

2017

2015-2016 Legislative Summary

Assembly Committee on Public Employees, Retirement and Social Security

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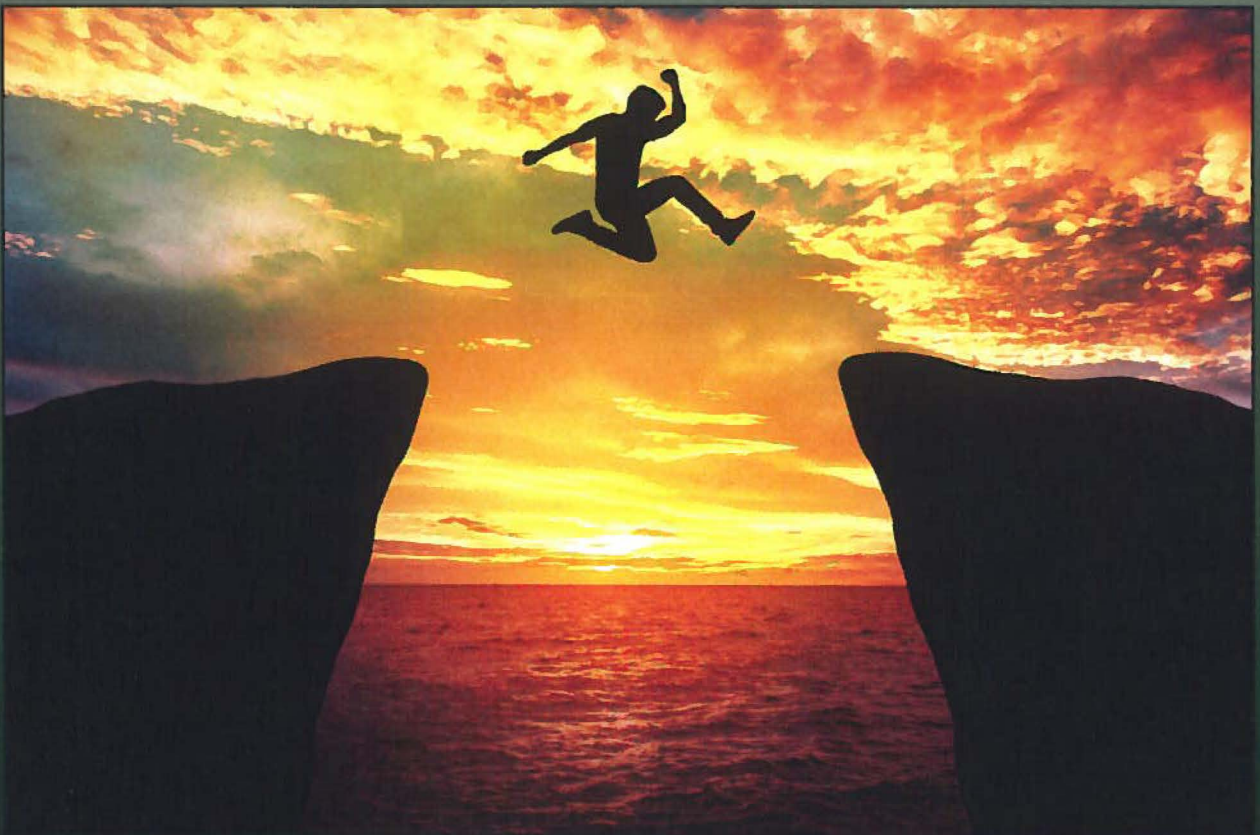
ASSEMBLY COMMITTEE ON PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY

2015-2016 LEGISLATIVE SUMMARY

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COMMITTEE SECRETARY
WENDY BURKE

California Legislature
Assembly Committee on
**PUBLIC EMPLOYEES, RETIREMENT
AND SOCIAL SECURITY**
ASSEMBLYMEMBER
ROB BONTA
CHAIRMAN



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October 11, 2016

To all Interested Parties:

The following summary of legislation reviewed by the Assembly Committee on Public Employees, Retirement and Social Security during the 2015-16 legislative session includes a brief description of all bills and the status of those bills at the end of the legislative session. Additionally, this booklet contains copies of the Governor's veto messages for those bills that were vetoed.

I hope this publication will be informative and useful as a reference tool. For additional information regarding this summary, or other activities of the Committee, please contact the committee staff at (916) 319- 3957.

Sincerely,

A handwritten signature in black ink that reads 'Rob Bonta'.

