

AMENDED IN SENATE SEPTEMBER 6, 2013

AMENDED IN ASSEMBLY MAY 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 837**

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**Introduced by Assembly Member ~~Campos~~ *Wieckowski*  
(Coauthors: Assembly Members Fong and Fox)**

February 21, 2013

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An act to ~~add Section 12096.4.9 to the Government Code, relating to economic development; amend Section 7522.30 of the Government Code, relating to public employees' retirement.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 837, as amended, ~~Campos~~ *Wieckowski*. ~~Economic development programs; reporting. Public employees' retirement benefits.~~

*The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit pension plan, setting the maximum benefit allowable for employees first hired on or after January 1, 2013, as a formula commonly known as 2.5% at age 67 for nonsafety members, one of 3 formulas for safety members, 2% at age 57, 2.5% at age 57, or 2.7% at age 57, and 1.25% at age 67 for new state miscellaneous or industrial members who elect to be in Tier 2.*

*On and after January 1, 2013, PEPRA requires new employees of specified public employers, the California State University, and the judicial branch who participate in a defined benefit plan to have an*

initial contribution rate of at least 50% of the normal cost rate for that defined benefit plan, rounded to the nearest 1/4 of 1%, or the current contribution rate of similarly situated employees, whichever is greater.

This bill would make that provision applicable to new members employed by those entities and new members employed by the Legislature. The bill would except from these provisions a judge who was elected to office prior to January 1, 2013, despite not assuming that office and becoming a member of the Judges' Retirement System II for the first time until January 1, 2013, or after that date. The bill would also specify that this contribution rate for new members shall be 50% rounded to the nearest 1/4 of 1%, unless a greater contribution rate has been agreed to through the collective bargaining process. The bill would require that, for purposes of calculating the normal cost rate, the actuarial valuation of retirement benefits includes any elements that impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments.

~~The Economic Revitalization Act establishes the Governor's Office of Business and Economic Development, also known as "GO-Biz," to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.~~

~~This bill would require the State Chair of the California Small Business Development Center Leadership Council, established under a federal program, to report specific information to GO-Biz relating to any year that state funds are appropriated to support an Administrative Lead Center under that federal program, and would, in turn, require the director of GO-Biz to provide that report to the Legislature and post the report on the GO-Biz Internet Web site. This bill would also require the state chair, as a condition of accepting state funds, to allow access to other information about the program under certain conditions. This bill would make legislative findings and declarations in this regard.~~

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 7522.30 of the Government Code is
- 2 amended to read:

1 7522.30. (a) This section shall apply to all public employers  
2 and to all new members. Equal sharing of normal costs between  
3 public employers and public employees shall be the standard. The  
4 standard shall be that employees pay at least 50 percent of normal  
5 costs and that employers not pay any of the required employee  
6 contribution.

7 (b) The “normal cost rate” shall mean the annual actuarially  
8 determined normal cost for the ~~defined benefit plan of an employer~~  
9 ~~expressed as a percentage of payroll.~~ *plan of retirement benefits*  
10 *provided to the new member and shall be established based on the*  
11 *actuarial assumptions used to determine the liabilities and costs*  
12 *as part of the annual actuarial valuation. The plan of retirement*  
13 *benefits shall include any elements that would impact the actuarial*  
14 *determination of the normal cost, including, but not limited to, the*  
15 *retirement formula, eligibility and vesting criteria, ancillary benefit*  
16 *provisions, and any automatic cost-of-living adjustments as*  
17 *determined by the public retirement system.*

18 (c) (1) ~~New employees employed on and after January 1, 2013,~~  
19 *members employed by those public employers defined in*  
20 *paragraphs (2) and (3) of subdivision (i) of Section 7522.04, the*  
21 *Legislature, the California State University, and the judicial branch*  
22 *who participate in a defined benefit plan shall have an initial*  
23 *contribution rate of at least 50 percent of the normal cost rate for*  
24 *that defined benefit plan, rounded to the nearest quarter of 1*  
25 *percent, ~~or the current contribution rate of similarly situated~~*  
26 *employees, ~~whichever is greater.~~ unless a greater contribution*  
27 *rate has been agreed to pursuant to the requirements in subdivision*  
28 *(e). This contribution shall not be paid by the employer on the*  
29 *employee’s behalf.*

30 (2) *For purposes of this subdivision, “new member” does not*  
31 *include a member who is a judge who was elected to office prior*  
32 *to January 1, 2013, despite assuming the office of judge, and*  
33 *becoming a member of the Judges’ Retirement System II, for the*  
34 *first time on or after that date.*

35 (d) Notwithstanding subdivision (c), once established, the  
36 employee contribution rate described in subdivision (c) shall not  
37 be adjusted on account of a change to the normal cost rate unless  
38 the normal cost rate increases or decreases by more than 1 percent  
39 of payroll above or below the normal cost rate in effect at the time  
40 the employee contribution rate is first established or, if later, the

1 normal cost rate in effect at the time of the last adjustment to the  
2 employee contribution rate under this section.

3 (e) Notwithstanding subdivision (c), employee contributions  
4 may be more than one-half of the normal cost rate if the increase  
5 has been agreed to through the collective bargaining process,  
6 subject to the following conditions:

7 (1) The employer shall not contribute at a greater rate to the  
8 plan for nonrepresented, managerial, or supervisory employees  
9 than the employer contributes for other public employees, including  
10 represented employees, of the same employer who are in related  
11 retirement membership classifications.

12 (2) The employer shall not increase an employee contribution  
13 rate in the absence of a memorandum of understanding that has  
14 been collectively bargained in accordance with applicable laws.

15 (3) The employer shall not use impasse procedures to increase  
16 an employee contribution rate above the rate required by this  
17 section.

