

AMENDED IN ASSEMBLY SEPTEMBER 3, 2013

AMENDED IN SENATE FEBRUARY 6, 2013

SENATE BILL

No. 13

Introduced by Senator Beall

December 3, 2012

An act to amend Sections 7522.02, 7522.04, 7522.10, 7522.25, 7522.30, 7522.32, 7522.34, 7522.40, 7522.43, 7522.56, 7522.72, 7522.74, ~~20281.5~~, 20683.2, 21400, 31494.1, 31800, 31808, and 31812 of, and to repeal Section 7522.66 of, the Government Code, relating to public employees' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 13, as amended, Beall. Public employees' retirement benefits.

(1) The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS) and the Teachers' Retirement Law establishes the State Teachers' Retirement System for the purpose of providing pension benefits to specified public 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 to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees.

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. Under PEPR, the Judges' Retirement System-I and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in certain other provisions.

This bill would correct an erroneous cross-reference in the above provision and would instead specify that the Judges' Retirement System I and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in other provisions for nonsafety and safety members. *The bill would except from PEPR certain multiemployer plans authorized under, and regulated by, specified federal law.* The bill would clarify the application of PEPR to employees who were employed prior to January 1, 2013, who have service credit in a different retirement system *or who change positions for the same employer without a break in service, as specified.* The bill would authorize a public retirement system to adopt regulations and resolutions in order to modify its retirement plan or plans to conform with PEPR.

(2) PEPR authorizes a public employer offering a retirement benefit plan consisting solely of a defined contribution plan prior to January 1, 2013, to continue to offer that plan instead of the defined benefit plan required pursuant to PEPR. However, PEPR requires an employer that adopts a new defined benefit pension plan or defined benefit formula on or after January 1, 2013, to conform the plan or formula to the requirements of PEPR or be determined and certified by the retirement system's chief actuary and the system's board to have no greater risk and no greater cost to the employer than the defined benefit formula and to be approved by the Legislature. Under that law, new members of the employer's plan may only participate in the defined contribution plan that was in place before January 1, 2013, or a defined contribution plan or defined benefit formula that conforms to the requirements of PEPR.

This bill would specify that the above provisions are not to be construed to prohibit an employer from offering a defined contribution plan on or after January 1, 2013, either with or without a defined benefit

plan, if the employer did not offer a defined contribution plan prior to that date.

(3) ~~PEPRA limits the~~ *defines pensionable compensation for new members and limits payments and compensation* that may be used to calculate a defined benefit for new members and provides that this number shall be adjusted based on changes to the Consumer Price Index for All Urban Consumers. PEPRA permits an employer to provide a contribution to a defined contribution plan for compensation that is in excess of that limit subject to other limits described in federal law. *PEPRA excludes specified payments from the definition of pensionable compensation.*

This bill would specify the method by which adjustments to pensionable compensation limits based on the Consumer Price Index are to be made *and which consumer price index is to be used for this purpose.* The bill would revise how limits on an employer's contributions to a defined contribution plan are to be determined, as specified, and would specifically authorize a retirement system to limit the pensionable compensation used to calculate contributions for new members in this regard. *The bill would specify that the exclusions from pensionable compensation apply to new members. The bill would prescribe requirements for exclusions from pensionable compensation that are collectively bargained with represented employees or imposed on nonrepresented employees.*

(4) On and after January 1, 2013, PEPRA requires each retirement system that offers a defined benefit plan for safety members of the system to use one or more of specified defined benefit formulas and requires an employer to offer one or more of those formulas to new employees who are safety employees eligible for membership in the program.

This bill would instead require an employer to offer one or more of those formulas to new members who are safety employees.

(5) 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 $\frac{1}{4}$ 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 the greater of the above 2 rates, if the greater, current contribution rate has been agreed to through the collective bargaining process. The bill would specify, with regard to the definition of normal cost, that a retirement system's actuary may use either of 2 rates of contribution, as may be applicable to the retirement system. The bill would require that, for purposes of calculating the normal cost rate, the actuarial valuation of retirement benefits ~~include~~ *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.

(6) *PEPRA provides, for the purpose of determining a retirement benefit paid to a person who first becomes a member of a public retirement system on or after January 1, 2013, that final compensation means the member's highest average annual pensionable compensation earned, as defined, during a period of at least 36 consecutive months, or at least 3 school years, as specified.*

This bill would provide for the purpose defining final compensation, as described above, the school years are to be consecutive.

~~(6)~~

(7) PEPRA prohibits a public employer from providing a retirement health benefit vesting schedule to a manager or an employee or officer who is excluded from collective bargaining that is more advantageous than that provided generally to other public employees of the same employer who are in related membership classifications.

This bill would clarify that these provisions do not require an employer to change the vesting schedule of any employee who was subject to a specific retiree health benefit vesting schedule prior to January 1, 2013, or who had a contractual agreement prior to January 1, 2013, for a specific retiree health vesting schedule *and make technical changes.*

~~(7)~~

(8) On and after January 1, 2013, PEPRA prohibits a public employer from offering a plan of replacement benefits for members and any survivors or beneficiaries whose retirement benefits are limited by specified federal law. On and after January 1, 2013, PEPRA makes that

prohibition and certain other provisions related to replacement benefits applicable to new employees.

This bill would instead make those provisions applicable to new members.

(8)

(9) PEPRA generally prohibits a retired person who retires from a public employer from serving, being employed by, or being employed through a contract directly by, a public employer in the same retirement system from which the retiree receives a pension benefit without reinstatement, subject to certain exceptions and limitations. The act prohibits reemployment of a retiree pursuant to these provisions for a period of 180 days following the date of retirement unless he or she falls within certain exceptions to the prohibition, of which one is that the retiree is a public safety officer or a firefighter.

This bill would clarify that, for a retiree who is a public safety officer or a firefighter, he or she must be hired to perform a function or functions regularly performed by a safety officer or firefighter.

(9)

(10) PEPRA, until January 1, 2018, authorizes a safety member of a public retirement system who retires for industrial disability to receive a disability retirement equal to the greater of specified benefit amounts.

This bill would repeal the above provision.

(10)

(11) PEPRA requires that a public employee, including one who is elected or appointed to a public office, who is convicted of any state or federal felony for conduct arising out of, or in the performance of, his or her official duties in pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits, forfeit rights, and benefits earned or accrued from the earliest date of the commission of the felony to the forfeiture date, as specified.

This bill would provide that these provisions supplement the application of specified forfeiture provisions with respect to a judge and, if there is a conflict, the provisions that result in the greatest forfeiture or provide the most stringent procedural requirements shall apply.

~~(11) Under PERL, a person who becomes a state miscellaneous member or state industrial member of PERS after August 11, 2004, does not immediately make contributions or receive service credit for his or her service until after the first 24 months of employment, except~~

~~in specified circumstances. This provision, as modified by PEPRRA, does not apply to a person who first becomes a state miscellaneous member or state industrial member on or after July 1, 2013.~~

~~This bill would instead specify that this provision does not apply to a person who first becomes a state miscellaneous member or state industrial member on or after January 1, 2013.~~

(12) PERL prescribes increases in required employee defined benefit plan contributions, in relation to the normal cost of benefits, for specified bargaining units. PERL requires that contribution rates for employees who are exempted from the definition of state employee and for officers and employees of the executive, legislative, or judicial branches of government who are not members of the civil service be adjusted consistent with those provisions.

This bill would apply the provisions described above to state employees excluded from collective bargaining. The bill would authorize the California State University, on or after January 1, 2018, to require that its member employees pay up to certain percentages of the normal cost of benefits, depending on employment classification, as specified.

~~(12)~~

(13) Under PEPRRA, a state safety member of PERS who retires on or after January 1, 2013, for industrial disability receives a disability retirement benefit equal to the greater of certain benefits, including, among others, 50% of his or her final compensation, plus an annuity purchased with his or her accumulated contributions, if any.

This bill would clarify that the portion of the industrial disability retirement benefit described above refers to an annuity purchased with the member's accumulated additional contributions.

~~(13)~~

(14) The County Employees Retirement Law of 1937 (CERL) establishes an alternative retirement plan that is applicable to Los Angeles, which includes both contributory and noncontributory plans. CERL prescribes specified formulas for computation of the retirement allowance payable for a service retirement, and for the computation of contributions, for certain members, including those to whom the federal Social Security Act applies.

