

ASSEMBLY BILL

No. 2472

Introduced by Committee on Public Employees, Retirement and Social Security (Bonta (Chair), Rendon, Ridley-Thomas, and Wieckowski)

February 21, 2014

An act to amend Sections 20533, 21453, 21499, 22775, and 75552 of, to add Section 75580.5 to, and to repeal Sections 20237 and 22849 of, the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 2472, as introduced, Committee on Public Employees, Retirement and Social Security. Public employees: retirement and health benefits.

(1) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to its members based on age at retirement, service credit, and final compensation. Existing law vests the management and control of the PERS in the Board of Administration of the PERS. Existing law requires the board, in addition to any other reports it is required to make, to annually file a separate report with the Governor and the Legislature on all matters under its jurisdiction.

This bill would repeal that requirement and make other conforming changes.

(2) Existing law provides that if a correction of the amount of compensation received by a member that is reported to the system requires additional employer contributions to be paid to the system, the contributions shall be computed using the employer rate in effect at the time of the adjustment.

This bill would instead provide that the employer contribution shall be computed using the employer contribution rate in effect at the time that the compensation requiring adjustment was earned.

(3) Existing law requires that an election, revocation, or change of retirement benefits be made prior to the making of the first payment on account of any retirement allowance, or any retirement allowance following a change in retirement status.

This bill would allow an election, revocation, or change of election to be made within 30 calendar days after the making of the first payment.

(4) Existing law requires the Board of Administration of the Public Employees' Retirement System to administer the Public Employees' Medical and Hospital Care Act and authorizes the board to contract for health benefit plans for employees and annuitants. Existing law defines a family member, for purposes of the act as an employee's or annuitant's spouse or domestic partner and any child, including an adopted child, a stepchild, or recognized natural child.

This bill would include a foster child in the definition of family member.

(5) Existing law requires the board to conduct a study to examine the feasibility and cost-effectiveness of creating a single statewide health care pool that would cover all public school employees.

This bill would repeal that requirement.

(6) Existing law establishes the Judges' Retirement System II which provides retirement benefits to elected judges. Existing law provides that if a retired judge becomes entitled to any salary for assignment to a court by the Chairperson of the Judicial Council after retirement for disability, the retirement allowance otherwise payable pursuant to the Judges' Retirement System II Law shall, during the time he or she is entitled to receive that salary or other compensation, be reduced by the amount of that salary or compensation.

This bill would specify, except as provided, that if person who is retired for service or disability under the system is appointed or elected to serve as a judge, he or she shall reinstate from retirement and again become a member of the system.

(7) The bill would make other conforming, and technical, nonsubstantive changes.

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 20237 of the Government Code is
2 repealed.

3 ~~20237. In addition to any other reports that it may be required~~
4 ~~to make by law, the board shall annually file a separate report with~~
5 ~~the Governor and each house of the Legislature on all matters~~
6 ~~under the jurisdiction of the board.~~

7 SEC. 2. Section 20533 of the Government Code is amended
8 to read:

9 20533. The employer contribution rate adopted under this part,
10 or because of amendments to the contract or to this part, apply to
11 all compensation upon the basis of which member's contributions
12 are deducted after those ~~percentages~~ *employer contribution rates*
13 ~~became or become effective, without regard to the time when the~~
14 ~~service was rendered for which the compensation is paid.~~

15 If correction of the amount of compensation reported ~~requires~~
16 ~~additional employer contributions, the~~ *is required, the employer*
17 contributions shall be computed using the employer *contribution*
18 rate in effect at the time of the ~~adjustment.~~ *that the compensation*
19 *requiring adjustment was earned.*

20 SEC. 3. Section 21453 of the Government Code is amended
21 to read:

22 21453. An election, revocation, or change of election shall be
23 ~~made prior to~~ *within 30 calendar days after* the making of the first
24 payment on account of any retirement allowance or, in *the event*
25 of a change of retirement status after retirement, ~~prior to~~ *within 30*
26 *calendar days after* the making of the first payment on account of
27 any retirement allowance following the change in retirement status.
28 "Change in retirement status" includes, but is not limited to, change
29 from service to disability retirement, from disability retirement to
30 service retirement, from nonindustrial disability retirement to
31 industrial disability retirement, or from industrial to nonindustrial
32 disability retirement.

33 For purposes of this section, payment shall be deemed to have
34 been made on the date a warrant is mailed, or the date funds are
35 electronically transferred to a bank, savings and loan association,
36 or credit union account for deposit in the member's account.

37 This section shall not be construed to authorize a member to
38 change his or her retirement status after ~~the mailing of the first~~

1 ~~retirement warrant following~~ the election, revocation, or change
2 of election provided in this section.

3 SEC. 4. Section 21499 of the Government Code is amended
4 to read:

5 21499. (a) Notwithstanding Section 21498, when either an
6 initial payment of a preretirement or postretirement death allowance
7 or a preretirement or postretirement lump-sum benefit is payable
8 in an amount of ten dollars (\$10) or more, it shall be authorized
9 to the Controller within 45 days of receipt by this system of all the
10 necessary information, including the return of warrants issued or
11 any overpayment outstanding after the date of the death of the
12 annuitant.

