

CALIFORNIA LEGISLATURE

# Senate Committee on Public Employment and Retirement

Senator Lou Correa, Chair



**LEGISLATIVE BILL SUMMARY  
2009 - 2010 REGULAR SESSION**

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**SENATE COMMITTEE ON  
PUBLIC EMPLOYMENT AND  
RETIREMENT**

**SENATOR LOU CORREA, CHAIR**



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SENATE COMMITTEE ON PUBLIC EMPLOYMENT AND RETIREMENT  
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**Senate Measures**

**Senate Bill 11 (Negrete McLeod):** SAN BERNARDINO COUNTY: AUTHORITY TO CREATE A TRUST FUND TO PREFUND RETIREE HEALTH BENEFITS AND TO PERMIT PUBLIC EMPLOYERS TO PARTICIPATE IN THIS TRUST FUND, AS SPECIFIED

Authorizes the San Bernardino County Board of Retirement to establish a post-employment health benefits fund for the investment of assets held in trust for the exclusive purpose of providing health benefits to the retirees of that County, and those of any participating local agency.

**Chapter 326, Statutes of 2009**

**Senate Bill 37 (Strickland):** STATE EMPLOYEES: REDUCTION OF PAPER STATEMENTS ON PAY FOR EMPLOYEES THAT CHOOSE ELECTRONIC FUNDS TRANSFER

Provides that state employees who participate in the direct deposit program shall receive their statement of earnings and deductions by an electronic method unless the employee requests, in writing, to receive a paper version of the statement.

**Chapter 329, Statutes of 2009**

**Senate Bill 278 (Negrete McLeod):** PERS BOARD: DEFINITION OF “LIFE INSURER” MEMBER

Would provide that the gubernatorial appointment of a life insurer to the Board of Administration of the California Public Employees Retirement System (PERS) may be from either a “domestic” or “foreign” life insurer.

**Returned to Secretary of Senate pursuant to Joint Rule 56**

**Senate Bill 280 (Calderon):** STRS: GOLDEN HANDSHAKE: MODIFICATION OF PENALTIES FOR RETURNING TO WORK UNDER CERTAIN CIRCUMSTANCES

Would have required that a California State Teachers Retirement System (STRS) retiree who received a Golden Handshake and who subsequently returned to the classroom (which is prohibited for a specified period of time) would not have his or her Golden Handshake revoked, and would not be required to make specified restitution *if the retiree submitted a notarized affidavit stating:*

- a) that he or she was unaware of the prohibition on certain STRS-covered employment, and
- b) he or she was asked to return to work by the former employer.

**Returned to Secretary of Senate pursuant to Joint Rule 56**

**Senate Bill 345 (Negrete McLeod): '37 ACT: SAN BERNARDINO COUNTY: SPECIAL DEATH BENEFIT CHANGE TO APPLY TO ALL SAFETY MEMBERS WHO DIE BEFORE RETIREMENT**

Requires, in San Bernardino County only upon the adoption of the Board of Supervisors, that the safety members' special death benefit paid to a surviving beneficiary *shall be based upon the salary of the then-active safety members* employed in the job classification applicable to the deceased member at the time of injury or death.

**Chapter 583, Statutes of 2009**

**Senate Bill 414 (Correa): ELECTED BOARD MEMBERS: 1937 ACT COUNTY RETIREMENT SYSTEMS**

Would have made various changes to the process for filling vacancies on boards of retirement and boards of investment in counties operating retirement systems under the County Employees' Retirement Law of 1937.

**Vetoed: 09/30/10:**

To the Members of the California State Senate:

I am returning Senate Bill 414 without my signature.

Among other things, this bill prohibits a county retirement board from limiting the role of an alternate member's participation in board meetings and committees. It also mandates that an election to fill board vacancies be held at the earliest possible date. Both of these provisions are unnecessarily limiting of the flexibility of these local entities.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Senate Bill 519 (Ashburn): STATE BARGAINING UNIT 5 (CHP): MOU ADDENDUM RELATING TO INITIATING AN "OPEB FUND" IN LIEU OF A SCHEDULED PAY RAISE; and PERS: ELIMINATE SUNSET ON 5<sup>TH</sup> LEVEL OF 1959 SURVIVOR BENEFIT**

- a) approved the addendum to the memorandum of understanding (MOU) entered into by the state and State Bargaining Unit 5, represented exclusively by the California Association of Highway Patrolmen and makes the statutory changes needed to implement the provisions of the addendum relating to the initiation of a trust fund account to fund BU 5 retiree health care.
- b) eliminated the January 1, 2010 sunset on the 5th level 1959 Survivor Benefit for certain state and school employees covered under the California Public Employees Retirement System (PERS) who do not participate in the Social Security program.

**Chapter 188, Statutes of 2009**

**Senate Bill 538 (Senate PE&R Committee): '37 ACT: LOS ANGELES COUNTY: REINSTATEMENT FROM DISABILITY BEFORE WAIVER OF MANDATORY RETIREMENT AGE OF 60 FOR SAFETY MEMBERS**

Makes a technical clarification in Gov't Section 31663.15 in the County Employees Retirement Act of 1937, permitting the Los Angeles County Employees Retirement Association (LACERA) to receive the necessary physical certification of a safety member returning from disability leave, before making a determination as to whether the member is subject to mandatory retirement.

**Chapter 190, Statutes of 2009**

**Senate Bill 593 (Romero): SCHOOL EMPLOYEES: POST-RETIREMENT DEATH BENEFITS**

Would have increased CalPERS death benefits for retired school members from \$2,000 to \$6,163.

**Returned to Secretary of Senate pursuant to Joint Rule 56**

**Senate Bill 596 (Cedillo): SPOT BILL: STATE EMPLOYEES MEMORANDUM OF UNDERSTANDING**

**Returned to Secretary of Senate pursuant to Joint Rule 56**

**Senate Bill 623 (Ashburn): STATE EMPLOYEES: EXTENSION OF EXISTING 2-YEAR MAXIMUM OF "LIMITED TERM" APPOINTMENTS**

Would have allowed the SPB to extend the 2-year maximum of Limited Term (LT) appointments for up to 2 years (total 4 years) under specified circumstances, or *indefinitely* under other specified circumstances.