This bill would make a technical change in the alternate retirement plan that is applicable to Los Angeles. The bill would specify that certain the formulas prescribed by CERL do not apply to a person who becomes a member of a county retirement system under a benefit plan subject to PEPRRA, as specified.

(14)

(15) This bill would make legislative findings and declarations regarding its relation to existing law and intended application.

(15)

(16) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares that this act
2 clarifies the California Public Employees’ Pension Reform Act of
3 2013, is declaratory of existing law, and is intended to apply
4 concurrently with the initial operation of that act.

5 SEC. 2. Section 7522.02 of the Government Code is amended
6 to read:

7 7522.02. (a) (1) Notwithstanding any other law, except as
8 provided in this article, on and after January 1, 2013, this article
9 shall apply to all state and local public retirement systems and to
10 their participating employers, including the Public Employees’
11 Retirement System, the State Teachers’ Retirement System, the
12 Legislators’ Retirement System, the Judges’ Retirement System
13 I, the Judges’ Retirement System II, county and district retirement
14 systems created pursuant to the County Employees Retirement
15 Law of 1937, independent public retirement systems, and to
16 individual retirement plans offered by public employers. However,
17 this article shall be subject to the Internal Revenue Code and
18 Section 17 of Article XVI of the California Constitution. The
19 administration of the requirements of this article shall comply with
20 applicable provisions of the Internal Revenue Code and the
21 Revenue and Taxation Code.

22 (2) Notwithstanding paragraph (1), this article shall not apply
23 to the entities described in Section 9 of Article IX of, and Sections
24 4 and 5 of Article XI of, the California Constitution, except to the
25 extent that these entities continue to be participating employers in
26 any retirement system governed by state statute. Accordingly, any
27 retirement plan approved before January 1, 2013, by the voters of
28 any entity excluded from coverage by this section shall not be
29 affected by this article.

1 (3) *Notwithstanding paragraph (1), this article shall not apply*
2 *to a multiemployer plan authorized by Section 302(c)(5) of the*
3 *Taft-Harley Act (29 U.S.C. Sec. 186(c)(5)) if the public employer*
4 *began participation in that plan prior to January 1, 2013, and the*
5 *plan is regulated by the Employee Retirement Income Security Act*
6 *of 1974.*

7 (b) The benefit plan required by this article shall apply to public
8 employees who are new members as defined in Section 7522.04.

9 (c) (1) Individuals who were employed by any public employer
10 before January 1, 2013, and who became employed by a subsequent
11 public employer for the first time on or after January 1, 2013, shall
12 be subject to the retirement plan that would have been available
13 to employees of the subsequent employer who were first employed
14 by the subsequent employer on or before December 31, 2012, if
15 the individual was subject to concurrent membership for which
16 creditable service was performed in the previous six months or
17 reciprocity established under any of the following provisions:

18 ~~(1)~~

19 (A) Article 5 (commencing with Section 20350) of Chapter 3
20 of Part 3 of Division 5 of Title 2.

21 ~~(2)~~

22 (B) Chapter 3 (commencing with Section 31450) of Part 3 of
23 Division 4 of Title 3.

24 ~~(3)~~

25 (C) Any agreement between public retirement systems to provide
26 reciprocity to members of the systems.

27 ~~(4)~~

28 (D) Section 22115.2 of the Education Code.

29 (2) *An individual who was employed before January 1, 2013,*
30 *and who, without a separation from employment, changed*
31 *employment positions and became subject to a different defined*
32 *benefit plan in a different public retirement system offered by his*
33 *or her employer shall be subject to that defined benefit plan as it*
34 *would have been available to employees who were first employed*
35 *on or before December 31, 2012.*

36 (d) If a public employer, before January 1, 2013, offers a defined
37 benefit pension plan that provides a defined benefit formula with
38 a lower benefit factor at normal retirement age and results in a
39 lower normal cost than the defined benefit formula required by
40 this article, that employer may continue to offer that defined benefit

1 formula instead of the defined benefit formula required by this
2 article, and shall not be subject to the requirements of Section
3 7522.10 for pensionable compensation subject to that formula.
4 However, if the employer adopts a new defined benefit formula
5 on or after January 1, 2013, that formula must conform to the
6 requirements of this article or must be determined and certified by
7 the retirement system's chief actuary and the retirement board to
8 have no greater risk and no greater cost to the employer than the
9 defined benefit formula required by this article and must be
10 approved by the Legislature. New members of the defined benefit
11 plan may only participate in the lower cost defined benefit formula
12 that was in place before January 1, 2013, or a defined benefit
13 formula that conforms to the requirements of this article or is
14 approved by the Legislature as provided in this subdivision.

15 (e) If a public employer, before January 1, 2013, offers a
16 retirement benefit plan that consists solely of a defined contribution
17 plan, that employer may continue to offer that plan instead of the
18 defined benefit pension plan required by this article. However, if
19 the employer adopts a new defined benefit pension plan or defined
20 benefit formula on or after January 1, 2013, that plan or formula
21 must conform to the requirements of this article or must be
22 determined and certified by the retirement system's chief actuary
23 and the system's board to have no greater risk and no greater cost
24 to the employer than the defined benefit formula required by this
25 article and must be approved by the Legislature. New members of
26 the employer's plan may only participate in the defined
27 contribution plan that was in place before January 1, 2013, or a
28 defined contribution plan or defined benefit formula that conforms
29 to the requirements of this article. This subdivision shall not be
30 construed to prohibit an employer from offering a defined
31 contribution plan on or after January 1, 2013, either with or without
32 a defined benefit plan, whether or not the employer offered a
33 defined contribution plan prior to that date.

34 (f) The Judges' Retirement System-I and the Judges' Retirement
35 System II shall not be required to adopt the defined benefit formula
36 required by Section 7522.20 or 7522.25 or the compensation
37 limitations defined in Section 7522.10.

38 (g) This article shall not be construed to provide membership
39 in any public retirement system for an individual who would not

1 otherwise be eligible for membership under that system’s
2 applicable rules or laws.

3 (h) On and after January 1, 2013, each public retirement system
4 shall modify its plan or plans to comply with the requirements of
5 this article and may adopt regulations or resolutions for this
6 purpose.

7 SEC. 3. Section 7522.04 of the Government Code is amended
8 to read:

9 7522.04. For the purposes of this article:

10 (a) “Defined benefit formula” means a formula used by the
11 retirement system to determine a retirement benefit based on age,
12 years of service, and pensionable compensation earned by an
13 employee up to the limit defined in Section 7522.10.

14 (b) “Employee contributions” means the contributions to a public
15 retirement system required to be paid by a member of the system,
16 as fixed by law, regulation, administrative action, contract, contract
17 amendment, or other written agreement recognized by the
18 retirement system as establishing an employee contribution.

19 (c) “Federal system” means the old age, survivors, disability,
20 and health insurance provisions of the federal Social Security Act
21 (42 U.S.C. Sec. 301 et seq.).

22 (d) “Member” means a public employee who is a member of
23 any type of a public retirement system or plan.

24 (e) “New employee” means either of the following:

25 (1) An employee, including one who is elected or appointed, of
26 a public employer who is employed for the first time by any public
27 employer on or after January 1, 2013, and who was not employed
28 by any other public employer prior to that date.

29 (2) An employee, including one who is elected or appointed, of
30 a public employer who is employed for the first time by any public
31 employer on or after January 1, 2013, and who was employed by
32 another public employer prior to that date, but who was not subject
33 to reciprocity under subdivision (c) of Section 7522.02.

34 (f) “New member” means any of the following:

35 (1) An individual who becomes a member of any public
36 retirement system for the first time on or after January 1, 2013,
37 and who was not a member of any other public retirement system
38 prior to that date.

39 (2) An individual who becomes a member of a public retirement
40 system for the first time on or after January 1, 2013, and who was

1 a member of another public retirement system prior to that date,
2 but who was not subject to reciprocity under subdivision (c) of
3 Section 7522.02.

4 (3) An individual who was an active member in a retirement
5 system and who, after a break in service of more than six months,
6 returned to active membership in that system with a new employer.
7 For purposes of this subdivision, a change in employment between
8 state entities or from one school employer to another shall not be
9 considered as service with a new employer.

10 (g) “Normal cost” means the portion of the present value of
11 projected benefits under the defined benefit that is attributable to
12 the current year of service, as determined by the public retirement
13 system’s actuary according to the most recently completed
14 valuation. For the purpose of determining normal cost, the system’s
15 actuary may use a single rate of contribution or an age-based rate
16 of contribution as is applicable to that retirement system.

