

ASSEMBLY BILL

No. 1812

Introduced by Assembly Member Wagner

February 8, 2016

An act to add Section 7514.7 to the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1812, as introduced, Wagner. Public employees' retirement.

Existing state and local public retirement systems provide defined benefits based on age at retirement, service credit, and final compensation. Existing law defines final compensation for various employment classifications in connection with the benefits provided by these systems.

This bill would prohibit the retirement benefit paid to a member of any public retirement system whose service is not included in the federal social security system from exceeding \$100,000. The bill would prohibit the retirement benefit paid to a member of any public retirement system whose service is included in the federal social security system from exceeding \$80,000. The bill would require that those amounts be adjusted annually by each public retirement system using the Consumer Price Index for All Urban Consumers.

This bill would apply the above-described provisions to a public employee who is first employed by a public agency and becomes a member of any public retirement system on or after January 1, 2017.

This bill would specify that if any of these provisions are in conflict with a memorandum of understanding that is current and in effect on January 1, 2017, the memorandum of understanding would be controlling while it remains in effect, but that upon expiration of that

memorandum of understanding, these provisions would be controlling and would not be superseded by a subsequent memorandum of understanding.

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 7514.7 is added to the Government Code,
2 to read:

3 7514.7. (a) (1) The retirement benefit paid to a member of
4 any public retirement system whose service is not included in the
5 federal system shall not exceed one hundred thousand dollars
6 (\$100,000) per year, adjusted by each system annually for inflation
7 using the Consumer Price Index for All Urban Consumers.

8 (2) The retirement benefit paid to a member of any public
9 retirement system whose service is included in the federal system
10 shall not exceed eighty thousand dollars (\$80,000) per year,
11 adjusted by each system annually for inflation using the Consumer
12 Price Index for All Urban Consumers.

13 (b) Notwithstanding any other law or any provision of an expired
14 memorandum of understanding, this section shall apply to a public
15 employee who is employed by a public agency for the first time
16 and becomes a member of a public retirement system on or after
17 January 1, 2017.

18 (c) This section shall not apply to:

19 (1) Former public employees employed before January 1, 2017,
20 who return to employment in the same public agency on or after
21 January 1, 2017.

22 (2) State employees hired prior to January 1, 2017, who were
23 subject to Section 20281.5 during the first 24 months of state
24 employment.

25 (3) Public employees on an approved leave of absence employed
26 prior to January 1, 2017, who return to active employment on or
27 after January 1, 2017.

28 (d) For purposes of this section, the following definitions shall
29 apply:

30 (1) "Federal system" means the old age, survivors, disability,
31 and health insurance provisions of the Social Security Act.

1 (2) “Public agency” means the state or a county, city, city and
2 county, district, school district, authority, university, or any public
3 or municipal corporation, political subdivision, or other public
4 agency of the state, or any department, division, bureau, board,
5 commission, agency, or instrumentality of any of these entities.

6 (3) “Public employee” means any person employed by any
7 public agency.

8 (4) “Public retirement system” means all state and local public
9 retirement systems, excluding the University of California
10 Retirement System and any retirement systems created for a charter
11 city or charter county.

12 (e) If this section is in conflict with a memorandum of
13 understanding that is current and in effect on January 1, 2017, the
14 memorandum of understanding shall be controlling while it remains
15 in effect. Upon expiration of the memorandum of understanding
16 that is in effect and current on January 1, 2017, this section shall
17 be controlling and shall not be superseded by a subsequent
18 memorandum of understanding.