**Died in Senate Local Government Committee: 8/20/10**

**Senate Bill 628 (Ashburn): PEMHCA: PROPOSED LOWER TIER OF EMPLOYER CONTRIBUTIONS FOR EMPLOYEES HIRED AFTER JANUARY 1, 2010**

Would have allowed governmental agencies that participate in the Public Employees Medical and Hospital Care Act (PEMHCA) to negotiate a lower tier of employer health care contributions for employees hired after January 1, 2010, if agreed to in a Memorandum of Understanding with exclusive employee representatives, provided that the relevant PEMHCA contracting agencies are also instrumentalities of either the County of Placer or the County of Shasta.

**Returned to Secretary of Senate pursuant to Joint Rule 62(a)**

**Senate Bill 634 (Senate PE&R Committee): STRS: ANNUAL TECHNICAL "HOUSEKEEPING" OMNIBUS BILL**

Makes technical "housekeeping" changes in the State Teachers' Retirement Law to facilitate efficient administration of the retirement system.

**Chapter 304, Statutes of 2009**

**Senate Bill 644 (Denham): STATE EMPLOYEES: INCREASE VETERANS' PREFERENCE POINTS FOR STATE CIVIL SERVICE EXAMS FOR VETERANS WITHOUT PRIOR STATE SERVICE**

Provides that any veteran *who is not already in state service* and takes a civil service examination shall receive an extra **10 points**, unless the veteran is *disabled*, in which case **15 points** shall be given.

**Chapter 357, Statutes of 2009**

**Senate Bill 656 (DeSaulnier): PERB: UNITS OF EMPLOYEES: EXCLUSIONS**

Would have required a local public agency "mixed" bargaining unit (i.e., comprised of both safety and non-safety members) to be removed from the dispute settlement jurisdiction of the Public Employment Relations Board (PERB) *if the majority of the employees in the unit are safety members*.

**Vetoed: 10/12/09:**

To the Members of the California State Senate:

I am returning Senate Bill 656 without my signature.

While I am supportive of employee rights, this bill would create an inconsistent treatment of non-peace officer employees in unions with peace officer majorities and similar non-peace officer employees that are in unions without a peace officer majority. I do not believe a sufficient case can be made why one group should circumvent the existing dispute resolution process that currently exists through the Public Employment Relations Board. For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Senate Bill 752 (Correa): '37 ACT: ORANGE COUNTY OPTIONAL LOWER TIER OF RETIREMENT BENEFITS FOR NEW AND INCUMBENT EMPLOYEES**

Implements a negotiated bargaining agreement between Orange County and the Orange County Employees' Association, providing a second tier *option* for new non-safety employees, and provides incumbent non-safety employees a *one-time election* to enter the new lower tier, for prospective service only.

**Chapter 362, Statutes of 2009**

**Senate Bill 846 (Correa): MEMORANDA OF UNDERSTANDING FOR STATE BARGAINING UNITS 5, 12, AND 18**

Provides legislative ratification for memoranda of understanding between the administration and three state bargaining units: Highway Patrol (BU 5); Craft and Maintenance Workers (BU 12); and Psychiatric Technicians (BU 18). Requires lower retirement formulas, three year final compensation calculations, and increased employee contributions, as specified.

**Chapter 162, Statutes of 2010**

**Senate Bill 919 (Hollingsworth): CALPERS: INCREASES STATE EMPLOYEE CONTRIBUTIONS AND REDUCES RETIREMENT BENEFITS; INCREASES VESTING FOR RETIREE HEALTH**

Would have made changes to the Public Employees' Retirement Law (PERL) to do the following:

- a) reclassify certain state safety positions as miscellaneous positions for employees hired after the effective date of the legislation;
- b) make changes to final compensation periods for certain state employees;
- c) increase employee contribution rates for state, judicial, legislative, and California State University (CSU) employees;
- d) increase retirement ages and decrease benefit levels for state, judicial, legislative, CSU, and school employees;
- e) provide that health benefits administration may be performed by an entity other than CalPERS;
- f) reduce retiree health benefit employer contributions and increase the required vesting period to receive full benefits; and
- g) allow local contracting employers to offer retire health plans that differ from those currently authorized by law.

**Died in Senate Public Employment and Retirement Committee: 6/14/10**

**Senate Bill 1139 (Correa): CALPERS ANNUAL HOUSEKEEPING BILL: MAKES VARIOUS CHANGES TO THE PUBLIC EMPLOYEES' RETIREMENT LAW**

Makes technical and non-controversial changes to various sections of the Government Code administered by the California Public Employees' Retirement System (CalPERS), and grants CalPERS authority to offer and manage expanded retirement savings options currently authorized under federal law.

**Chapter 639, Statutes of 2010**

**Senate Bill 1209 (Romero): INCREASES POSTRETIREMENT DEATH BENEFIT FOR SCHOOL MEMBERS OF CALPERS FROM \$2,000 TO \$5,000**

Would have increased the postretirement death benefit paid to the beneficiary of a school member of the California Public Employees' Retirement System (CalPERS) from \$2,000 to \$5,000 with cost of living adjustments (COLA) annually thereafter.

**Died in Senate Public Employment and Retirement Committee: 4/21/10**

**Senate Bill 1217 (Senate PE&R Committee): ALLOWS MULTIPLE DESIGNEES TO BE IDENTIFIED FOR RECEIPT OF FINAL PAY WARRANTS UPON DEATH OF A STATE EMPLOYEE**

Allows an employee of the State to designate a primary person and up to three contingent persons for receipt of final pay warrants upon the employee's death. In addition, it clarifies that the employee could also designate a corporation, trust, or the employee's estate as a recipient of those warrants.

