

**ASSEMBLY BILL**

**No. 537**

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**Introduced by Assembly Member Travis Allen**

February 23, 2015

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An act to add Sections 3509.7 and 3523.4 to the Government Code, relating to public employees' benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 537, as introduced, Travis Allen. Public employees' benefits.

Existing law permits the Board of Administration of the Public Employees' Retirement System to authorize an employer to participate in the prefunding of health care coverage and other postemployment benefits for annuitants.

This bill would prohibit a public agency, state employer, employee organization, or public employee from entering into a memorandum of understanding that provides postemployment health care benefits without a strategy for permanently prefunding members' postemployment health care benefits.

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 3509.7 is added to the Government Code,  
2 to read:  
3 3509.7. (a) Notwithstanding any other law, a public agency,  
4 employee organization, or public employee shall not enter into a  
5 memorandum of understanding on or after January 1, 2016, that  
6 provides postemployment health care benefits without a strategy

1 for permanently prefunding members' postemployment health care  
2 benefits pursuant to Article 11 (commencing with Section 22940)  
3 of Chapter 1 or Part 5 of Division 5 of Title 2.

4 (b) If the provisions of this section are in conflict with the  
5 provisions of a memorandum of understanding, the memorandum  
6 of understanding shall be controlling, except that upon expiration  
7 of the memorandum of understanding or other collective bargaining  
8 agreement, this section shall be controlling and shall not be  
9 superseded by a subsequent memorandum of understanding or  
10 other collective bargaining agreement.

11 SEC. 2. Section 3523.4 is added to the Government Code, to  
12 read:

13 3523.4. (a) Notwithstanding any other law, the state employer,  
14 employee organization, or state employee shall not enter into a  
15 memorandum of understanding on or after January 1, 2016, that  
16 provides postemployment health care benefits without a strategy  
17 for permanently prefunding members' postemployment health care  
18 benefits pursuant to Article 11 (commencing with Section 22940)  
19 of Chapter 1 or Part 5 of Division 5 of Title 2.

20 (b) If the provisions of this section are in conflict with the  
21 provisions of a memorandum of understanding, the memorandum  
22 of understanding shall be controlling, except that upon expiration  
23 of the memorandum of understanding, this section shall be  
24 controlling shall may not be superseded by a subsequent  
25 memorandum of understanding or other collective bargaining  
26 agreement.