Rob Bonta
Chairman



Printed on Recycled Paper

2015 – 2016 Legislative Report

Assembly Bills

AB 64 (Chavez) – Would have required that state civil service employees who work on an hourly basis and are reinstated upon returning from activity military duty be given the same shift and number of work hours as they enjoyed prior to going on military leave.

Held in the Assembly Appropriations Committee.

AB 186 (Rendon) – Would have ratified the provisions of a memorandum of understanding (MOU) between the state and state bargaining unit (BU) 6, Corrections, represented exclusively by the California Correctional Peace Officers Association.

Not heard in the Senate Public Employment and Retirement Committee.

AB 284 (Brough) – Approves a specified defined benefit formula (Plan W) for the employees of the City of San Juan Capistrano in lieu of the formula required to be provided under the Public Employees' Pension Reform Act of 2013 (PEPRA). Plan W has been certified as having no greater risk and no greater cost to the employer than the PEPRA formula.

Chapter 66, Statutes of 2015.

AB 295 (Gipson) – Would have required a public agency that becomes a successor employer to a private employer providing emergency medical transportation services (EMS) to recognize the exclusive representative employee organization of the EMS employees, as specified.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 466 (Brown) – Ratifies the tribal-state gaming compact entered into between the State of California and the San Manuel Band of Mission Indians executed on August 16, 2016. As heard in the Assembly PER&SS Committee, this bill was authored by Assemblymember McCarty and would have specified that provisions requiring state employment forms to require an applicant to disclose whether he or she has ever entered into an agreement with the state prohibiting them from seeking or accepting any subsequent employment with the state do not apply if the agreement prohibits him or her from seeking employment with a particular state agency and not all state employment.

Chapter 285, Statutes of 2016.

AB 528 (Baker) – Would have prohibited employees of the San Francisco Bay Area Rapid Transit District from striking if the transit district board maintains the compensation and benefit provisions of an expired contract and that contract or previous contract includes provisions prohibiting strikes.

Failed passage in the Assembly Public Employees, Retirement and Social Security Committee.

AB 537 (Allen) – Would have prohibited 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.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 584 (Cooley) – Would have revised and renamed the joint legislative committee established in statute to review legislation and programs related to public employee retirement systems in California.

Died in the Assembly Rules Committee.

AB 663 (Irwin) – Authorizes the Ventura County Board of Supervisors to appoint an alternate member to the county board of retirement who would be permitted to vote only when specified retirement board members are absent.

Chapter 38, Statutes of 2015.

AB 714 (Melendez) – Would have authorized a state employee to elect not to enroll in a health benefit and to elect to be paid the contribution that the employer would have made toward the cost of benefits.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 736 (Cooley) – Expands the list of positions for which the Teachers' Retirement Board (TRB) has the authority to set the compensation and terms and conditions of employment to include a chief operating officer and a chief financial officer, as specified.

Chapter 553, Statutes of 2016

AB 769 (Jones-Sawyer) – Would have required that any adverse action taken against a state employee for any cause for discipline, other than for fraud, embezzlement, or the falsification of records, or the unauthorized accessing or disclosure of confidential tax information be served, and the investigation completed, within one year after the cause of discipline arose.

Vetoed by the Governor.

AB 811 (Salas) – Would have required that any adverse action taken against a state employee for any cause for discipline based on any civil service law be served within one year of the cause for discipline, or in the case of fraud, embezzlement, or the falsification of records, within one year of the date of discovery of the cause for action.

Held in the Assembly Appropriations Committee.

AB 840 (Ridley-Thomas) – Would have prohibited, beginning January 1, 2019, mandatory overtime for registered nurses, licensed vocational nurses, or certified nursing assistants who are employed in state hospitals and facilities and established an 8-member joint labor management task force to make recommendations and develop a plan to reduce or eliminate mandatory overtime, as specified.

Vetoed by the Governor.

AB 868 (Obernolte) – Authorizes the California Public Employees' Retirement System (CalPERS) and the San Bernardino County Employees' Retirement Association (SBCERA) to agree to transfer the service credit and employee and employer assets from CalPERS to SBCERA on behalf of local public agency and state employees who are transferred to SBCERA covered employment.

Chapter 86, Statutes of 2015.

AB 874 (Santiago) – Would have made the Ralph C. Dills Act applicable to specified employees of the Judicial Council.

Vetoed by the Governor.

AB 963 (Bonilla) - Clarifies the definition of service that can be reported to the California State Teachers' Retirement System (CalSTRS) and remedies membership issues for individuals in classified positions who were erroneously reported to CalSTRS. This bill also revises the definition of "compensation earnable" for outgrowth activities.

