

AMENDED IN ASSEMBLY MAY 1, 2000  
AMENDED IN ASSEMBLY APRIL 10, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2118**

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**Introduced by Assembly Member Bock**

February 22, 2000

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An act to add Section 20136 to the Government Code, relating to public retirement systems.

LEGISLATIVE COUNSEL'S DIGEST

AB 2118, as amended, Bock. Public retirement systems: merger study.

Existing law establishes the Public Employees' Retirement Law and sets forth procedures for its administration and the provision of benefits to eligible members, under the direction of its board of administration. Existing law also establishes the State Teachers' Retirement Law and sets forth procedures for its administration and the provision of benefits to its eligible members, under the direction of the Teachers' Retirement Board.

This bill would require the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board to ~~conduct a study to determine the feasibility of merging the State Teachers' Retirement System into the Public Employees' Retirement System. The bill would require that this study be completed and presented to the Legislature on or before December 31, 2001~~ *prepare and*

*submit a report to specified Legislative committees by July 1, 2001, that would evaluate the benefits or negative consequences of a merger of the respective retirement systems, recommend whether a feasibility study and implementation plan for that merger should be prepared, and estimate the costs of the study. The bill would provide that, upon the recommendation of the boards for a feasibility study and implementation plan, and following review of the report by the Legislative committees, as specified, the feasibility study and implementation plan would be submitted to the Legislature within one year.*

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 20136 is added to the  
 2 Government Code, to read:  
 3 20136. (a) The board and the Teachers' Retirement  
 4 ~~Board shall conduct a study to determine the feasibility~~  
 5 ~~of merging the State Teachers' Retirement System into~~  
 6 ~~the Public Employees' Retirement System.~~  
 7 (b) ~~The study conducted pursuant to subdivision (a)~~  
 8 ~~shall include, but not be limited to, all of the following:~~  
 9 (1) ~~An analysis of the benefit structure following a~~  
 10 ~~merger.~~  
 11 (2) ~~The composition of the board following a merger.~~  
 12 (3) ~~The effect of a merger on the retirement fund.~~  
 13 (4) ~~The methods to be used to administer the merger~~  
 14 ~~of the two systems.~~  
 15 (5) ~~Financing of benefits for members of the former~~  
 16 ~~State Teachers' Retirement System.~~  
 17 (c) ~~The board and the Teachers' Retirement Board~~  
 18 ~~shall complete the study and present their findings to the~~  
 19 ~~Legislature on or before December 31, 2001. Board shall~~  
 20 ~~evaluate the operations of the State Teachers'~~  
 21 ~~Retirement System and the Public Employees'~~  
 22 ~~Retirement System to determine whether there are~~  
 23 ~~increased costs, foregone benefits, or other significant~~  
 24 ~~negative consequences because the retirement systems~~



1 *operate as separate entities, including negative impacts*  
2 *on services to members and beneficiaries, investments,*  
3 *and administration.*

4 *(b) The board and the Teachers' Retirement Board*  
5 *shall prepare a report on their evaluation, together with*  
6 *findings on any significant benefits that would be*  
7 *anticipated to result from a merger of the two retirement*  
8 *systems into a single entity, or any significant anticipated*  
9 *negative consequences of that merger. The report shall*  
10 *also contain the boards' recommendation on whether a*  
11 *complete feasibility study and implementation plan for*  
12 *merging the two systems should be prepared and the*  
13 *boards' estimate of the anticipated cost of preparing that*  
14 *study and plan. The report shall be submitted to the Joint*  
15 *Legislative Budget Committee, and the fiscal committees*  
16 *and appropriate policy committees of the Assembly and*  
17 *Senate on or before July 1, 2001.*

18 *(c) If the report recommends that a complete*  
19 *feasibility study and implementation plan for merging*  
20 *the systems is warranted, no action shall be taken with*  
21 *respect to that recommendation for thirty days after the*  
22 *report is submitted to the Legislative committees. During*  
23 *that period, those committees may conduct hearings to*  
24 *review and provide recommendations with respect to the*  
25 *proposed study and plan. The study and plan shall then*  
26 *be completed and submitted to the Legislature within*  
27 *one year following the expiration of that thirty day*  
28 *period.*