**Chapter 155, Statutes of 2010**



**Senate Bill 1262 (Aanestad): CALPERS: HIGH DEDUCTIBLE HEALTH PLANS AND HEALTH SAVINGS ACCOUNTS**

- a) would have required Public Employees' Medical and Hospital Care Act (PEMHCA), administered by the California Public Employees' Retirement System (CalPERS) to:
  - 1) include a high deductible health plan and corresponding Health Savings Accounts (HSA) as one of the options that employees and annuitants who participate in PEMHCA may choose;
  - 2) require that the employer contribution rates in effect for existing plans be paid for the high deductible plan and corresponding HSAs, as specified; and
  - 3) require that participating employees and annuitants who opt for the high deductible plans pay their required contributions and *also contribute* a minimum of \$50 per month to their HSA accounts.
- b) would have amended the Revenue and Taxation Code to make various changes and clarifications to the Revenue and Taxation Code, effective January 1, 2010, to allow taxable deductions, as specified, in connection with HSA accounts, and create conformity between state and federal laws with regard to HSA accounts.

**Died in Senate Public Employment and Retirement Committee: 4/12/10**

**Senate Bill 1425 (Simitian and Correa): PUBLIC RETIREMENT SYSTEMS: PROHIBITS PENSION SPIKING AND REQUIRES 180 DAY BREAK IN EMPLOYMENT FOLLOWING RETIREMENT**

- a) made findings and declarations regarding public employee retirement benefits and the need to consistently distinguish which items of compensation are properly included in members' final compensation for the purpose of determining retirement benefits.
- b) would have added requirements to laws governing the Public Employees' Retirement System, the State Teachers' Retirement System, and independent public retirement systems to:
  - 1) clarify and define which elements may and may not be included in final compensation for the purpose of calculating retirement benefits;
  - 2) require that increases to employee compensation during the final compensation period be consistent with increases paid to other employees in the same or similar occupational groups or classes;
  - 3) require the boards of retirement systems to audit employer compliance with final compensation reporting requirements and allow them to levy monetary penalties or fees for non-compliance; and
  - 4) prohibit, for 180 days after the date of retirement, any public annuitant who retires on or after January 1, 2011, from returning to work as a part-time, paid employee; contracting employee; or employee of a third party contractor.

**Vetoed: 9/30/10:**

To the Members of the California State Senate:

I am returning Senate Bill 1425 without my signature.

The enactment of this bill is contingent upon the enactment of Assembly Bill 1987 (Ma). I am vetoing AB 1987 because it does not provide real pension reform. I am still hopeful that the Legislature will pass an acceptable bill that really addresses California's pension problem.

For this reason, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Senate Bill 1479 (Senate PE&R Committee): 1937 ACT COUNTY RETIREMENT SYSTEM: ANNUAL HOUSEKEEPING BILL**

Makes technical and non-controversial changes to the 1937 Act Retirement Law.

**Chapter 158, Statutes of 2010**

**Senate Bill X8 29 (Steinberg): STATE EMPLOYEES: EXEMPTION FROM FURLOUGH FOR SPECIFIED CIVIL SERVICE EMPLOYEES**

- a) would have exempted state civil service employees from being furloughed if employed in positions funded at least 95% by sources other than the General Fund and exempted all employees of the Franchise Tax Board and Board of Equalization.
- b) would have prohibited state agencies, boards, and commissions from implementing, or assisting with implementation of, furloughs for such employees.

**Vetoed: 03/24/10:**

To the Members of the California State Senate:

I am returning Senate Bill X8 29 without my signature as it would undermine necessary actions taken to achieve budgetary and cash solutions.

This bill would exempt state civil service employees funded at least 95 percent by sources other than the General Fund, and employees of the Franchise Tax Board and the State Board of Equalization from furloughs. This bill also prohibits state agencies, boards, and commissions from implementing, or assisting with the implementation of, furloughs for such employees.

State employees throughout California are hard-working public servants who play a vital role in providing services to millions of Californians. But the depth and breadth of the state's unprecedented fiscal crisis required the state to achieve immediate budgetary savings in all areas of state government including state payroll. That is why I implemented the furlough program last year as a temporary measure to achieve savings and to also provide the state with an additional cash management tool. It was also intended as a way to achieve savings in employee compensation as an alternative to deeper state employee layoffs. And as I indicated in my budget proposal, the current furlough program will

end as scheduled on June 30th. Instead, I have proposed a package of employee compensation savings to be enacted by the Legislature.

It is necessary to apply furloughs across the board, with limited exemptions as needed to protect public health and safety, to effectively manage the workforce, and to avoid inequities and morale problems for state employees. Further, this bill as written would be difficult, if not impossible to implement. Many positions are funded through multiple funding sources and as such it is not always possible to determine if they are funded at least 95 percent by sources other than the General Fund.

Finally, this bill would limit the ability of future Governors to implement furloughs during a fiscal emergency. It is imperative that Governors have maximum flexibility to address such emergencies. As this is a matter presently before the courts, attempts to legislatively limit Governors' furlough authority are premature until a final judgment has been made.

For these reasons, I am returning this bill without my signature.

Sincerely,  
Arnold Schwarzenegger

## Assembly Measures

### **Assembly Bill 65 (Hayashi):** CALPERS SELF-FUNDED VISION CARE FOR RETIRED LOCAL, SCHOOL AND UNIVERSITY MEMBERS

Establishes a self-funded vision care program for retired local members, school members, and university members to be administered by the California Public Employees' Retirement System effective on or before January 1, 2011.

**Chapter 265, Statutes of 2009**

### **Assembly Bill 86 (Nava):** CALPERS SAFETY MEMBERSHIP FOR AIRPORT PATROL OFFICERS

Allows local contracting agencies of the California Public Employees Retirement System to reclassify specified airport law enforcement officers as local safety members.

**Chapter 79, Statutes of 2009**

### **Assembly Bill 88 (Asm. PER&SS Committee):** RATIFICATION OF MOU BETWEEN THE STATE AND THE STATE BARGAINING UNITS REPRESENTED BY SEIU LOCAL 1000

Would have approved the memoranda of understanding agreed to by the state and the following state bargaining units represented exclusively by the Service Employees International Union, Local 1000:

- BU 1 (Professional, Administrative, Financial, and Staff Services), 45,165 employees,
- BU 3 (Professional Educators and Librarians), 2,368 employees,
- BU 4 (Office and Allied), 29,198 employees,
- BU 11 (Engineering and Scientific Technicians), 3,169 employees,
- BU 14 (Printing and Allied Trades), 479 employees,
- BU 15 (Allied Services), 4,632 employees,
- BU 17 (Registered Nurses), 4,962 employees,
- BU 20 (Medical and Social Services), 3,581 employees
- BU 21 (Educational Consultant and Library), 585 employees.