Chapter 782, Statutes of 2015.

AB 991 (P.E.,R. & S.S. Com.) - Makes various technical and conforming changes to the Teachers' Retirement Law (TRL) necessary for continued effective administration of CalSTRS.

Chapter 123, Statutes of 2015.

AB 992 (P.E.,R. & S.S. Com.) - Clarifies that a member of a 1937 Act county retirement system ('37 Act) may change his or her optional retirement allowance election if the member retires for service while the member's application for a disability retirement is pending and is later granted a disability retirement benefit.

Chapter 40, Statutes of 2015.

AB 993 (P.E.,R. & S.S. Com.) – Would have ratified the provisions of a MOU between the state and an unspecified state bargaining unit.

Died on the Assembly Inactive File.

AB 994 (P.E.,R. & S.S. Com.) - Would have ratified the provisions of a MOU between the state and an unspecified state bargaining unit.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 996 (Medina) – Would have required CalSTRS to include in its 403(b) investment information bank side-by-side comparison information on registered vendors and required all school districts, community college districts, and county offices of education to adopt a policy regarding campus access by 403(b) vendors.

Held in the Assembly Appropriations Committee.

AB 1031 (Thurmond) – Would have required an employer that contracts with CalPERS for health care coverage pursuant to the Public Employees' Medical and Hospital Care Act (PEMHCA) to meet its obligation to provide any collectively bargained, statutorily required, or vested retiree health care contribution, which may include reimbursement for Medicare Part B premiums.

Vetoed by the Governor.

AB 1052 (Cooley) – Would have allowed CalSTRS to enter into contracts for investment services under the terms and conditions and utilizing the processes the board deems necessary and consistent with its fiduciary duties rather than under state contracting requirements, as specified.

Died on the Assembly Inactive File.

AB 1066 (Gonzalez) - Removes an exemption in current law that would extend the payment of overtime compensation to agricultural employees after eight hours of work in a day or 40 in a week in a phased in implementation. As heard in the Assembly PER&SS Committee, this bill would have clarified provisions governing the use of nonemployee contractors and limited-term, short-term, and substitute employees in the classified service to ensure that school districts and community college districts are appropriately placing non-academic employees, unless specifically exempted, in the classified service.

Chapter 313, Statutes of 2016.

AB 1190 (Cooley) – Would have authorized an entity designated by the Secretary of the State to provide the mandatory certification of election results for members of the CalPERS Board of Administration.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 1291 (Williams) - Makes the Ventura County retirement system (System) an independent, public employer district within the Ventura County Employees' Retirement Association and authorizes the System to appoint specified positions as "at will" employees, exempt from the county civil service system, as specified.

Chapter 223, Statutes of 2015.

AB 1293 (Holden) – Would have prohibited the use of personal services contracts for reasons other than achieving cost savings if the contract would displace civil service employees.

Vetoed by the Governor.

AB 1410 (Nazarian) – Would have enacted the California Public Divest from Turkey to End the Perpetuation of the Armenian Genocide Act which prohibits CalPERS and CalSTRS from investing in any investment vehicle issued by, owned, controlled, or managed by the government of Turkey.

Held in the Assembly Appropriations Committee.

AB 1640 (Mark Stone) – Would have permanently exempted certain public transit workers, who first became members of a public retirement system between January 1, 2013 and December 29, 2014, from the requirements of PEPR.

Died on the Senate Inactive File.

AB 1692 (Bonilla) – Allows the Contra Costa County Board of Supervisors to make the terms and conditions of disability retirement allowances currently available to Tier Three members of the Contra Costa County Employees' Retirement Association applicable to non-safety members subject to the retirement benefit formula specified in PEPR.

Chapter 123, Statutes of 2016.

AB 1753 (Oberholte) – Would have specified that the date of overpayment for overpayments made to state employees that involve leave credits is either the date the employee receives compensation for the erroneously credited leave or, in cases where the overpayment is the result of fraud, embezzlement, or falsification, the date the state discovers the fraud, embezzlement, or falsification, whichever is later. This bill also requires that administrative action by the state to recover overpayments be initiated by providing written notice to the employee.

Not heard in the Senate Public Employment and Retirement Committee at the request of the author.

AB 1812 (Wagner) – Would have capped the retirement benefit paid to new members of any public retirement system to members of any public retirement system first hired on or after January 1, 2017 at \$100,000 for members whose service is not included in Social Security and \$80,000 for new members whose service is included in Social Security.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 1853 (Cooper) – Would have authorized '37 Act retirement boards to elect to be independent districts separate from the county.

