

2010 Pension Reforms for State Employees: SB 846, SBX6 22, AB 1592, AB 1625

2011 Pension Reforms for State Employees: SB 151

In 2010, most of the state’s 21 bargaining units agreed to pension reforms that rolled back benefits to the levels in place in the mid 1970’s. In addition, employee contributions—for current *and* new employees—to the state pension system (CalPERS) were increased to levels higher than any in history, making California’s state employees among the highest pension contributors in the nation. In 2011, Governor Brown concluded bargaining with the remaining 6 bargaining units, achieving contracts with similar provisions to those completed in the previous year. *Estimated long terms savings on pension obligations will reach over \$13 billion by the year 2040.*

These bills adopt pension benefit levels that existed before SB 400 (Ortiz), Chapter 555, Statutes of 1999. The chart below details how the benefit levels have changed for state employees, employees in the legislative and judicial branches, and employees of the California State University (CSU).

CalPERS Retirement Classification	Benefits Pre SB 400 (1999, Ortiz)	Benefit Levels Beginning 1/1/2000 (after passage of SB 400)	2010& 2011 Reforms
State Miscellaneous and Industrial Members: State, Legislative, Judicial, and CSU Employees Retirement Formulas (new hires)	2% at age 60	2% at age 55	2% at age 60
State Miscellaneous and Industrial Members: State Employees Contributions to PERS (current and new employees covered by current MOUs)	5% of pay after first \$513	5% of pay after first \$513 6% of pay after first \$513 (State BU 2 only)	8%-10% of pay after first \$513
State Miscellaneous and Industrial Members: State Employees Final Compensation Calculation (new hires)	Average of 1 Highest Year	Average of 1 Highest Year	Average of 3 Highest Years since 2006
State Miscellaneous Members: Legislative, Judicial, and CSU Employee Final Compensation Calculation (new hires)	Average of 1 Highest Year	Average of 1 Highest Year	Average of 3 Highest Years

State Safety Members			
Retirement Formula (new hires)	2% at age 55	2.5% at age 55	2% at age 55
Member Contribution to PERS (current and new employees covered by current MOUs)	6 % of pay after first \$513	6% of pay after first \$513	9%-11% of pay after first \$513
Final Compensation Calculation (new hires)	Average of 1 Highest Year	Average of 1 Highest Year	Average of 3 Highest Years since 2006
State Firefighters			
Retirement Formulas (new hires)	2.5% at age 55	3% at age 50 ⁱ	3% at age 55
Member Contributions to PERS (current and new employees)	8% of pay after first \$238	8% of pay after first \$238	10% of pay after first \$238
Final Compensation Calculation (new hires)	Average of 1 Highest Year	Average of 1 Highest Year	Average of 3 Highest Years
State Patrol Officers			
Retirement Formula (new hires)	2.7% at age 55	3% at age 50	3% at age 55
Member Contribution to PERS (current and new employees)	8% of pay after first \$863	8% of pay after first \$863	10% of pay after first \$863
Final Compensation Calculation (new hires)	Average of 1 Highest Year	Average of 1 Highest Year	Average of 3 Highest Years
Peace Officers: State, Legislative, Judicial, and CSU			
Retirement Formula (new hires)	2.5% at age 55	3% at age 50 (State, CSU) ⁱⁱ 3% at age 55 (Legislative)	2.5% at age 55
Member Contribution to PERS (current and new employees)	8% of pay after first \$238 or \$863 (varies by group and employer)	8% of pay after first \$238 or \$863 (varies by group and employer)	10%-11% of pay after first \$513 (State BU 7 and related excluded) 11% of pay after first \$863 (State BU 6 and related excluded)
Final Compensation Calculation (new hires)	Average of 1 Highest Year	Average of 1 Highest Year	Average of 3 Highest Years

Bills referenced in this chart:

SB 846, Chapter 162, Statutes of 2010 (Correa): State Employees: Memoranda of Understanding

SB X6 22, Chapter 3, Budget Act of 2010 (Hollingsworth): State Employees: Pension Reform

AB 1592, Chapter 163, Statutes of 2010 (Buchanan): State Employees: Memoranda of Understanding

AB 1625, Chapter 1625, Statutes of 2010 (Perez): State Employees: Memorandum of Understanding

SB 151, Chapter 25, Statutes of 2011 (Correa): State Employees: Memorandum of Understanding

ⁱ SB 400 granted state Firefighters the 3% at age 55 formula; however, subsequent collective bargaining agreements and statutory changes increased the formula to 3% at 50.

ⁱⁱ SB 400 granted state and CSU Peace Officers the 3% at age 55 formula; however, subsequent collective bargaining agreements and statutory changes increased the formula to 3% at 50.