**Died in the Senate on 3<sup>rd</sup> Reading: 9/12/09**

### **Assembly Bill 125 (De Leon):** CALPERS: THE CALIFORNIA EMPLOYEE SAVINGS PROGRAM FOR PRIVATE SECTOR EMPLOYEES

Would have created the California Employee Savings Program (CalESP), under the administration of the California Public Employees Retirement System to provide retirement savings opportunities to California's private sector employees through various types of IRAs.

**Died in Senate Appropriations Committee, held under submission: 8/27/09**

**Assembly Bill 194 (Torrico): CALPERS: FINAL COMPENSATION LIMITATION**

Would have limited the amount a member of a public retirement system could include in salary or payrate for the purpose of receiving a retirement benefit.

**Vetoed: 09/30/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 194 without my signature.

The bill limits the salary that retirement benefits are based on for individuals, prospectively after January 1, 2011, to 125% of the Governor's salary, as specified.

The current compensation limit imposed by the federal government to determine public employee retirement benefits is \$245,000. Currently, this bill would cap the compensation counted towards retirement at \$217,483. While this two tiered cap that would be created by this bill would make a very small dent in the pension problem California faces, it cannot be considered real pension reform. I am still hopeful that the Legislature will pass an acceptable bill that addresses the real cost issues that have driven up the liability in public pension systems.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 226 (Torrico): COUNTY EMPLOYEES RETIREMENT – SACRAMENTO COUNTY**

- a) would have clarified the characterization of compensation paid to a retiring member that was deferred or modified based on concessions in an executed collective bargaining agreement between the County of Sacramento and a county employee bargaining unit between July 1, 2010 and September 1, 2010.
- b) would have allowed implementation of the memorandum of understanding (MOU) between Sacramento County and the Sacramento County Deputy Sheriffs' Association (SCDSA), which represents approximately 1,150 safety employees, and the Law Enforcement Management Association (LEMA), which represents approximately 94 safety employees.

**Vetoed: 09/30/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 226 without my signature.

This bill includes provisions intended to address issues resulting from changes to law proposed by AB 1987 (Ma). Since I am vetoing AB 1987, those provisions in this bill are not necessary.

The other provision in this bill permits Sacramento County to immediately implement a lower retirement tier for newly hired safety employees, for specified bargaining groups. I encourage Sacramento County to reach responsible agreements with their employees, and seek new legislation to implement that component of the deal.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 232 (Hill): CALSTRS: ELECTRONIC SIGNATURES PERMITTED AND ELIMINATION OF PAYMENT INFORMATION ON ELECTRONIC FUNDS TRANSFER UNLESS REQUESTED BY THE STRS MEMBER**

Allows the California State Teachers' Retirement System to:

- a) prescribe the form for accepting *electronically signed* applications and documents, and
- b) not mail a copy of benefit payment information when payments are made by electronic funds transfer, unless there is a change in the net amount paid.

**Chapter 90, Statutes of 2009**

**Assembly Bill 399 (Brownley): CALPERS and CALSTRS: MINOR TECHNICAL CHANGES AND STATUTORY CHANGES NEEDED TO INSURE THAT STATE FURLOUGHS DO NOT NEGATIVELY IMPACT EMPLOYEES' RETIREMENT BENEFITS**

Preserves the retirement benefits of furloughed state employees and employees of the California State University, makes conforming changes relating to the use of excess reserves in the Public Employees Medical and Hospital Care Act as adopted in a previously passed budget trailer bill, and makes other technical and non-controversial changes.

**Chapter 240, Statutes of 2009**

**Assembly Bill 468 (Hayashi): PEMHCA: VESTING AND EMPLOYER CONTRIBUTION SCHEDULE FOR ALAMEDA COUNTY TRANSPORTATION DISTRICT**

- a) creates a specific vesting schedule and employer contribution amount for annuitant health care premiums for the ACTIA employees hired on or after October 1, 2004.
- b) provides that an employee that works for ACTIA for 15 years shall be eligible to participate in the health care plan when they retire regardless of the length of the period between their separation for ACTIA employment and their actual retirement.

**Chapter 320, Statutes of 2009**

**Assembly Bill 502 (Furutani): STATE EMPLOYEES MEMORNADUM OF UNDERSTANDING: SPOT BILL**

**Died in Senate Pubic Employment and Retirement Committee**

**Assembly Bill 506 (Furutani): CALSTRS: POST-RETIREMENT EARNINGS LIMITATIONS: SPECIFIED PROGRAM MODIFICATIONS AND EXTENSION TO JUNE 30, 2012**

- a) prohibits, as of July 1, 2010, STRS members who *retire before age 60* from working in any STRS-related service for the first six months after they retire.
- b) extends the sunset date of the existing STRS post-retirement earnings limit exemptions from June 30, 2010, to June 30, 2012.
- c) expands eligibility, where applicable, by one year to STRS members who retired on or before January 1, 2009.

**Chapter 506, Statutes 2009**

**Assembly Bill 609 (Conway): '37 ACT: LIMITS ON ADMINISTRATIVE COSTS**

Increases the amount county retirement systems that participate in the County Employees Retirement Act of 1937 are permitted to spend on administration costs and changes the base upon which those costs are calculated. In addition, exempts legal services and litigation costs from the definition of administrative costs.

**Chapter 663, Statutes of 2010**

**Assembly Bill 637 (Hill): PERS: ELECTRONIC FUNDS TRANSFER OF EMPLOYER CONTRIBUTIONS**

Would require PERS contracting agencies to use Electronic Funds Transfer (EFT) for the payment of amounts due to PERS and changes the method for calculating interest on late employer payments, as specified.

**Chapter 118, Statutes of 2009**

**Assembly Bill 654 (Mendoza): CALSTRS: MODIFICATION OF "REGULAR INTEREST" AND ASSESMENT OF INTEREST AND PENALTIES ON EMPLOYERS**

Revises, in the STRS Law, the definition of "regular interest" and establishes a consistent basis for the assessment of interest and penalties for late payments of contributions, late submissions of reports, and delayed reports of compensation.