17 (h) “Public employee” means an officer, including one who is
18 elected or appointed, or an employee of a public employer.

19 (i) “Public employer” means:

20 (1) The state and every state entity, including, but not limited
21 to, the Legislature, the judicial branch, including judicial officers,
22 and the California State University.

23 (2) Any political subdivision of the state, or agency or
24 instrumentality of the state or subdivision of the state, including,
25 but not limited to, a city, county, city and county, a charter city, a
26 charter county, school district, community college district, joint
27 powers authority, joint powers agency, and any public agency,
28 authority, board, commission, or district.

29 (3) Any charter school that elects or is required to participate
30 in a public retirement system.

31 (j) “Public retirement system” means any pension or retirement
32 system of a public employer, including, but not limited to, an
33 independent retirement plan offered by a public employer that the
34 public employer participates in or offers to its employees for the
35 purpose of providing retirement benefits, or a system of benefits
36 for public employees that is governed by Section 401(a) of Title
37 26 of the United States Code.

38 SEC. 4. Section 7522.10 of the Government Code is amended
39 to read:

1 7522.10. (a) On and after January 1, 2013, each public
2 retirement system shall modify its plan or plans to comply with
3 the requirements of this section for each public employer that
4 participates in the system.

5 (b) Whenever pensionable compensation, as defined in Section
6 7522.34, is used in the calculation of a benefit, the pensionable
7 compensation shall be subject to the limitations set forth in
8 subdivision (c).

9 (c) The pensionable compensation used to calculate the defined
10 benefit paid to a new member who retires from the system shall
11 not exceed the following applicable percentage of the contribution
12 and benefit base specified in Section 430(b) of Title 42 of the
13 United States Code on January 1, 2013:

14 (1) One hundred percent for a member whose service is included
15 in the federal system.

16 (2) One hundred twenty percent for a member whose service is
17 not included in the federal system.

18 (d) (1) The retirement system shall adjust the pensionable
19 compensation described in subdivision (c) based on the annual
20 changes to the Consumer Price Index for All Urban ~~Consumers~~;
21 *Consumers: U.S. City Average*, calculated by dividing the
22 Consumer Price Index for All Urban ~~Consumers~~ *Consumers: U.S.*
23 *City Average*, for the month of September in the calendar year
24 preceding the adjustment by the Consumer Price Index for All
25 Urban ~~Consumers~~ *Consumers: U.S. City Average*, for the month
26 of September of the previous year rounded to the nearest
27 thousandth. The adjustment shall be effective annually on January
28 1, beginning in 2014.

29 (2) The Legislature reserves the right to modify the requirements
30 of this subdivision with regard to all public employees subject to
31 this section, except that the Legislature may not modify these
32 provisions in a manner that would result in a decrease in benefits
33 accrued prior to the effective date of the modification.

34 (e) A public employer shall not offer a defined benefit or any
35 combination of defined benefits, including a defined benefit offered
36 by a private provider, on compensation in excess of the limitation
37 in subdivision (c).

38 (f) (1) Subject to the limitation in subdivision (c) of Section
39 7522.42, a public employer may provide a contribution to a defined
40 contribution plan for compensation in excess of the limitation in

1 subdivision (c) provided the plan and the contribution meet the
2 requirements and limits of federal law.

3 (2) A public employee who receives an employer contribution
4 to a defined contribution plan shall not have a vested right to
5 continue receiving the employer contribution.

6 (g) Any employer contributions to any employee defined
7 contribution plan above the pensionable compensation limits in
8 subdivision (c) shall not exceed the employer’s contribution rate,
9 as a percentage of pay, required to fund the defined benefit plan
10 for income subject to the limitation in subdivision (c) of Section
11 7522.42.

12 (h) The retirement system ~~may~~ shall limit the pensionable
13 compensation used to calculate the contributions required of *an*
14 *employer or* a new member to the amount of compensation that
15 would be used for calculating a defined benefit as set forth in
16 subdivision (c) or (d).

17 SEC. 5. Section 7522.25 of the Government Code is amended
18 to read:

19 7522.25. (a) Each retirement system that offers a defined
20 benefit plan for safety members of the system shall use one or
21 more of the defined benefit formulas prescribed by this section. A
22 member may retire for service under any of the formulas in this
23 section after five years of service and upon reaching 50 years of
24 age.

25 (b) The Basic Safety Plan shall provide a pension at retirement
26 for service equal to the percentage of the member’s final
27 compensation set forth opposite the member’s age at retirement,
28 taken to the preceding quarter year, in the following table,
29 multiplied by the number of years of service in the system as a
30 safety member.

31	Age at Retirement	Fraction
32	50	1.426
33	50 ¼	1.447
34	50 ½	1.467
35	50 ¾	1.488
36	51	1.508
37	51 ¼	1.529
38	51 ½	1.549
39	51 ¾	1.570
40		

1	52	1.590
2	52 ¼.....	1.611
3	52 ½.....	1.631
4	52 ¾.....	1.652
5	53	1.672
6	53 ¼.....	1.693
7	53 ½.....	1.713
8	53 ¾.....	1.734
9	54	1.754
10	54 ¼.....	1.775
11	54 ½.....	1.795
12	54 ¾.....	1.816
13	55	1.836
14	55 ¼.....	1.857
15	55 ½.....	1.877
16	55 ¾.....	1.898
17	56	1.918
18	56 ¼.....	1.939
19	56 ½.....	1.959
20	56 ¾.....	1.980
21	57 and over	2.000

22
 23 (c) The Safety Option Plan One shall provide a pension at
 24 retirement for service equal to the percentage of the member's
 25 final compensation set forth opposite the member's age at
 26 retirement, taken to the preceding quarter year, in the following
 27 table, multiplied by the number of years of service in the system
 28 as a safety member.

29		
30	Age at Retirement	Fraction
31	50	2.000
32	50 ¼.....	2.018
33	50 ½.....	2.036
34	50 ¾.....	2.054
35	51	2.071
36	51 ¼.....	2.089
37	51 ½.....	2.107
38	51 ¾.....	2.125
39	52	2.143
40	52 ¼.....	2.161

1	52½.....	2.179
2	52¾.....	2.196
3	53	2.214
4	53¼.....	2.232
5	53½.....	2.250
6	53¾.....	2.268
7	54	2.286
8	54¼.....	2.304
9	54½.....	2.321
10	54¾.....	2.339
11	55.....	2.357
12	55¼.....	2.375
13	55½.....	2.393
14	55¾.....	2.411
15	56.....	2.429
16	56¼.....	2.446
17	56½.....	2.464
18	56¾.....	2.482
19	57 and over.....	2.500

20

21 (d) The Safety Option Plan Two shall provide a pension at
 22 retirement for service equal to the percentage of the member's
 23 final compensation set forth opposite the member's age at
 24 retirement, taken to the preceding quarter year, in the following
 25 table, multiplied by the number of years of service in the system
 26 as a safety member.

27

28	Age at Retirement	Fraction
29	50	2.000
30	50¼.....	2.025
31	50½.....	2.050
32	50¾.....	2.075
33	51	2.100
34	51¼.....	2.125
35	51½.....	2.150
36	51¾.....	2.175
37	52	2.200
38	52¼.....	2.225
39	52½.....	2.250
40	52¾.....	2.275

1	53	2.300
2	53 ¼	2.325
3	53 ½	2.350
4	53 ¾	2.375
5	54	2.400
6	54 ¼	2.425
7	54 ½	2.450
8	54 ¾	2.475
9	55	2.500
10	55 ¼	2.525
11	55 ½	2.550
12	55 ¾	2.575
13	56	2.600
14	56 ¼	2.625
15	56 ½	2.650
16	56 ¾	2.675
17	57 and over	2.700

18

19 (e) On and after January 1, 2013, an employer shall offer one
20 or more of the safety formulas prescribed by this section to new
21 members who are safety employees. The formula offered shall be
22 the formula that is closest to, and provides a lower benefit at 55
23 years of age than, the formula provided to members in the same
24 retirement classification offered by the employer on December
25 31, 2012.

26 (f) On and after January 1, 2013, an employer and its employees
27 subject to Safety Option Plan One or Safety Option Plan Two may
28 agree in a memorandum of understanding to be subject to Safety
29 Option Plan One or the Basic Safety Plan, subject to the following:

30 (1) The lower plan shall apply to members first employed on
31 or after the effective date of the lower plan, and shall be agreed to
32 in a memorandum of understanding that has been collectively
33 bargained in accordance with applicable laws.