Vetoed by the Governor.

AB 1875 (Chavez) – Allows members of CalSTRS to designate an irrevocable trust established for a disabled person as an option beneficiary or annuity beneficiary, as specified.

Chapter 559, Statutes of 2016.

AB 1878 (Jones-Sawyer) – Would have authorized the CalPERS board to adjust the \$2,000 lump-sum death benefit for state and school member retirees, based on changes in the All Urban California Consumer Price Index, following each annual actuarial valuation.

Vetoed by the Governor.

AB 1956 (Wilk) – Would have authorized the Department of Technology, subject to the approval of the State Personnel Board, to create and adjust classes of positions with the department, and would further authorize the department to prescribe the salary ranges for, conduct competitive examinations for, and make appointments to, these classes of positions.
Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 1983 (Lackey) – Would have required each state agency that employs excluded supervisory employees, as specified, to develop, by January 1, 2018, policies that provide preference for shift assignments, vacations, and overtime based on classification seniority.
Held in the Assembly Appropriations Committee.

AB 2028 (Cooper) – Requires that a member of CalPERS who is involuntarily terminated and is subsequently reinstated to employment pursuant to an administrative, arbitral, or judicial proceeding receive all retirement benefits that they otherwise would have accrued had they not been terminated.
Chapter 794, Statutes of 2016.

AB 2155 (Ridley-Thomas) – Would have required that collective bargaining agreements or employment agreements applying to part-time instructors and to adult education instructors specify the number of hours required to earn "full-time" creditable service for purposes of retirement benefits and also specify which courses are subject to the minimum standard for adult education courses.
Vetoed by the Governor.

AB 2225 (Low) – Would have ratified the provisions of a MOU between the state and state BU 19, Health and Social Services/Professional, represented exclusively by the American Federation of State, County and Municipal Employees.
Not heard in the Senate Public Employment and Retirement Committee.

AB 2283 (Calderon) – Would have prohibited CalPERS and CalSTRS from investing in new securitized home rental properties or reinvesting in existing investments in securitized home rental properties before conducting an evaluation of those investments and ensuring that certain conditions are met.
Failed passage in the Assembly Public Employees, Retirement and Social Security Committee.

AB 2285 (McCarty) – Would have required, contingent upon an appropriation, the Sacramento County Office of Education to develop and administer the Former Foster Youth Job Readiness Training Pilot Program until January 1, 2020. The purpose of this pilot program was to prepare former foster youth for entry-level employment in state service and to provide job readiness training to eligible participants.
Held in the Senate Appropriations Committee.

AB 2310 (Santiago) – Would have ratified the provisions of a MOU between the state and state BU 18, Psychiatric Technician, represented exclusively by the California Association of Psychiatric Technicians.

Not heard in the Senate Public Employment and Retirement Committee.

AB 2348 (Levine) – Would have authorized the Department of Finance (DOF), to identify infrastructure projects in California where DOF can guarantee a rate of return on investments for an investment made in that infrastructure project by CalPERS, as specified.

Vetoed by the Governor.

AB 2363 (Low) – Would have ratified the provisions of a MOU between the state and state BU 16, Physicians, Dentists and Podiatrists, represented exclusively by the Union of American Physicians and Dentists.

Not heard in the Senate Public Employment and Retirement Committee.

AB 2375 (P.E., R., & S.S. Committee) - Makes various technical and non-controversial changes to various sections of the Government Code governing CalPERS to maintain and ensure effective administration of the system.

Chapter 415, Statutes of 2016

AB 2376 (P.E., R., & S.S. Committee) - Makes various technical and minor policy changes to the '37 Act.

Chapter 134, Statutes of 2016.

AB 2377 (P.E., R., & S.S. Committee) – Would have ratified the provisions of a MOU between the state and an unspecified state bargaining unit.

Not heard in the Senate Public Employment and Retirement Committee.

AB 2393 (Campos) – Requires classified school employees and community college instructors on parental leave to receive up to 12 weeks of differential pay, as specified, and clarifies provisions requiring certificated school employees on parental leave to receive differential pay.

Chapter 882, Statutes of 2016.

AB 2404 (Cooley) – Eliminates and combines several of the optional retirement benefit settlements available to members of CalPERS, the Judges' Retirement System, and the Judges' Retirement System II, that retire on or after January 1, 2018, in order to simplify members' retirement choices and administration of these retirement systems.

Chapter 199, Statutes of 2016.