**Chapter 249, Statutes of 2010**

**Assembly Bill 755 (Brownley): STATE CIVIL SERVICE: TEMPORARY ASSIGNMENTS OF VISITING EDUCATORS**

Would have *prohibited* local educators on loan to a state education agency from serving in temporary assignments in *specified positions* for more than 4 years.

**Vetoed: 10/12/09:**

To the Members of the California State Assembly:

I am returning Assembly Bill 755 without my signature.

This bill unnecessarily limits the State's flexibility in the use of non-state personnel with distinct expertise and experience. In certain instances, state civil service employees may not provide the same level of expertise and may be more costly. The ability for the state to benefit from the expertise of non-state employees should not be restricted.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 779 (Hayashi): SPOT BILL: STATE EMPLOYEES MEMORANDUM OF UNDERSTANDING  
Died in Senate Public Employment and Retirement Committee**

**Assembly Bill 790 (Hernandez): STATE EMPLOYEES: CONTINUOUS APPROPRIATION OF SALARIES IN EVENT OF A LATE BUDGET**

Would have required—in any year in which a budget is not enacted by July 1<sup>st</sup>—a continuous appropriation to pay state employee salaries and benefits for the period of time between July 1<sup>st</sup> and when the budget is enacted.

**Died on Senate Inactive file: 8/18/10**

**Assembly Bill 820 (Conway): STATE GROUP LEGAL SERVICES AND VISION CARE PROGRAMS CHANGES**

Makes changes to the Vision Care Program for State Annuitants and the Group Legal Services Plan offered to state employees:

- a) allows state, legislative, and judicial branch retirees to participate in the Legal Plan which is currently offered to state employees, provided the annuitant pays the full costs of the plan;
- b) authorizes the Department of Personnel Administration (DPA) to directly bill an annuitant if there are insufficient funds in the annuitant's benefit allowance to pay the premium for the Vision Care Program; and
- c) provides that moneys in the Vision Care Program are continuously appropriated.

**Chapter 126, Statutes of 2009**

**Assembly Bill 965 (Asm. PER&SS Committee): SPOT BILL: STATE EMPLOYEES MEMORANDUM OF UNDERSTANDING  
Died in Senate Public Employment and Retirement Committee**



**Assembly Bill 966 (Asm. PER&SS Committee): PERS: ANNUAL TECHNICAL HOUSEKEEPING OMNIBUS BILL**

Makes minor or technical amendments to various sections of the Government Code administered by PERS that are necessary for the continued efficient administration of the system.

**Chapter 130, Statutes of 2009**

**Assembly Bill 1136 (Fong): '37 ACT: CHANGE PREVIOUSLY ELECTED SURVIVOR OPTIONS**

Would permit, upon adoption by a county board of retirement, a retired member of a county retirement system being operated under the County Employees' Retirement Law of 1937 ('37 Act) to change previously elected optional survivor settlements, as specified.

**Vetoed: 10/12/09:**

To the Members of the California State Assembly:

I am returning Assembly Bill 1136 without my signature.

This bill would create a situation whereby certain county retirees could change their retirement elections and increase their benefits as a result. I am concerned that this could create unfunded increases to county retirement costs. At this time, even small increases would be unacceptable.

For this reason, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 1215 (De La Torre): STATE EMPLOYEES: EXEMPTIONS BASED ON FUNDING SOURCE FOR STATE EMPLOYEES SUBJECT TO FURLOUGHS**

Would have exempted state civil service employees from being furloughed if employed in positions funded at least 95% by sources other than the General Fund;

**Died on Senate Inactive File: 8/30/10**

**Assembly Bill 1354 (Fong): '37 ACT: MAXIMUM PAYMENTS TO RETIREES PURSUANT TO INTERNAL REVENUE CODE SECTION 415**

Brings state laws governing the County Employees' Retirement Law of 1937 ('37 Act) into conformity with federal laws regarding public employees who die while serving on active military duty, and make other clarifying changes to bring the statutes into conformity with federal Internal Revenue Code provisions.

**Chapter 188, Statutes of 2010**

**Assembly Bill 1355 (Fong): '37 ACT: ALTERNATIVE SURVIVOR ALLOWANCES**

Cross-references an alternative method of calculating survivor's allowances in the County Employees' Retirement Law of 1937 ('37 Act).

**Chapter 9, Statutes of 2009**

**Assembly Bill 1406 (Emmerson): '37 ACT: SAN BERNARDINO COUNTY: HIRING SPECIFIED EMPLOYEES OUTSIDE OF CIVIL SERVICE RULES**

Expands the current authority provided to the board of retirement of San Bernardino County to appoint specified personnel outside the civil service system to include additional positions and classifications under the County Employees' Retirement Law of 1937 ('37 Act).

**Chapter 393, Statutes of 2009**

**Assembly Bill 1533 (Lieu): SPOT BILL: STATE EMPLOYEES MEMORANDUM OF UNDERSTANDING**

**Died in Senate Public Employment and Retirement Committee**

**Assembly Bill 1584 (Asm. PER&SS Committee): PUBLIC RETIREMENT SYSTEMS: DISCLOSURE OF CONTRIBUTIONS MADE BY INVESTMENT PLACEMENT AGENTS**

- a) requires all public pension systems to adopt a policy requiring the disclosure of fees paid to investment placement agents, requires the disclosure of campaign contributions and gifts made by placement agents to public retirement board members.
- b) prohibits public retirement board members from selling investment products to other public retirement systems.
- c) lengthens post-employment restrictions on influencing retirement board actions for former system executives and board members that currently apply to the California Public Employees Retirement System and to the California State Teachers Retirement System.
- d) extends those expanded provisions to apply to all public retirement systems in California.

**Chapter 301, Statutes of 2009**

**Assembly Bill 1592 (Buchanan): MEMORANDA OF UNDERSTANDING FOR STATE BARGAINING UNITS 8, 16, AND 19**

Provides legislative ratification for memoranda of understanding between the administration and three state bargaining units: CDF Firefighters (BU 8); Physicians, Dentists, and Podiatrists (BU 16); and Health and Service Professionals (BU 19).