18 (f) If the terms of a contract, including a memorandum of  
19 understanding, between a public employer and its public  
20 employees, that is in effect on January 1, 2013, would be impaired  
21 by any provision of this section, that provision shall not apply to  
22 the public employer and public employees subject to that contract  
23 until the expiration of that contract. A renewal, amendment, or  
24 any other extension of that contract shall be subject to the  
25 requirements of this section.

26 ~~SECTION 1. The Legislature finds and declares all of the~~  
27 ~~following:~~

28 ~~(a) The California Small Business Development Center Program,~~  
29 ~~a part of the federal Small Business Development Center Program,~~  
30 ~~plays a primary role in providing technical assistance to the state's~~  
31 ~~small businesses and provides verified positive outcomes to the~~  
32 ~~state's economy.~~

33 ~~(b) Within the state, the California Small Business Development~~  
34 ~~Center Program is administered through six Regional Small~~  
35 ~~Business Development Center Networks, as follows: Northern~~  
36 ~~California, Northeastern California, Central California, Orange~~  
37 ~~County/Inland Empire, Los Angeles, and San Diego. Each regional~~  
38 ~~network is managed by an Administrative Lead Center, designated~~  
39 ~~by the federal Small Business Administration through a cooperative~~  
40 ~~agreement, and affiliated with one public institution of higher~~

1 education. The centers are responsible for securing required  
2 one-to-one matching funds to draw down federal appropriations,  
3 according to a population-based formula determined by the United  
4 States Census, and the regional networks are held accountable for  
5 their productivity and required to submit regular performance  
6 reports to the Office of Small Business Development Centers,  
7 within the federal Small Business Administration.

8 (e) Throughout the six regional networks there are more than  
9 30 full-time Small Business Development Centers, with multiple  
10 additional outreach locations serving small businesses in this state.  
11 These centers provide assistance to existing businesses in the areas  
12 of financing, government contracting, business planning and  
13 management, marketing, international trade, energy efficiency and  
14 sustainability, and disaster preparedness. The centers also provide  
15 expert advice to technology companies in the areas of business  
16 and financial plan preparation, angel and venture capital  
17 presentation preparation, funding strategies, product positioning,  
18 market launch strategies, applications for federal grants, technology  
19 transfers with research universities, intellectual property issues,  
20 and strategic partnerships. The centers work in collaboration with  
21 various partners to provide these services, including, but not limited  
22 to, the federal Small Business Administration, the United States  
23 Department of Commerce, the United States Department of  
24 Agriculture, the Governor's Office of Business and Economic  
25 Development, the California Innovation Hub Program, the  
26 California Community Colleges, the California State University,  
27 the University of California, local workforce investment boards,  
28 economic developers, cities, counties, and chambers of commerce.

29 (d) The California Small Business Development Center  
30 Leadership Council is comprised of the directors of the six  
31 Administrative Lead Centers that coordinate the regional networks  
32 of small business development centers. The council is the statewide  
33 entity tasked with negotiating partnerships on behalf of the  
34 California Small Business Development Center Program,  
35 leveraging operational and technical assistance for best practices  
36 across the six regions, and working with the state government to  
37 maximize the economic impact of the federal Small Business  
38 Development Center Program within the state.

39 SEC. 2. Section 12096.4.9 is added to the Government Code,  
40 to read:

1     ~~12096.4.9. (a) On or before August 30 following any year that~~  
2     ~~state funds are appropriated to an Administrative Lead Center for~~  
3     ~~the support of the California Small Business Development Center~~  
4     ~~Program, the State Chair of the California Small Business~~  
5     ~~Development Center Leadership Council shall provide a written~~  
6     ~~report to the office consistent with the requirements of this section.~~

7     ~~(b) Each Administrative Lead Center accepts the reporting~~  
8     ~~requirement in this section as a condition of receiving state funds.~~  
9     ~~As a further condition for receiving state funds, the State Chair of~~  
10    ~~the California Small Business Development Center Leadership~~  
11    ~~Council shall arrange to provide the office with access to similar~~  
12    ~~information, in both a similar timeframe and format, that an~~  
13    ~~Administrative Lead Center may provide to the federal Small~~  
14    ~~Business Administration on client services and the economic~~  
15    ~~impact of the California Small Business Development Center~~  
16    ~~Program. Information provided to the office shall meet applicable~~  
17    ~~privacy standards and shall not disclose the name of an individual~~  
18    ~~business.~~

19    ~~(c) A report prepared pursuant to subdivision (a) shall include,~~  
20    ~~but not be limited to, all of the following data:~~

21    ~~(1) Number of businesses assisted.~~

22    ~~(2) Number of employees employed by those businesses at the~~  
23    ~~time those businesses were assisted.~~

24    ~~(3) Number of jobs created.~~

25    ~~(4) Number of jobs retained.~~

26    ~~(5) Estimated amount of state tax dollars generated from those~~  
27    ~~businesses.~~

28    ~~(6) Industry sectors of the businesses assisted, as reported by~~  
29    ~~the assisted businesses.~~

30    ~~(7) Increase in sales reported by businesses assisted as a result~~  
31    ~~of the program.~~

32    ~~(8) The amount of capitol infusion, in both debt and equity,~~  
33    ~~obtained by assisted businesses.~~

34    ~~(9) Total amount of federal funds allocated to the region during~~  
35    ~~the reporting period.~~

36    ~~(d) The director shall submit a copy of the report required~~  
37    ~~pursuant to subdivision (a) to the Legislature in compliance with~~  
38    ~~Section 9795 and post the report on the office's Internet Web site~~  
39    ~~no later than 30 days after the office receives the report.~~

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