

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1681**

---

---

**Introduced by Assembly Member Allen**

February 12, 2014

---

---

An act to ~~amend Section 22942 of~~ *add Sections 3509.7 and 3523.4* to the Government Code, relating to public employees' benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 1681, as amended, Allen. Public employees: benefits.

Existing law permits the Board of Administration of the Public Employees' Retirement System to authorize an employer to participate in the prefunding of health care coverage and other postemployment benefits for annuitants. ~~Existing law provides certain definitions of terms for purposes of this authority.~~

~~This bill would make a nonsubstantive change to that provision.~~

*This bill would require a memorandum of understanding or on the topic of postemployment health care benefits between a public employer or a state employer and employees to contain a plan to begin the permanent prefunding of postemployment health care benefits. The bill would provide that the plan may authorize any amount that otherwise would be used to permanently increase employee compensation to be used to permanently prefund members' postemployment healthcare benefits.*

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 3509.7 is added to the Government Code,*  
2 *to read:*

3     3509.7. (a) *Notwithstanding any other law, a public agency*  
4 *shall not enter into a memorandum of understanding or on the*  
5 *topic of postemployment health care benefits with employees first*  
6 *hired on or after January 1, 2015, unless it contains a plan to*  
7 *begin permanent prefunding of postemployment health care*  
8 *benefits pursuant to Article 11 (commencing with Section 22940)*  
9 *of Chapter 1 or Part 5 of Division 5 of Title 2. The plan may*  
10 *authorize any amount that otherwise would be used to permanently*  
11 *increase employee compensation to be used to permanently prefund*  
12 *members' postemployment health care benefits.*

13     (b) *If the provisions of this section are in conflict with the*  
14 *provisions of a memorandum of understanding, the memorandum*  
15 *of understanding shall be controlling, except that upon expiration*  
16 *of the memorandum of understanding or other collective*  
17 *bargaining agreement, this section shall be controlling and may*  
18 *not be superseded by a subsequent memorandum of understanding*  
19 *or other collective bargaining agreement.*

20     *SEC. 2. Section 3523.4 is added to the Government Code, to*  
21 *read:*

22     3523.4. (a) *Notwithstanding any other law, the state employer*  
23 *shall not enter into a memorandum of understanding on the topic*  
24 *of postemployment health care benefits with employees first hired*  
25 *on or after January 1, 2015, unless it contains a plan to begin*  
26 *permanent prefunding of postemployment health care benefits*  
27 *pursuant to Article 11 (commencing with Section 22940) of Chapter*  
28 *1 or Part 5 of Division 5 of Title 2. The plan may authorize any*  
29 *amount that otherwise would be used to permanently increase*  
30 *employee compensation to be used to permanently prefund*  
31 *members' postemployment health care benefits.*

32     (b) *If the provisions of this section are in conflict with the*  
33 *provisions of a memorandum of understanding, the memorandum*  
34 *of understanding shall be controlling, except that upon expiration*  
35 *of the memorandum of understanding, this section shall be*  
36 *controlling and may not be superseded by a subsequent*  
37 *memorandum of understanding or other collective bargaining*  
38 *agreement.*

1 SECTION 1. Section 22942 of the Government Code is amended  
2 to read:

3 ~~22942. For purposes of this article, the following definitions~~  
4 ~~shall apply:~~

5 (a) ~~“Annuitant” means any of the following:~~

6 ~~(1) An annuitant described in Section 22760.~~

7 ~~(2) A person who retires from employment with an employer~~  
8 ~~described in paragraph (2) of subdivision (c) and who receives~~  
9 ~~postemployment health care benefits or other postemployment~~  
10 ~~benefits from the prefunding plan provided by that employer.~~

11 ~~(3) A surviving family member who receives postemployment~~  
12 ~~health care benefits or other postemployment benefits as a~~  
13 ~~beneficiary of a deceased person described in paragraph (2).~~

14 (b) ~~“Employee” means an employee described in Section 22772.~~  
15 ~~“Employee” also means an officer or employee of an employer~~  
16 ~~described in paragraph (2) of subdivision (c).~~

17 (c) ~~“Employer” means either of the following:~~

18 ~~(1) An employer described in Section 22773.~~

19 ~~(2) An entity described in Section 22920 that has one or more~~  
20 ~~employees and provides postemployment health care benefits or~~  
21 ~~other postemployment benefits to annuitants.~~