**Chapter 163, Statutes of 2010**

**Assembly Bill 1625 (John Perez): RATIFICATION OF MOU BETWEEN THE STATE AND STATE BARGAINING UNITS REPRESENTED BY SEIU LOCAL 1000**

a) provides legislative ratification for a memorandum of understanding (MOU) between the administration and the following state bargaining units (BUs) represented by the Service Employees International Union, Local 1000:

BU 1 (Professional, Administrative, Financial, and Staff Services)

BU 3 (Professional Educators and Librarians)

BU 4 (Office and Allied)

BU 11 (Engineering and Scientific Technicians)

BU 14 (Printing and Allied Trades)

BU 15 (Allied Services)

BU 17 (Registered Nurses)

BU 20 (Medical and Social Services)

BU 21 (Educational Consultant and Library)

b) makes statutory changes to require lower retirement formulas and higher member contribution rates.

c) requires higher member contribution rates for all excluded and exempt state employees.

**Chapter 728, Statutes of 2010**

**Assembly Bill 1651 (De La Torre): CALPERS' PUBLIC EDUCATION AND LOCAL SAFETY MEMBERS: SERVICE CREDIT WITHOUT REGARD TO MANDATORY FURLOUGS**

Ensures that an employee of a county office of education, a school district, a school district that is a contracting agency, a community college district, or a local safety member, who is a member of CalPERS and subject to a mandatory furlough, receives the same amount of retirement service credit and final compensation value he or she would have received had the employee not been subject to the mandatory furlough.

**Chapter 574, Statutes of 2010**

**Assembly Bill 1658 (Lieu): LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION: SERVICE CREDIT ELECTION FOR PUBLIC SAFETY OFFICERS**

Allows former Los Angeles Office of Public Safety employees who are now employed in the Los Angeles County Sheriff's Department to consolidate their service from both departments as safety service in the Los Angeles County Employees Retirement Association (LACERA). Employees who elect to do so will pay the entire cost of consolidating the service.

**Chapter 118, Statutes of 2010**

**Assembly Bill 1665 (Swanson): CHANGES TO SCOPE OF REPRESENTATION: PUBLIC SCHOOL EMPLOYERS WRITTEN NOTICE TO EXCLUSIVE REPRESENTATIVE OF CLASSIFIED SCHOOL EMPLOYEES**

Would have required public school employers to provide reasonable written notice and an opportunity to meet and negotiate with the exclusive representative of a classified school employee group *of their intent* to make any changes to matters within the scope of representation, including, but not limited to, start time.

**Died in Senate Public Employment and Retirement Committee: 6/28/10**

**Assembly Bill 1667 (Swanson): PUBLIC EMPLOYMENT: COUNTY OF ALAMEDA COLLECTIVE BARGAINING**

Allows implementation of the memorandum of understanding (MOU) between Alameda County and the Alameda County Deputy Sheriffs' Association. The MOU eliminates the current 3% at age 50 retirement formula for new hires and replaces it with the choice between 2 new retirement formulas: 2% at age 50, or 3% at age 55 with increased member contributions.

**Chapter 81, Statutes of 2010**

**Assembly Bill 1699 (Hernandez): STATE EMPLOYEES: CONTINUOUS APPROPRIATION OF SALARIES IN EVENT OF A LATE BUDGET**

Would have required—in any year in which a budget is not enacted by July 1<sup>st</sup>—a continuous appropriation to pay state employee salaries and benefits for the period of time between July 1<sup>st</sup> and when the budget is enacted.

**Died on Senate Floor: 8/31/10**

**Assembly Bill 1729 (Yamada): CIVIL SERVICE EXAMINATIONS: VETERANS' PREFERENCE POINTS**

- a) extends from 6 months to 12 months the amount of time *a veteran* may receive preference points on employment lists resulting from open nonpromotional civil service examinations.
- b) allows *an active member* of the armed forces to qualify for preference points and have those points added to his or her score for up to *12 months* after passing a civil service exam and being placed on an employment list.

**Chapter 237, Statutes of 2010**

**Assembly Bill 1739 (Lieu): LOS ANGELES COUNTY: DEATH AND DISABILITY BENEFITS FOR EMPLOYEES KILLED OR DISABLED ON ACTIVE MILITARY DUTY**

- a) in the Los Angeles County Employees' Retirement Association (LACERA), provides non service-related death and disability benefits to active employee members and their survivors who are disabled or killed while on military leave and performing active military duty.
- b) provides these benefits regardless of the member's age or length of county service.
- c) makes implementation of these provisions dependent on a resolution by the Los Angeles County Board of Supervisors or the governing body of a LACERA district in the county, and allows the Board or governing body to repeal or amend the resolution at any time with regard to employees who have not been disabled or killed prior to the repeal or amendment.
- d) requires that a resolution making the provisions effective shall not create a vested right to benefits prior to a member's disability or death.

**Chapter 83, Statutes of 2010**

**Assembly Bill 1743 (Hernandez): PUBLIC RETIREMENT SYSTEMS: PLACEMENT AGENT REGISTRATION AS A LOBBYIST AND PROHIBITION ON CONTINGENCY FEES CONNECTED WITH POTENTIAL INVESTMENT ASSETS FROM CALPERS AND CALSTRS**

- a) prohibits a person from acting as a placement agent in connection with any potential investment made by a state public retirement system unless that person is registered as a lobbyist in accordance with, and is in full compliance with, the requirements of the California Political Reform Act (PRA).
- b) requires placement agents connected with investments made by local public retirement systems to comply with any applicable requirements imposed by a local government agency on lobbyists pursuant to the PRA, including the prohibition of contingency fees.