34 (2) A retirement plan contract amendment with a public
35 retirement system to alter a retirement formula pursuant to this
36 subdivision shall not be implemented by the employer in the
37 absence of a memorandum of understanding that has been
38 collectively bargained in accordance with applicable laws.

39 (3) An employer shall not use impasse procedures to impose
40 the lower plan.

1 (4) An employer shall not provide a different defined benefit
2 for nonrepresented, managerial, or supervisory employees than
3 the employer provides for other public employees, including
4 represented employees, of the same employer who are in the same
5 membership classifications.

6 (g) Pensionable compensation used to calculate the defined
7 benefit shall be limited as described in Section 7522.10.

8 SEC. 6. Section 7522.30 of the Government Code is amended
9 to read:

10 7522.30. (a) This section shall apply to all public employers
11 and to all new members. Equal sharing of normal costs between
12 public employers and public employees shall be the standard. The
13 standard shall be that employees pay at least 50 percent of normal
14 costs and that employers not pay any of the required employee
15 contribution.

16 (b) The “normal cost rate” shall mean the annual actuarially
17 determined normal cost for the plan of retirement benefits provided
18 to the new member and shall be established based on the actuarial
19 assumptions used to determine the liabilities and costs as part of
20 the annual actuarial valuation. The plan of retirement benefits shall
21 include any elements that would impact the actuarial determination
22 of the normal cost, including, but not limited to, the retirement
23 formula, eligibility and vesting criteria, ancillary benefit provisions,
24 and any automatic cost-of-living adjustments as determined by the
25 public retirement system.

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

37 (2) *For purposes of this subdivision, “new member” does not*
38 *include a member who is a judge who was elected to office prior*
39 *to January 1, 2013, despite assuming the office of judge, and*

1 *becoming a member of the Judges' Retirement System II, for the*
2 *first time on or after that date.*

3 (d) Notwithstanding subdivision (c), once established, the
4 employee contribution rate described in subdivision (c) shall not
5 be adjusted on account of a change to the normal cost rate unless
6 the normal cost rate increases or decreases by more than 1 percent
7 of payroll above or below the normal cost rate in effect at the time
8 the employee contribution rate is first established or, if later, the
9 normal cost rate in effect at the time of the last adjustment to the
10 employee contribution rate under this section.

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

15 (1) The employer shall not contribute at a greater rate to the
16 plan for nonrepresented, managerial, or supervisory employees
17 than the employer contributes for other public employees, including
18 represented employees, of the same employer who are in related
19 retirement membership classifications.

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

23 (3) The employer shall not use impasse procedures to increase
24 an employee contribution rate above the rate required by this
25 section.

26 (f) If the terms of a contract, including a memorandum of
27 understanding, between a public employer and its public
28 employees, that is in effect on January 1, 2013, would be impaired
29 by any provision of this section, that provision shall not apply to
30 the public employer and public employees subject to that contract
31 until the expiration of that contract. A renewal, amendment, or
32 any other extension of that contract shall be subject to the
33 requirements of this section.

34 *SEC. 7. Section 7522.32 of the Government Code is amended*
35 *to read:*

36 7522.32. For the purposes of determining a retirement benefit
37 to be paid to a new member of a public retirement system, the
38 following shall apply:

39 (a) Final compensation shall mean the highest average annual
40 pensionable compensation earned by the member during a period

1 of at least 36 consecutive months, or at least three *consecutive*
2 school years if applicable, immediately preceding his or her
3 retirement or last separation from service if earlier, or during any
4 other period of at least 36 consecutive months, *or at least three*
5 *consecutive school years if applicable*, during the member's
6 applicable service that the member designates on the application
7 for retirement.

8 (b) On or after January 1, 2013, an employer shall not modify
9 a benefit plan to permit a calculation of final compensation on a
10 basis of less than the average annual compensation earned by the
11 member during a consecutive 36-month period, or three school
12 years if applicable, for members who have been subject to at least
13 a 36-month or three-school-year calculation prior to that date.

14 ~~SEC. 7.~~

15 *SEC. 8.* Section 7522.34 of the Government Code is amended
16 to read:

17 7522.34. (a) "Pensionable compensation" of a new member
18 of any public retirement system means the normal monthly rate
19 of pay or base pay of the member paid in cash to similarly situated
20 members of the same group or class of employment for services
21 rendered on a full-time basis during normal working hours,
22 pursuant to publicly available pay schedules, *subject to the*
23 *limitations of subdivision (c).*

24 (b) Compensation that has been deferred shall be deemed
25 pensionable compensation when earned rather than when paid.

26 (c) ~~"Pensionable~~ *Notwithstanding any other law, "pensionable*
27 *compensation"* of a new member does not include the following:

28 (1) Any compensation determined by the board to have been
29 paid to increase a member's retirement benefit under that system.

30 (2) Compensation that had previously been provided in kind to
31 the member by the employer or paid directly by the employer to
32 a third party other than the retirement system for the benefit of the
33 member and which was converted to and received by the member
34 in the form of a cash payment.

35 (3) Any one-time or ad hoc payments made to a member.

36 (4) Severance or any other payment that is granted or awarded
37 to a member in connection with or in anticipation of a separation
38 from employment, but is received by the member while employed.

39 (5) Payments for unused vacation, annual leave, personal leave,
40 sick leave, or compensatory time off, however denominated,

1 whether paid in a lump sum or otherwise, regardless of when
2 reported or paid.

3 (6) Payments for additional services rendered outside of normal
4 working hours, whether paid in a lump sum or otherwise.

5 (7) Any employer-provided allowance, reimbursement, or
6 payment, including, but not limited to, one made for housing,
7 vehicle, or uniforms.

8 (8) Compensation for overtime work, other than as defined in
9 Section 207(k) of Title 29 of the United States Code.

10 (9) Employer contributions to deferred compensation or defined
11 contribution plans.

12 (10) Any bonus paid in addition to the compensation described
13 in subdivision (a).

14 (11) Any other form of compensation a public retirement board
15 determines is inconsistent with the requirements of subdivision
16 (a).

17 (12) Any other form of compensation a public retirement board
18 determines should not be pensionable compensation.

19 (13) (A) *Any form of compensation identified that has been*
20 *agreed to be nonpensionable pursuant to a memorandum of*
21 *understanding for employees bound by the memorandum of*
22 *understanding. The employer subject to the memorandum of*
23 *understanding shall inform the retirement system of the excluded*
24 *compensation and provide a copy of the memorandum of*
25 *understanding.*

26 (B) *The employer may determine if excluded compensation*
27 *identified in subparagraph (A) shall apply to nonrepresented*
28 *employees who are aligned with employees subject to the*
29 *memorandum of understanding described in subparagraph (A).*
30 *The employer shall inform the retirement system of the inclusion*
31 *of this compensation and provide a copy of the public pay schedule*
32 *detailing the exclusion.*

33 ~~SEC. 8.~~

34 SEC. 9. Section 7522.40 of the Government Code is amended
35 to read:

36 7522.40. (a) A public employer shall not provide to a public
37 employee who is elected or appointed, a trustee, excluded from
38 collective bargaining, exempt from civil service, or a manager any
39 ~~retiree health benefit~~ vesting schedule *for the employer contribution*
40 *payable for postretirement health benefits* that is more

1 advantageous than that provided generally to other public
2 employees, including represented employees, of the same public
3 employer who are in related retirement membership classifications.

4 (b) This section shall not require an employer to change the
5 vesting schedule *for the employer contribution payable for*
6 *postretirement health benefits* of any public employee who was
7 subject to a specific ~~retiree health benefit~~ vesting schedule *pursuant*
8 *to statute, collective bargaining agreement or resolution for these*
9 *employer contributions* prior to January 1, 2013, or who had a
10 contractual agreement with an employer prior to January 1, 2013,
11 for a specific ~~retiree health~~ vesting schedule *for these employer*
12 *contributions*.

13 ~~SEC. 9.~~

14 *SEC. 10.* Section 7522.43 of the Government Code is amended
15 to read:

16 7522.43. (a) A public employer shall not offer a plan of
17 replacement benefits for members and any survivors or
18 beneficiaries whose retirement benefits are limited by Section 415
19 of Title 26 of the United States Code. This section shall apply to
20 new members.

