

Assembly Bill No. 2582

Passed the Assembly August 4, 2014

Chief Clerk of the Assembly

Passed the Senate July 3, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 22902 to the Government Code, relating to postemployment health benefits.

LEGISLATIVE COUNSEL’S DIGEST

AB 2582, Bonta. Public Employees’ Medical and Hospital Care Act: postemployment health benefits: the San Francisco Bay Area Rapid Transit District.

Existing law requires the Board of Administration of the Public Employees’ Retirement System to administer the Public Employees’ Medical and Hospital Care Act. Existing law permits a contracting agency to elect to be subject to the act for its employees and annuitants, provided that the contracting agency and each employee or annuitant contribute a portion of the cost of providing the benefit coverage afforded under the health benefit plan approved or maintained by the board in which the employee or annuitant may be enrolled. Existing law specifies that the employer contribution of a contracting agency begins on the effective date of enrollment and is the amount fixed from time to time by resolution of the governing body of the agency. Existing law provides an optional vesting schedule, for contracting agencies, that links the employer contribution, as specified, to percentages associated with an employee’s credited years of service. Under this formulation, the employer contribution for the contracting agency reaches 100% of a specified amount when the employee attains 20 years of credited service, with certain exceptions. Existing law requires accounts to be maintained in the Public Employees’ Contingency Reserve Fund to consist of administrative costs required to be contributed by contracting agencies and of health plan premiums paid by contracting agencies, which are continuously appropriated for specified purposes.

This bill would authorize the San Francisco Bay Area Rapid Transit District to make employer contributions for postretirement health benefit coverage for the district’s employees who are first hired on or after January 1, 2014. This bill would require the employer contributions to be based on percentages associated with the annuitant’s credited years of service with the district, as

provided. Under this formulation, the employer contribution would be 50% for 10 years of credited service, increasing incrementally by 10% each credited year of service, and reaching 100% if the annuitant attained 15 years of credited service, with a specified exception for those employees who retire for disability. The bill would provide that its provisions apply only to retirements after it becomes effective.

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

SECTION 1. Section 22902 is added to the Government Code, to read:

22902. (a) For the purposes of this section, the term “district” shall mean the San Francisco Bay Area Rapid Transit District.

(b) Notwithstanding any other provision of this part, the district may make contributions for postretirement health benefits for its unrepresented employees, including members of the district board of directors to the extent that they are eligible for contributions under existing law, and members of any unit of employees whose terms and conditions of employment are determined through collective bargaining. Those contributions shall be subject to the following:

(1) Credited years of service that the employee worked with the district.

(2) An agreement with all represented employees regarding postretirement health coverage mutually agreed upon through collective bargaining.

(3) Contributions for postretirement health benefits for the district’s unrepresented employees, including members of the district board of directors to the extent that they are eligible for contributions under existing law, may only be made in accordance with the eligibility criteria and schedule below.

(c) An agreement reached pursuant to subdivision (b) shall provide that employer contributions for postretirement health benefits for employees shall be made in the following percentages for the applicable credited years of service:

Credited Years of Service	Percentage of Employer Contribution
10	50
11	60

12	70
13	80
14	90
15	100

(d) An agreement reached pursuant to subdivision (b) shall authorize full employer contributions for postretirement health benefits for those employees who retire for disability with five years of credited service with the district.

(e) (1) This section shall only apply to district employees first hired on or after January 1, 2014, and to directors who first serve as a director on or after January 1, 2014.

(2) This section shall apply to employees whose terms and conditions of employment are determined through collective bargaining only if the agreement is expressly incorporated by reference into, or made a part of, a memorandum of understanding.

(f) This section is not applicable to any employee who retires before the effective date of the memorandum of understanding referenced in paragraph (2) of subdivision (e). In the event that the memorandum of understanding establishes a retroactive effective date, this section shall apply only to retirements occurring on or after the effective date of this section.

(g) The district shall provide, in the manner prescribed by the board, a notification of each agreement established pursuant to this section or personnel action incorporating or applying this section, and any additional information necessary to implement this section.

Approved _____, 2014

Governor