**Chapter 668, Statutes of 2010**

**Assembly Bill 1765 (Solorio): STATE EMPLOYEES: EXEMPTION FROM FURLOUGHS FOR SPECIFIED CIVIL SERVICE EMPLOYEES**

- a) this bill would have exempted state employees from being furloughed under the following conditions:
  - 1) California's unemployment rate during the previous month reached or exceeded 8.5%;
  - 2) the individual was employed in a position funded at least 95% or more by the federal government;
  - 3) the employee performed services related to the Unemployment Insurance Program; and
  - 4) the employee worked for the California Unemployment Insurance Appeals Board or the Employment Development Department.
- b) made findings and declarations about the necessity of unemployment insurance benefits and underperformance and failure to achieve federal standards by related state departments attributable to the Governor's imposed furlough program.

**Vetoed: 09/24/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 1765 without my signature.

This bill would exempt specified employees from being subject to any furloughs. While there may be a need to exempt specific employees from furlough, that exemption should be determined on a case-by-case basis depending on the exigencies of the fiscal crisis. By statutorily exempting certain employees from furloughs, this bill limits a Governor's discretion to tailor a furlough policy to appropriately meet the needs of the State.

For this reason, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 1821 (Ma): CALPERS: 1959 SURVIVOR BENEFIT**

Would have merged the first, second, and third levels of the 1959 Survivor Benefit for contracting local agencies of CalPERS that currently provide one of those levels of benefits to employees, and allowed CalPERS to suspend employee premiums of \$2 monthly when the funding pool is determined to contain surplus funds. This merge would have resulted in higher benefit levels for survivors currently in the first and second levels (who would have been paid at the third level) and provided increased funding stability for the employers participating in the third level.

**Vetoed: 09/30/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 1821 without my signature.

This bill results in arbitrarily increasing the level of benefits being paid out to those beneficiaries that did not contribute towards this increased level of benefit. While I recognize that surplus funds are not being utilized in the specified 1959 Survivor Benefit Program funds, it does not make sense to increase the benefit amounts to even the small number of participants that would be affected by this measure. That is a policy that runs counter to the overall pension reform direction I believe the state should be adopting.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 1856 (Fong): CALPERS SERVICE CREDIT PURCHASE: SUSPENSION OF AFTER-TAX PAYMENTS**

- a) allows a CalPERS member who is making after-tax payments to purchase service credit to suspend payments for a period of up to 12 months or to cancel prospective payments and be credited with the amount of service purchased prior to cancellation.
- b) allows the member to elect to resume installment payments sooner than 12 months if he or she so desires.
- c) prohibits the member from electing another suspension of payments for three years following resumption of payments.
- d) requires a member who retires during the suspension period to either pay the remaining balance at retirement or cancel the remaining service credit purchase. Failure to do either of these actions will result in automatic resumption of payments deducted from the retirement allowance.
- e) in the case of prospective cancellation of the service credit purchase, specifies that the service credit will be recalculated to give credit for the amount of service purchased prior to the cancellation and allows the member, at any time prior to retirement, to elect to make appropriate payments to purchase the remaining service credit that was cancelled.
- f) prohibits cancellation of payments for service credit adjustments required by law or contract, an election from 2<sup>nd</sup> Tier to 1<sup>st</sup> Tier retirement benefits, or service credit purchases subject to a court order (such as part of a community property settlement).
- g) allows CalPERS to cancel a service credit purchase if the member has not made installment payments for 12 months and has not elected to suspend payments, in the same manner and with the same effect as if the member had elected to cancel the service credit purchase.

**Chapter 197, Statutes of 2010**

**Assembly Bill 1862 (Eng): CALSTRS BOARD: REPLACES THE GOVERNOR'S APPOINTED RETIREE WITH AN ELECTED MEMBER TO REPRESENT THE SAME POPULATION**

Would have replaced the governor-appointed retiree representative on the California State Teachers' Retirement) Board with an elected member to represent the same population.

**Vetoed: 09/24/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 1862 without my signature.

There is no documented problem that demonstrates the need to change current law with this bill.

For this reason, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 1902 (Portantino): LOS ANGELES COUNTY: RETIREMENT PLANS D AND E**

Would make technical and non-controversial changes to laws governing the Los Angeles County Employees Retirement Association (LACERA) regarding employee transfer of membership between retirement plans D and E, pay periods, and reciprocity with other public retirement systems for former Plan E members.

**Chapter 86, Statutes of 2010**

**Assembly Bill 1987 (Ma): PUBLIC RETIREMENT SYSTEMS: PROHIBITS PENSION SPIKING AND REQUIRES 180 DAY BREAK IN EMPLOYMENT FOLLOWING RETIREMENT**

This bill would have:

- a) established minimum standards and requirements for all public retirement systems in California with respect to final compensation, ongoing audits with penalties for noncompliance, and prohibitions against a retiree from immediately returning to employment with the public employer on a part-time or contract basis;
- b) made requirements specific to the 1937 Act County Retirement Systems; and
- c) required that *both* this bill and SB 1425, which contained provisions specific to the California Public Employees' Retirement System and the California State Teachers' Retirement System, be enacted for either bill to be effective.

**Vetoed: 09/30/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 1987 without my signature.

The practice of pension-spiking is a serious one that deserves significant attention by the Legislature in curbing the unacceptable manner in which individual workers are able to artificially boost their retirement payouts. There are numerous examples of public employees taking home larger pension checks in retirement than what they earned in base salary when they were actually working.

California does need a consistent standard that is transparent, understandable, and implementable throughout the state. While this bill purports to address this issue by segregating out some of the factors that have allowed pension spiking, in some instances it still allows local pension boards to determine what is ultimately counted in an employee's pension calculation. This does not provide a consistent treatment of all employees. The taxpayers of California deserve better. I am still hopeful that the Legislature can send me acceptable pension reform legislation.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger

**Assembly Bill 2008 (Arambula): STATE EMPLOYEES: EXEMPTION FROM FURLOUGH FOR SPECIFIED CIVIL SERVICE EMPLOYEES**

This bill would have:

- a) prohibited state employees of the Franchise Tax Board (FTB) and the State Board of Equalization (BOE) from being furloughed;
- b) prohibited a state agency, board, or commission from directly or indirectly implementing, or assisting in implementing, a furlough of FTB or BOE employees;
- c) specified that the bill did not create a legal authorization for the furlough of state employees through executive order; and
- d) defined "employee" to mean a state civil service employee.