21 (b) A public retirement system may continue to administer a
22 plan of replacement benefits for employees first hired prior to
23 January 1, 2013.

24 (c) A public employer that does not offer a plan of replacement
25 benefits prior to January 1, 2013, shall not offer such a plan for
26 any employee on or after January 1, 2013.

27 (d) A public employer that offers a plan of replacement benefits
28 prior to January 1, 2013, shall not offer such a plan to any
29 additional employee group to which the plan was not provided
30 prior to January 1, 2013.

31 ~~SEC. 10.~~

32 *SEC. 11.* Section 7522.56 of the Government Code is amended
33 to read:

34 7522.56. (a) This section shall apply to any person who is
35 receiving a pension benefit from a public retirement system and
36 shall supersede any other provision in conflict with this section.

37 (b) A retired person shall not serve, be employed by, or be
38 employed through a contract directly by, a public employer in the
39 same public retirement system from which the retiree receives the

1 benefit without reinstatement from retirement, except as permitted
2 by this section.

3 (c) A person who retires from a public employer may serve
4 without reinstatement from retirement or loss or interruption of
5 benefits provided by the retirement system upon appointment by
6 the appointing power of a public employer either during an
7 emergency to prevent stoppage of public business or because the
8 retired person has skills needed to perform work of limited
9 duration.

10 (d) Appointments of the person authorized under this section
11 shall not exceed a total for all employers in that public retirement
12 system of 960 hours or other equivalent limit, in a calendar or
13 fiscal year, depending on the administrator of the system. The rate
14 of pay for the employment shall not be less than the minimum,
15 nor exceed the maximum, paid by the employer to other employees
16 performing comparable duties, divided by 173.333 to equal an
17 hourly rate. A retired person whose employment without
18 reinstatement is authorized by this section shall acquire no service
19 credit or retirement rights under this section with respect to the
20 employment unless he or she reinstates from retirement.

21 (e) (1) Notwithstanding subdivision (c), any retired person shall
22 not be eligible to serve or be employed by a public employer if,
23 during the 12-month period prior to an appointment described in
24 this section, the retired person received any unemployment
25 insurance compensation arising out of prior employment subject
26 to this section with a public employer. A retiree shall certify in
27 writing to the employer upon accepting an offer of employment
28 that he or she is in compliance with this requirement.

29 (2) A retired person who accepts an appointment after receiving
30 unemployment insurance compensation as described in this
31 subdivision shall terminate that employment on the last day of the
32 current pay period and shall not be eligible for reappointment
33 subject to this section for a period of 12 months following the last
34 day of employment.

35 (f) A retired person shall not be eligible to be employed pursuant
36 to this section for a period of 180 days following the date of
37 retirement unless he or she meets one of the following conditions:

38 (1) The employer certifies the nature of the employment and
39 that the appointment is necessary to fill a critically needed position
40 before 180 days ~~has~~ have passed and the appointment has been

1 approved by the governing body of the employer in a public
2 meeting. The appointment may not be placed on a consent calendar.

3 (2) The state employer certifies the nature of the employment
4 and that the appointment is necessary to fill a critically needed
5 state employment position before 180 days ~~has~~ *have* passed and
6 the appointment has been approved by the Department of Human
7 Resources. The department may establish a process to delegate
8 appointing authority to individual state agencies, but shall audit
9 the process to determine if abuses of the system occur. If necessary,
10 the department may assume an agency's appointing authority for
11 retired workers and may charge the department an appropriate
12 amount for administering that authority.

13 (3) The retiree is eligible to participate in the Faculty Early
14 Retirement Program pursuant to a collective bargaining agreement
15 with the California State University that existed prior to January
16 1, 2013, or has been included in subsequent agreements.

17 (4) The retiree is a public safety officer or firefighter hired to
18 perform a function or functions regularly performed by a *public*
19 safety officer or firefighter.

20 (g) A retired person who accepted a retirement incentive upon
21 retirement shall not be eligible to be employed pursuant to this
22 section for a period of 180 days following the date of retirement
23 and subdivision (f) shall not apply.

24 (h) This section shall not apply to a person who is retired from
25 the State Teachers' Retirement System, and who is subject to
26 Section 24214, 24214.5, or 26812 of the Education Code.

27 (i) This section shall not apply to (1) a subordinate judicial
28 officer whose position, upon retirement, is converted to a judgeship
29 pursuant to Section 69615, and he or she returns to work in the
30 converted position, and the employer is a trial court, or (2) a retiree
31 who takes office as a judge of a court of record pursuant to Article
32 VI of the California Constitution or a retiree of the Judges'
33 Retirement System-I or the Judges' Retirement System II who is
34 appointed to serve as a retired judge.

35 ~~SEC. 11.~~

36 *SEC. 12.* Section 7522.66 of the Government Code is repealed.

37 ~~SEC. 12.~~

38 *SEC. 13.* Section 7522.72 of the Government Code is amended
39 to read:

1 7522.72. (a) This section shall apply to a public employee first
2 employed by a public employer or first elected or appointed to an
3 office before January 1, 2013, and, on and after that date, Section
4 7522.70 shall not apply.

5 (b) (1) If a public employee is convicted by a state or federal
6 trial court of any felony under state or federal law for conduct
7 arising out of or in the performance of his or her official duties, in
8 pursuit of the office or appointment, or in connection with
9 obtaining salary, disability retirement, service retirement, or other
10 benefits, he or she shall forfeit all accrued rights and benefits in
11 any public retirement system in which he or she is a member to
12 the extent provided in subdivision (c) and shall not accrue further
13 benefits in that public retirement system, effective on the date of
14 the conviction.

15 (2) If a public employee who has contact with children as part
16 of *his or* her official duties is convicted of a felony that was
17 committed within the scope of his or her official duties against or
18 involving a child who he or she has contact with as part of his or
19 her official duties, he or she shall forfeit all accrued rights and
20 benefits in any public retirement system in which he or she is a
21 member to the extent provided in subdivision (c) and shall not
22 accrue further benefits in that public retirement system, effective
23 on the date of the conviction.

24 (c) (1) A public employee shall forfeit all the rights and benefits
25 earned or accrued from the earliest date of the commission of any
26 felony described in subdivision (b) to the forfeiture date, inclusive.
27 ~~The retirement rights and~~ benefits shall remain forfeited
28 notwithstanding any reduction in sentence or expungement of the
29 conviction following the date of the public employee's conviction.
30 ~~Retirement Rights and~~ benefits attributable to service performed
31 prior to the date of the first commission of the felony for which
32 the public employee was convicted shall not be forfeited as a result
33 of this section.

34 (2) For purposes of this subdivision, "forfeiture date" means
35 the date of the conviction.

36 (d) (1) Any contributions to the public retirement system made
37 by the public employee described in subdivision (b) on or after
38 the earliest date of the commission of any felony described in
39 subdivision (b) shall be returned, without interest, to the public
40 employee upon the occurrence of a distribution event unless

1 otherwise ordered by a court or determined by the pension
2 administrator.

3 (2) Any funds returned to the public employee pursuant to
4 subdivision (d) shall be disbursed by electronic funds transfer to
5 an account of the public employee, in a manner conforming with
6 the requirements of the Internal Revenue Code, and the public
7 retirement system shall notify the court and the district attorney
8 at least three business days before that disbursement of funds.

9 (3) For the purposes of this subdivision, a “distribution event”
10 means any of the following:

11 (A) Separation from employment.

12 (B) Death of the member.

13 (C) Retirement of the member.

14 (e) (1) Upon conviction, a public employee as described in
15 subdivision (b) and the prosecuting agency shall notify the public
16 employer who employed the public employee at the time of the
17 commission of the felony within 60 days of the felony conviction
18 of all of the following information:

19 (A) The date of conviction.

20 (B) The date of the first known commission of the felony.

21 (2) The operation of this section is not dependent upon the
22 performance of the notification obligations specified in this
23 subdivision.

24 (f) The public employer that employs or employed a public
25 employee described in subdivision (b) and that public employee
26 shall each notify the public retirement system in which the public
27 employee is a member of that public employee’s conviction within
28 90 days of the conviction. The operation of this section is not
29 dependent upon the performance of the notification obligations
30 specified in this subdivision.

31 (g) A public retirement system may assess a public employer a
32 reasonable amount to reimburse the cost of audit, adjustment, or
33 correction, if it determines that the public employer failed to
34 comply with this section.

