts to establish retirement systems pursuant to its provisions in order to provide pension benefits to employees. The Regents of the University of California have established the University of California Retirement System as a trust for this purpose.

This bill would require a public employer, as defined, to reserve the right to subsequently modify or revise any postemployment benefits, including any retirement benefits, and the right not to provide any new comparable advantages if disadvantages to employees result from any modification or revision. The bill would prohibit a public employee from having an implied right to future postemployment benefits and

would authorize a public employer to change a retirement benefit formula, employee contribution rate, or retirement eligibility age, except as prohibited by federal law. The bill would prohibit accrued benefits earned for prior service from being reduced without written consent unless otherwise authorized by law.

~~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. Existing law also establishes various postemployment health care benefits under other benefit systems, including those offered by counties, districts, and cities.~~

~~This bill would 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. Chapter 13 (commencing with Section 3700) is
 2 added to Division 4 of Title 1 of the Government Code, to read:

3
 4 CHAPTER 13. POSTEMPLOYMENT BENEFITS

5
 6 3700. For the purposes of this chapter, the following terms
 7 have the following meanings:

8 (a) “Postemployment benefits” means any health, life, welfare,
 9 or other supplemental benefit or any retirement benefits, including
 10 pension benefits or defined contribution benefits, provided to a
 11 retired public employee.

12 (b) “Public employee” means an officer, including those elected
 13 or appointed, or an employee of a public employer, who is first
 14 hired, elected, or appointed on or after January 1, 2013.

15 (c) “Public employer” means:

1 (1) *The state and every state entity, including, but not limited*
2 *to, the Legislature, the courts, the California State University, and*
3 *the University of California.*

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

9 3701. *A public employer shall reserve the right to subsequently*
10 *modify or revise any postemployment benefits and the right to not*
11 *provide any new comparable advantages if disadvantages to*
12 *employees result from any modification or revision.*

13 3702. (a) *A public employee shall not have an implied right*
14 *to future postemployment benefits.*

15 (b) *A public employer may change a retirement benefit formula,*
16 *employee contribution rate, or retirement eligibility age, except*
17 *as prohibited by federal law.*

18 3703. *A public employee shall not assert the indefinite*
19 *continuation of any retirement formula, contribution rate, or*
20 *retirement eligibility age in effect during his or her employment.*

21 3704. *The accrued benefits earned for prior service shall not*
22 *be reduced without written consent unless otherwise authorized*
23 *by law.*

24 **SECTION 1.** ~~Section 7507.3 is added to the Government Code,~~
25 ~~to read:~~

26 ~~7507.3.—(a) Notwithstanding any other law, a public employer~~
27 ~~shall fund actuarially postemployment health care benefits to be~~
28 ~~provided to its public employees, in accordance with generally~~
29 ~~accepted accounting principles for governments, using amortization~~
30 ~~of unfunded liabilities over periods that do not exceed the~~
31 ~~remaining service lives of current employees, for the purpose of~~
32 ~~ensuring that those benefits are fully funded.~~

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

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

36 ~~(2) “Public employer” means:~~

37 ~~(A) The state and every state entity, including, but not limited~~
38 ~~to, the Legislature, the courts, and the California State University,~~
39 ~~but excluding the University of California.~~

1 ~~(B) Any political subdivision of the state, including, but not~~
2 ~~limited to, a city, county, school district, community college~~
3 ~~district, joint powers authority, joint powers agency, and any public~~
4 ~~agency, authority, board, commission, district, or other entity, but~~
5 ~~excluding a charter city or charter county.~~

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