**Vetoed: 09/24/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 2008 without my signature.

This bill would exempt specified employees from being subject to any furloughs. While there may be a need to exempt specific employees from furlough, that exemption should be determined on a case-by-case basis depending on the exigencies of the fiscal crisis. By statutorily exempting certain employees from furloughs, this bill limits a Governor's discretion to tailor a furlough policy to appropriately meet the needs of the State.

For this reason, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger



**Assembly Bill 2260 (Asm. PER&SS Committee): CALSTRS ANNUAL HOUSEKEEPING BILL: MAKES VARIOUS CHANGES TO THE TEACHERS' RETIREMENT LAW**

This bill would make several technical, clarifying and non-controversial changes to various sections of the Education Code administered by the California State Teachers' Retirement System (CalSTRS) to improve and continue effective administration of the System.

**Chapter 207, Statutes of 2010**

**Assembly Bill 2337 (Ammiano): PUBLIC RETIREMENT SYSTEMS: PROHIBITION ON PREDATORY REAL ESTATE INVESTMENT PRACTICES**

- a) would have prohibited California public retirement systems from participating in predatory real estate investment practices, as defined.
- b) would have required public pension or retirement boards to develop and implement policies on or before June 30, 2011 that prohibit the investment of public employee retirement funds in predatory investment practices.
- c) would have required public pension or retirement boards to provide annual reports to the legislature regarding implementation, compliance and any policy adopted regarding these provisions.

**Died in Senate Public Employment and Retirement Committee: 6/28/10**

**Assembly Bill 2510 (Fletcher): PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT: NEW CONTRACT OPTION FOR CITY OF SAN DIEGO**

Allows the City of San Diego to contract under the Public Employees Medical and Hospital Care Act, administered by the California Public Employees' Retirement System, for a retiree health care vesting schedule that is not currently available in law. This new schedule would be subject to, and dependent upon, a memorandum of understanding between the city of San Diego and the affected San Diego employees' exclusive representative.

**Chapter 600, Statutes of 2010**

**Assembly Bill 2742 (Blakeslee): STATE EMPLOYEES: CATASTROPHIC LEAVE DONATIONS**

Allows establishment of a catastrophic leave bank for a deceased state retiree, and accumulation of leave credit donations, which in turn could be cashed out by the person designated to receive the deceased individual's leave balance. This program would be available to an employee for up to 12 months following retirement; the leave bank would be limited to a value of no more than \$50,000.

**Chapter 608, Statutes of 2010**

**Assembly Joint Resolution 10 (Torlakson): STRS BENEFITS: FEDERALLY MANDATED OFFSETS THAT REDUCE MONTHLY ALLOWANCES**

Requests the Congress of the United States to enact legislation, and President George W. Bush to support and sign that legislation, to repeal the federal Government Pension Offset and the Windfall Elimination Provision.

**Resolution Chapter 103, Statutes of 2009**

## OTHER BILLS OF INTEREST

### **Senate Bill 1271 (Romero): POLITICAL REFORM ACT: CONFLICT OF INTEREST CODES**

This bill requires a board, commission, or agency of a public pension or retirement system to attach to its conflict of interest code an appendix that lists each position for which an individual occupying that position is required to file a SEI as a public official who manages public investments. The bill further requires the board, commission, or agency to post the appendix on its Internet Web site.

**Chapter 702, Statutes of 2010**

### **Senate Bill X6 22 (Hollingsworth): BUDGET ACT OF 2010: PENSION REFORM**

This bill enacts pension reforms for specified new state employees *hired on or after January 15, 2011*, including employees in state bargaining units that do not currently have a memorandum of understanding with the state, employees of the California State University, the judicial branch of government, and the Legislature.

This bill adopts pension benefit levels that existed before SB 400 (Ortiz), Chapter 555, Statutes of 1999, for these various classifications of state employees and apply these reduced benefit levels only to new state employees hired on or after January 15, 2011. The chart below details how the benefit levels will change for various employee classifications:

<b>Retirement Category</b>	<b>Current Retirement Formulas</b>	<b>New Formulas</b>
Miscellaneous	2% at Age 55 (up to 2.5% at 63)	2% at Age 60 (up to 2.418% at age 63)
Industrial	2% at Age 55 (up to 2.5% at 63)	2% at Age 60 (up to 2.418% at age 63)
State Safety	2.5% at Age 55	2% at Age 55
Peace Officers and Firefighters in State Bargaining Units 6 and 7, CSU, Legislative, and Judicial	3% at Age 50	2.5% at Age 55

In addition, the bill imposes a three-year final compensation formula to calculate retirement benefits for new employees hired on and after January 15, 2011..

**Chapter 3, Statutes of 2009-10, Sixth Extraordinary Session**

**Senate Bill 867 (Hollingsworth): BUDGET ACT OF 2010 – PUBLIC PENSION SYSTEM REPORTING REQUIREMENTS**

Requires the PERS Board of Administration, every time it adopts contribution rates, to provide an actuarial report, as specified using specific analytical guidelines required by this bill, containing investment returns, amortization period, and discount rates, to the Legislature, the Governor and the Treasurer. This bill requires the Treasurer to then, within 30 days of receipt of the report, provide an address to both houses of the Legislature about the report.

**Chapter 733, Statutes of 2010**

**Assembly Bill 1712 (Furutani): SCHOOL EMPLOYEES LEAVE OF ABSENCE: CLASSIFIED EMPLOYEES ELECTED TO THE LEGISLATURE.**

Would have *required* a school or community college district to grant a leave of absence to any permanent classified employee elected to the Legislature; specified that the leave could not affect the employee's job classification; entitled the employee to return to the prior position and the same salary upon ending the legislative term of office, as specified; and made certain provisions for individuals filling the elected officer's job while the legislator served his or her term of office.

**Vetoed: 09/28/10:**

To the Members of the California State Assembly:

I am returning Assembly Bill 1712 without my signature.

This bill would undermine the ability of a local governing board to make staffing decisions based on its priorities and needs. These provisions should be negotiated through the collective bargaining process, rather than imposed by state law.

For these reasons, I am unable to sign this bill.

Sincerely,  
Arnold Schwarzenegger



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