35 (h) If a public employee’s conviction is reversed and that
36 decision is final, the employee shall be entitled to do either of the
37 following:

38 (1) Recover the forfeited ~~retirement~~ *rights and* benefits as
39 adjusted for the contributions received pursuant to subdivision (d).

1 (2) Redeposit those contributions and interest *that would have*
2 *accrued during the forfeiture period*, as determined by the system
3 actuary, and then recover the full amount of the forfeited *rights*
4 *and* benefits.

5 (i) The forfeiture of rights and benefits provided in this section,
6 with respect to judges, are in addition to and supplement the
7 forfeitures and other requirements provided in Section 75033.2,
8 75062, 75526, or 75563. If there is a conflict between this section
9 and Section 75033.2, 75062, 75526, or 75563, the provisions that
10 result in the greatest forfeiture or provide the most stringent
11 procedural requirements to the claim of a judge shall apply.

12 (j) A public employee first employed by a public employer or
13 first elected or appointed to an office on or after January 1, 2013,
14 shall be subject to Section 7522.74.

15 ~~SEC. 13.~~

16 *SEC. 14.* Section 7522.74 of the Government Code is amended
17 to read:

18 7522.74. (a) This section shall apply to a public employee first
19 employed by a public employer or first elected or appointed to an
20 office on or after January 1, 2013, and on and after that date,
21 Section 7522.70 shall not apply.

22 (b) (1) If a public employee is convicted by a state or federal
23 trial court of any felony under state or federal law for conduct
24 arising out of or in the performance of his or her official duties, in
25 pursuit of the office or appointment, or in connection with
26 obtaining salary, disability retirement, service retirement, or other
27 benefits, he or she shall forfeit all accrued rights and benefits in
28 any public retirement system in which he or she is a member to
29 the extent provided in subdivision (c) and shall not accrue further
30 benefits in that public retirement system, effective on the date of
31 the conviction.

32 (2) If a public employee who has contact with children as part
33 of his or her official duties is convicted of a felony that was
34 committed within the scope of his or her official duties against or
35 involving a child who he or she has contact with as part of his or
36 her official duties, he or she shall forfeit all accrued rights and
37 benefits in any public retirement system in which he or she is a
38 member to the extent provided in subdivision (c) and shall not
39 accrue further benefits in that public retirement system, effective
40 on the date of the conviction.

1 (c) (1) A public employee shall forfeit all the rights and benefits
2 earned or accrued from the earliest date of the commission of any
3 felony described in subdivision (b) to the forfeiture date, inclusive.
4 ~~The retirement rights and~~ benefits shall remain forfeited
5 notwithstanding any reduction in sentence or expungement of the
6 conviction following the date of the public employee's conviction.
7 ~~Retirement Rights and~~ benefits attributable to service performed
8 prior to the date of the first commission of the felony for which
9 the public employee was convicted shall not be forfeited as a result
10 of this section.

11 (2) For purposes of this subdivision, "forfeiture date" means
12 the date of the conviction.

13 (d) (1) Any contributions to the public retirement system made
14 by the public employee described in subdivision (b) on or after
15 the earliest date of the commission of any felony described in
16 subdivision (b) shall be returned, without interest, to the public
17 employee upon the occurrence of a distribution event unless
18 otherwise ordered by a court or determined by the pension
19 administrator.

20 (2) Any funds returned to the public employee pursuant to
21 subdivision (d) shall be disbursed by electronic funds transfer to
22 an account of the public employee, in a manner conforming with
23 the requirements of the Internal Revenue Code, and the public
24 retirement system shall notify the court and the district attorney
25 at least three business days before that disbursement of funds.

26 (3) For the purposes of this subdivision, a "distribution event"
27 means any of the following:

28 (A) Separation from employment.

29 (B) Death of the member.

30 (C) Retirement of the member.

31 (e) (1) Upon conviction, a public employee as described in
32 subdivision (b) and the prosecuting agency shall notify the public
33 employer who employed the public employee at the time of the
34 commission of the felony within 60 days of the felony conviction
35 of all of the following information:

36 (A) The date of conviction.

37 (B) The date of the first known commission of the felony.

38 (2) The operation of this section is not dependent upon the
39 performance of the notification obligations specified in this
40 subdivision.

1 (f) The public employer that employs or employed a public
2 employee described in subdivision (b) and that public employee
3 shall each notify the public retirement system in which the public
4 employee is a member of that public employee's conviction within
5 90 days of the conviction. The operation of this section is not
6 dependent upon the performance of the notification obligations
7 specified in this subdivision.

8 (g) A public retirement system may assess a public employer a
9 reasonable amount to reimburse the cost of audit, adjustment, or
10 correction, if it determines that the public employer failed to
11 comply with this section.

12 (h) If a public employee's conviction is reversed and that
13 decision is final, the employee shall be entitled to do either of the
14 following:

15 (1) Recover the forfeited ~~retirement~~ *rights and* benefits as
16 adjusted for the contributions received pursuant to subdivision (d).

17 (2) Redeposit those contributions and interest *that would have*
18 *accrued during the forfeiture period*, as determined by the system
19 actuary, and then recover the full amount of the forfeited *rights*
20 *and* benefits.

21 (i) The forfeiture of rights and benefits provided in this section,
22 with respect to judges, are in addition to and supplement the
23 forfeitures and other requirements provided in Section 75033.2,
24 75062, 75526, or 75563. If there is a conflict between this section
25 and Section 75033.2, 75062, 75526, or 75563, the provisions that
26 result in the greatest forfeiture or provide the most stringent
27 procedural requirements to the claim of a judge shall apply.

28 (j) A public employee first employed by a public employer or
29 first elected or appointed to an office before January 1, 2013, shall
30 be subject to Section 7522.72.

31 ~~SEC. 14. Section 20281.5 of the Government Code is amended~~
32 ~~to read:~~

33 ~~20281.5. (a) Notwithstanding Section 20281, a person who~~
34 ~~becomes a state miscellaneous member or state industrial member~~
35 ~~of the system on or after the effective date of this section because~~
36 ~~the person is first employed by the state and qualifies for~~
37 ~~membership shall be subject to the provisions of this section.~~

38 ~~(b) Members subject to this section shall not accrue credit for~~
39 ~~service in the system and shall not make employee contributions~~
40 ~~to the system, including the contributions set forth in Section~~

1 ~~20677.4, for employment with the state until the first day of the~~
2 ~~first pay period commencing 24 months after becoming a member~~
3 ~~of the system.~~

4 ~~(e) Notwithstanding subdivision (a), this section shall not apply~~
5 ~~to any of the following:~~

6 ~~(1) Persons who are already members or annuitants of the system~~
7 ~~at the time they are first employed by the state.~~

8 ~~(2) Employees of the California State University, or the~~
9 ~~legislative or judicial branch of state government.~~

10 ~~(3) Members of the Judges' Retirement System, the Judges'~~
11 ~~Retirement System II, the Legislators' Retirement System, the~~
12 ~~State Teachers' Retirement System, or the University of California~~
13 ~~Retirement Plan.~~

14 ~~(4) Persons who are members of a reciprocal retirement system~~
15 ~~and whose employment was subject to a reciprocal retirement~~
16 ~~system within the six months prior to membership in this system.~~

17 ~~(5) Persons whose service is not included in the federal system.~~

18 ~~(6) Persons who are employed by the Department of the~~
19 ~~California Highway Patrol as students at the department's training~~
20 ~~school established pursuant to Section 2262 of the Vehicle Code.~~

21 ~~(7) Persons who had ceased to be members pursuant to Section~~
22 ~~20340 or 21075.~~

23 ~~(8) Persons who are National Guard members pursuant to~~
24 ~~Section 20380.5.~~

25 ~~(d) A separation of employment does not alter the 24-month~~
26 ~~period described by subdivision (b). A member who separates~~
27 ~~from state employment shall remain subject to this section if he~~
28 ~~or she returns to state employment as a state miscellaneous or state~~
29 ~~industrial member within that 24-month period.~~

30 ~~(e) Any regulations adopted by the board to implement the~~
31 ~~requirements of this section shall not be subject to the review and~~
32 ~~approval of the Office of Administrative Law, pursuant to Chapter~~
33 ~~3.5 (commencing with Section 11340) of Part 1 of Division 3. The~~
34 ~~regulations shall become effective immediately upon filing with~~
35 ~~the Secretary of State.~~

36 ~~(f) This section shall not apply to any person who first becomes~~
37 ~~a state miscellaneous member or a state industrial member on or~~
38 ~~after January 1, 2013.~~

39 *SEC. 15. Section 20683.2 of the Government Code is amended*
40 *to read:*

1 20683.2. Equal sharing of normal costs between the state
2 employer and public employees shall be the standard. It shall be
3 the standard that employees pay at least 50 percent of normal costs
4 and that employers not pay any of the required employee
5 contribution. Equal sharing of normal costs is currently the standard
6 for most state employees.