13 (b) If any payment is not made within that time limitation, the
14 payment shall also include interest at the greater of the interest
15 crediting rate specified in Section 20178 or the net earnings rate
16 (including capital gains and losses) in effect at the time the payment
17 is made, for time following the expiration of that time limitation.

18 ~~(e) The system shall submit, annually, as part of the report~~
19 ~~required by Section 20237, to the Legislature and the Governor a~~
20 ~~summary of the experience of the system in making payments~~
21 ~~pursuant to subdivision (b).~~

22 SEC. 5. Section 22775 of the Government Code is amended
23 to read:

24 22775. “Family member” means an employee’s or annuitant’s
25 spouse or domestic partner and any child, including an adopted
26 child, a stepchild, *an eligible foster child as defined in Section*
27 *152(f)(1)(c) of Title 26 of the United States Code*, or recognized
28 natural child. The board shall, by regulation, prescribe age limits
29 and other conditions and limitations pertaining to children.

30 SEC. 6. Section 22849 of the Government Code is repealed.

31 ~~22849. (a) The board shall conduct a study to examine the~~
32 ~~feasibility and cost-effectiveness of creating a single statewide~~
33 ~~health care pool that would cover all public school employees~~
34 ~~working in school districts, county offices of education, community~~
35 ~~colleges, and in entities created or established by those school~~
36 ~~employers, including, but not limited to, joint powers agencies,~~
37 ~~regional occupational centers, and regional occupational programs.~~

38 ~~(b) The health care school pool study shall, at a minimum,~~
39 ~~include the following:~~

1 ~~(1) A review and analysis of the costs, cost savings, benefits,~~
2 ~~and drawbacks of creating a health care pool for all public school~~
3 ~~employees in California, including retirees.~~

4 ~~(2) An analysis of rates, including both a regional rating~~
5 ~~structure and a single statewide rating structure.~~

6 ~~(3) An analysis and reporting of any and all cost savings in the~~
7 ~~administration of a single health care pool for all school employees~~
8 ~~compared to the current process that includes hundreds of different~~
9 ~~plans.~~

10 ~~(4) An examination of plan design options in the health care~~
11 ~~school pool.~~

12 ~~(5) An analysis of the feasibility and cost savings of including~~
13 ~~all school employees under this part, as the health care pool for~~
14 ~~all school employees.~~

15 ~~(6) An analysis of the feasibility and cost savings of creating a~~
16 ~~pool operated exclusively for school employees.~~

17 ~~(7) An analysis and comparison of a mandatory pool versus a~~
18 ~~voluntary pool.~~

19 ~~(e) The completion of the health care school pool study shall~~
20 ~~be contingent upon the ability to secure or budget for funding to~~
21 ~~cover the costs of the study. The completed study shall be reported~~
22 ~~to the Legislature within one year after funding is secured or~~
23 ~~budgeted.~~

24 ~~(d) The board shall consult with the Teachers' Retirement Board~~
25 ~~of the State Teachers' Retirement System in preparing the study.~~

26 SEC. 7. Section 75552 of the Government Code is amended
27 to read:

28 75552. (a) After payment of a portion of the member's
29 contributions to a nonmember pursuant to subdivision (b) of
30 Section 75551, the member may redeposit the full amount in the
31 fund at any time before he or she retires or otherwise leaves judicial
32 office. The redeposit shall include interest at the rate of interest
33 then being required to be paid by members of the Public
34 Employees' Retirement System under Section ~~20654~~ 20750 from
35 the date of payment to the date of redeposit. A partial redeposit
36 shall not be accepted.

37 (b) After payment of a portion of the member's monetary credits
38 to a nonmember pursuant to subdivision (c) of Section 75551, the
39 member may redeposit the full amount in the fund at any time
40 before he or she retires or otherwise leaves judicial office. The

1 redeposit shall include interest at the greater of: (1) the rate of
2 interest then being required to be paid by members of the Public
3 Employees' Retirement System under Section ~~20654~~ 20750 from
4 the date of payment to the date of redeposit; or (2) the compounded
5 amounts that would have been credited to the member's monetary
6 account pursuant to subdivision (b) of Section 75520 had the
7 payment not been made to the nonmember. A partial redeposit
8 shall not be accepted.

9 SEC. 8. Section 75580.5 is added to the Government Code, to
10 read:

11 75580.5. (a) Except as provided in subdivision (b), if a person
12 who is retired for service or disability under this system is
13 appointed or elected to serve as a judge, he or she shall reinstate
14 from retirement and again become a member of the system pursuant
15 to this chapter.

16 (b) This section shall not apply to a retired judge who is assigned
17 to serve in a court pursuant to Section 68543.5, and he or she shall
18 not earn service credit or be entitled to retirement benefits under
19 this part for that service.