7 (a) Notwithstanding any other section of this code, or other
8 provision of law in conflict with this section, except as provided
9 in Section 7522.30, normal contribution rates for defined benefit
10 plans for state employees of public employers as defined in
11 paragraph (1) of subdivision (i) of Section 7522.04, excluding the
12 California State University, *which shall be subject to subdivision*
13 *(b)*, shall be determined as follows:

14 (1) Normal cost contribution rates shall increase as follows:

15 (A) The contribution rate for State Peace Officer/Firefighter
16 members in State Bargaining Unit 6 and for State Safety members
17 in State Bargaining Units 1, 3, 4, 7, 9, 10, 11, 14, 15, 17, 20, and
18 21 will increase by 1.0 percentage point on July 1, 2013, and will
19 increase by an additional 1.0 percentage point on July 1, 2014.

20 (B) The contribution rate for State Peace Officer/Firefighter
21 members in State Bargaining Units 7 and 8 will increase by 1.5
22 percentage points on July 1, 2013, and will increase by an
23 additional 1.5 percentage points on July 1, 2014.

24 (C) The contribution rate for state industrial members in State
25 Bargaining Units 1, 3, 4, 6, 9, 10, 11, 14, 15, 17, and 20 will
26 increase by 1.0 percentage point on July 1, 2013.

27 (D) The contribution rate for state miscellaneous and industrial
28 members that have elected the Second Tier benefit formula will
29 increase by 1.5 percentage points annually starting July 1, 2013.
30 The final annual increase in the contribution rate shall be adjusted
31 as appropriate.

32 (E) The contribution rate for State Safety members in State
33 Bargaining Unit 2 and state miscellaneous members in State
34 Bargaining Unit 5 will increase by 1.0 percentage point on July 1,
35 2013.

36 (F) The contribution rate for Patrol members in State Bargaining
37 Unit 5 will increase by 1.5 percentage points on July 1, 2013.

38 (2) Consistent with paragraph (1), the normal rate of contribution
39 shall be adjusted accordingly for related state employees who are
40 exempted from the definition of "state employee," *who are*

1 *excluded from collective bargaining, or who are officers and or*
2 *employees of the executive, legislative, or judicial branch of state*
3 *government who are not members of the civil service.*

4 *(b) On and after January 1, 2018, the California State University*
5 *may require that members pay at least 50 percent of the normal*
6 *cost of benefits, provided that their contribution shall be no more*
7 *than 8 percent of pay for miscellaneous members subject to Section*
8 *21354.1, no more than 11 percent of pay for safety members, and*
9 *no more than 13 percent of pay for peace officer/firefighter*
10 *members.*

11 *(A) Before implementing any change pursuant to this paragraph,*
12 *for any represented employees, the employer shall complete the*
13 *good faith bargaining process as required by Chapter 12*
14 *(commencing with Section 3560) of Division 4 of Title 1, including*
15 *any impasse procedures requiring mediation and factfinding.*

16 *(B) Nothing in this section shall preclude employees of the*
17 *California State University from agreeing to contribute more than*
18 *the costs described in this subdivision for any benefit.*

19 *(C) The Legislature authorizes to the California State University*
20 *to increase member contribution rates pursuant to this paragraph,*
21 *while reserving the right to adjust contribution rates under Section*
22 *20689 of the Government Code.*

23 ~~(b)~~

24 *(c) Calculation of employee contribution rate increases pursuant*
25 *to this section shall be based upon compensation calculations*
26 *established pursuant to Sections 20671 to 20694, inclusive.*

27 ~~(e)~~

28 *(d) In addition to the actuarially required contribution, savings*
29 *realized by the state employer as a result of the employee*
30 *contribution rate increases required by this section shall be*
31 *allocated to any unfunded liability, subject to appropriation in the*
32 *annual Budget Act.*

33 ~~SEC. 15.~~

34 *SEC. 16.* Section 21400 of the Government Code is amended
35 to read:

36 21400. (a) A safety member who retires on or after January
37 1, 2013, for industrial disability shall receive a disability retirement
38 benefit equal to the greater of the following:

1 (1) Fifty percent of his or her final compensation, plus an annuity
2 purchased with his or her accumulated additional contributions, if
3 any.

4 (2) A service retirement allowance, if he or she is qualified for
5 service retirement.

6 (3) An actuarially reduced factor, as determined by the actuary,
7 for each quarter year that his or her service age is less than 50
8 years, multiplied by the number of years of safety service subject
9 to the applicable formula, if he or she is not qualified for service
10 retirement.

11 (4) Nothing in this section shall require a member to receive a
12 lower benefit than he or she would have received prior to January
13 1, 2013, as the law provided prior to that date.

14 (b) This section shall remain in effect only until January 1, 2018,
15 and as of that date is repealed, unless a later enacted statute, that
16 is enacted before January 1, 2018, deletes or extends that date.

17 ~~SEC. 16.~~

18 *SEC. 17.* Section 31494.1 of the Government Code is amended
19 to read:

20 31494.1. (a) In accordance with the provisions of this section,
21 general members, whose retirement benefits are governed by the
22 noncontributory plan created by this article, may transfer to the
23 contributory plan. Contributory plan shall mean Retirement Plan
24 D. Transfer may be made by election upon written application
25 executed by the member and filed with the board on or before the
26 election date and shall be effective on the transfer date, subject to
27 the terms and conditions set forth in this section. The election date
28 shall be that date identified in the resolution adopted by the board
29 of supervisors declaring this section to be operative. The transfer
30 date shall be that date on which the member completes deposit of
31 all contributions required by Section 31494.3. The election is
32 voluntary and may be revoked upon written notice received by the
33 board prior to the transfer date.

34 (b) The retirement benefits of members electing to transfer and
35 transferred members shall be governed and defined by this section.
36 In the event of conflict, this section shall supersede and prevail
37 over other provisions, or application of provisions, otherwise
38 contained in this article.

39 (c) Transferred members relinquish, waive, and forfeit any and
40 all vested or accrued benefits available under any other retirement

1 plan provided to members of the retirement system, and shall be
2 entitled only to the benefits available under the contributory plan.

3 (d) Transferred members shall receive retirement service credit
4 for that period of service with the employer, for which the members
5 were otherwise eligible to receive credit under the plan created by
6 this article. Transferred members shall also receive retirement
7 service credit for that period of service for which the member made
8 contributions pursuant to Section 31490.5.

9 (e) Transferred members may receive retirement service credit
10 for service other than that with the employer, for which the
11 members were credited or were eligible to receive credit under the
12 plan created by this article, by written application executed by the
13 member and filed with the board on or before the election date.

14 (f) The employer, the members who have elected to transfer,
15 and transferred members shall make contributions to the retirement
16 fund in accordance with the rates, and in the same manner, as
17 prescribed under the contributory plan. The monthly contributions
18 shall commence for the month next following the transfer date or
19 that date 120 days after the election date, whichever is earlier.

20 (g) For purposes of calculating member contributions required
21 under Section 31494.3, the entry age of a transferred member shall
22 be that entry age as reflected in the retirement records maintained
23 on behalf of the board.

24 (h) Failure of a member to deposit the contributions at the time
25 and in the manner required by subdivision (a) of Section 31494.3
26 shall result in the cancellation of his or her election to transfer.

27 (i) Failure of a member to deposit the contributions at the time
28 and in the manner required by subdivision (b) or (c) of Section
29 31494.3 shall result in the cancellation and forfeiture of his or her
30 right to elect credit for other service under subdivision (e).

31 (j) Prior to the transfer date, the rights to retirement, disability,
32 survivors, and death benefits of members who have made the
33 election to transfer shall remain the same as defined and governed
34 by this article. If those members die, terminate service, or make
35 application for retirement prior to the transfer date, or fail to deposit
36 all required contributions as required by Section 31494.3, all
37 member contributions and regular interest shall be refunded to the
38 member or member's survivor.

39 (k) Notwithstanding any other provision contained in this section
40 or Section 31494.3, in the event of the death of a member who has

1 elected to transfer prior to the transfer date, the spouse of the
2 member, or the minor children of the member if no spouse survives
3 the member, may elect to pay the balance of contributions required
4 by Section 31494.3, and if the contributions are deposited in the
5 retirement fund within 120 days after the death of the member, the
6 spouse of the member, or if no spouse survives the member, the
7 minor children of the member, shall be entitled to rights and
8 benefits as if the deceased member had deposited all contributions
9 required by Section 31494.3.

10 (l) Prior to the transfer date, the rights to retirement, disability,
11 survivors, and death benefits of members who have made the
12 election to transfer shall remain the same as defined and governed
13 by this article. If those members die, terminate service, or make
14 application for retirement prior to the transfer date, all member
15 contributions and regular interest shall be refunded to the member
16 or the member's survivor.

17 (m) This section shall be operative at such time or times as may
18 be mutually agreed to in memoranda of understanding executed
19 by the employer and employee representatives if the board of
20 supervisors adopts, by majority vote, a resolution declaring that
21 the section shall be operative.

22 ~~SEC. 17.~~

23 *SEC. 18.* Section 31800 of the Government Code is amended
24 to read:

25 31800. (a) Except as provided in subdivision (b), the provisions
26 of this article shall be applicable to any member who is subject to
27 the federal old age and survivors insurance provisions of the *federal*
28 Social Security Act, when the governing board of the county or
29 district in which the member is employed adopts by majority vote
30 a resolution providing that this article shall be applicable to all
31 members in such county or district who are subject to the federal
32 system. The provisions of this article shall become fully effective
33 and operative on the date specified in such resolution; provided,
34 however, such resolution shall have received prior approval by
35 majority affirmative vote of eligible members employed by the
36 county or district in a referendum conducted in accordance with
37 the provisions of Article 2, Chapter 2, Part 4, Division 5, 2 of
38 Chapter 2 of Part 4 of Division 5 of Title 2 of this code. Nothing
39 in this article shall be construed as negating or in any way affecting
40 the validity of a referendum vote conducted prior to the enactment

1 of this article, whereby a majority of members employed by a
2 county or district voted in favor of federal old age and survivors
3 insurance coverage on a purely additive or supplemental basis.

4 (b) Notwithstanding subdivision (a), this article shall not be
5 applied to any member or to the service, contributions, or benefits
6 of any member that, on or after January 1, 2013, is subject to the
7 provisions of the California Public Employees' Pension Reform
8 Act of 2013. Nothing herein shall preclude a member who is subject
9 to the California Public Employees' Pension Reform Act of 2013
10 and whose position is included in an agreement between the state
11 and federal government for coverage under the old age and
12 survivors insurance provisions of the *federal* Social Security Act
13 from also being subject to that federal system as a supplementation
14 system under which the social security benefits shall be in addition
15 to unintegrated retirement benefits.

16 ~~SEC. 18.~~

17 *SEC. 19.* Section 31808 of the Government Code is amended
18 to read:

19 31808. (a) Except as provided in subdivision ~~(d)~~ (c), in any
20 county or district subject to the provisions of Section 31676.1,
21 31676.11, 31676.13, or 31676.14, the retirement allowance payable
22 for retirement service rendered prior to the effective date of the
23 resolution mentioned in Section 31800 shall be computed in
24 accordance with the provisions of Section 31676.1, 31676.11,
25 31676.13, or 31676.14, whichever is applicable. Except as provided
26 in subdivision (b), the retirement allowance with respect to service
27 performed after May 31, 1957, shall equal the total of the
28 following:

29 (1) The fraction of one-ninetieth of the first three hundred fifty
30 dollars (\$350) monthly of the member's final compensation set
31 forth in the table appearing in Section 31676.1, 31676.11,
32 31676.13, or 31676.14, whichever is applicable, in the column
33 applicable to the member's age at retirement taken to the preceding
34 completed quarter year multiplied by the number of years of
35 creditable service as provided therein.

36 (2) The fraction of one-sixtieth of any remaining portion of the
37 member's final compensation set forth in the table appearing in
38 Section 31676.1, 31676.11, 31676.13, or 31676.14, whichever is
39 applicable, in the column applicable to the member's age at

1 retirement taken to the preceding completed quarter year multiplied
2 by the number of years of creditable service.

3 (b) With respect to persons who become members of a county
4 retirement system after the effective date of the amendments to
5 this section enacted at the 1979–80 Regular Session, the retirement
6 allowance shall equal the following:

7 (1) The fraction of one-ninetieth of the first one thousand fifty
8 dollars (\$1,050) monthly of the member’s final compensation set
9 forth in the table appearing in Section 31676.1, 31676.11,
10 31676.13, or 31676.14, whichever is applicable, in the column
11 applicable to the member’s age at retirement taken to the preceding
12 completed quarter year multiplied by the number of years of
13 creditable service as provided therein.

14 (2) The fraction of one-sixtieth of any remaining portion of the
15 member’s final compensation set forth in the table appearing in
16 Section 31676.1, 31676.11, 31676.13, or 31676.14, whichever is
17 applicable, in the column applicable to the member’s age at
18 retirement taken to the preceding completed quarter year multiplied
19 by the number of years of creditable service.

20 (3) This subdivision may be made applicable in any county of
21 over six million population on the first day of the month after the
22 board of supervisors of such county adopts by majority vote a
23 resolution providing that this subdivision shall become applicable
24 in such county.

25 (c) This section shall not apply to the retirement allowance of
26 a person who becomes a member of a county retirement system
27 under a benefit plan established pursuant to Section 7522.20 or
28 7522.25.

29 ~~SEC. 19.~~

30 *SEC. 20.* Section 31812 of the Government Code is amended
31 to read:

32 31812. (a) Except as provided in subdivision ~~(d)~~ (c), each
33 member shall continue to contribute as provided for in Article 6
34 (commencing with Section 31620) or (in case of those members
35 defined in Sections 31470.2, ~~31470.4~~ 31470.4, and 31470.6) Article
36 6.8 (commencing with Section 31639) of this chapter less an
37 amount equal to one-third of that portion of such contribution
38 which is payable with respect to the first three hundred fifty dollars
39 (\$350) monthly wage, or in counties where the board of supervisors
40 pursuant to subdivision (b) of Section 31808.6 elects to compute

1 the retirement allowance of safety members according to the
2 provisions of Section 31664, each safety member shall make
3 contributions as provided for in Article 6.8 of this chapter with
4 respect to all of his *or her* monthly wage.

5 (b) (1) With respect to persons who become members of a
6 county retirement system after the effective date of the amendments
7 to this section enacted at the 1979–80 Regular Session, each
8 member shall contribute as provided for in Article 6 (commencing
9 with Section 31620) or (in case of those members defined in
10 Sections 31470.2, ~~31470.4~~ 31470.4, and 31470.6) Article 6.8
11 (commencing with Section 31639) of this chapter less an amount
12 equal to one-third of that portion of such contribution which is
13 payable with respect to the first one thousand fifty dollars (\$1,050)
14 monthly wage, or in counties where the board of supervisors
15 pursuant to subdivision (b) of Section 31808.6 elects to compute
16 the retirement allowance of safety members according to the
17 provisions of Section 31664, each safety member shall make
18 contributions as provided for in Article 6.8 of this chapter with
19 respect to all of his *or her* monthly wage.

20 (2) This subdivision may be made applicable in any county of
21 over six million population on the first day of the month after the
22 board of supervisors of such county adopts by majority vote a
23 resolution providing that this subdivision shall become applicable
24 in such county.

25 (c) This section shall not apply to the retirement allowance of
26 a person who becomes a member of a county retirement system
27 under a benefit plan established pursuant to Section 7522.20 or
28 7522.25.

29 ~~SEC. 20.~~

30 *SEC. 21.* This act is an urgency statute necessary for the
31 immediate preservation of the public peace, health, or safety within
32 the meaning of Article IV of the Constitution and shall go into
33 immediate effect. The facts constituting the necessity are:

34 In order to address technical problems and avoid costly and
35 unnecessary changes to retirement systems in implementing the
36 California Public Employees’ Pension Reform Act of 2013
37 (Chapter 296 of the Statutes of 2012), it is necessary for this act
38 to take effect immediately.

O