AB 2456 (Cooley) – Would have required the CalPERS Board of Administration to develop, establish, and administer the California Employers' Pension Prefunding Trust Program in order to encourage state and local public employers that provide a defined benefit pension plan to their employees to effectively manage their pension.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 2468 (Hadley) – Would have allowed local contracting agencies of CalPERS to offer an alternative retirement formula (2% at age 65) from that required by PEPRA (2% at age 62) to their miscellaneous employees first hired after January 1, 2017, if, among other things, it is agreed to in a memorandum of understanding, as specified.

Not heard in the Assembly Public Employees, Retirement and Social Security Committee at the request of the author.

AB 2650 (Nazarian) – Would have prohibited CalPERS and CalSTRS from making additional, new, or renewed investments in any investment vehicle issued by, owned, controlled, or managed by the government of Turkey if a federal law is passed that imposes sanctions on Turkey.

Held in the Assembly Appropriations Committee.

AB 2662 (Patterson) – Would have required the Public Employment Relations Board to complete and publish the results of a decertification election filed pursuant to the Educational Employment Relations Act within 90 days of determining that the proof of support for the decertification petition is sufficient.

Failed passage in the Assembly Public Employees, Retirement and Social Security Committee.

AB 2735 (Jones-Sawyer) – Would have allowed state confidential, supervisory, excluded, or managerial employees to elect to "cash-out" up to 80 hours of eligible unused leave credit if the Department of Human Resources (CalHR) chooses to offer a leave buy-back program.

Not heard in the Senate Public Employment and Retirement Committee.

AB 2753 (Grove) – Would have required, by January 1, 2017, a public employee labor organization to post an itemized version of its budget on its Internet Web site, to provide each member of the organization easy access to it, and to respond to members' questions regarding organizational financial issues within a reasonable time.

Failed passage in the Assembly Public Employees, Retirement and Social Security Committee.

AB 2754 (Grove) – Would have required, by January 1, 2017, a public employee labor organization to hold an election every two years to determine if the current organization will continue to represent its members, as specified.

Failed passage in the Assembly Public Employees, Retirement and Social Security Committee.

AB 2833 (Cooley) – Requires every public investment fund to require each alternative investment vehicle in which it invests to make specified disclosures regarding fees and expenses and to present the disclosed information in a report at a public meeting at least annually.

Chapter 361, Statutes of 2016.

AB 2835 (Cooper) – Would have required all public employers to provide a specified employee orientation to all newly hired public employees, as specified.

Died on the Senate Inactive File.

ACA 3 (Gallagher) – Would have placed in the Constitution the current statutory prohibition on applying any enhancement to a benefit formula or retirement benefit to service performed prior to the operative date of the enhancement.

Failed passage in Assembly Public Employees, Retirement and Social Security Committee.

ACR 98 (Beth Gaines) – Authorizes the payment of state merit awards approved by CalHR to three individuals whose proposals resulted in eliminating or reducing state expenditures or improving state operations.

Resolution Chapter 158, Statutes of 2016.

Senate Bills

SB 24 (Hill) – Allows a joint powers authority (JPA), formed by the Belmont Fire Protection District, the Estero Municipal Improvement District, and the City of San Mateo to provide employees of those agencies who move to the JPA the retirement benefit that those employees received from their respective employer prior to the JPAs formation rather than the benefit required under PEPRAs.

Chapter 531, Statutes of 2016.

SB 185 (DeLeon) – Prohibits CalPERS and CalSTRS from investing in thermal coal companies, as specified.

Chapter 605, Statutes of 2015.

SB 216 (Pan) – Makes various technical and non-controversial changes to various sections of the Government Code governing CalPERS to maintain and ensure effective administration of the system.

Chapter 244, Statutes of 2015.

SB 221 (Jackson) – Provides any state employee who is hired on or after January 1, 2016, and who is a military veteran with a military service-connected disability rated at 30% or more with additional credit for sick leave with pay of up to 96 hours, as specified.

Chapter 794, Statutes of 2015.

SB 292 (Pan) – Would have specified that the prohibition against an employer paying an employee's required contribution for pension benefits, as established under PEPRAs, does not apply in cities or counties in which voter-approved tax levies were enacted prior to July 1, 1978, for the purpose of paying pension costs, as specified.

Vetoed by the Governor.

SB 294 (Pan and Nielsen) – Requires employers that participate in CalPERS to inform returning veterans of their rights to receive CalPERS credit for their periods of active military service, and requires employers to provide veterans with the forms necessary to claim the service credit, as specified.

Chapter 707, Statutes of 2016.

SB 354 (Huff) – Clarifies the time period during which a "classic" member of CalPERS who is employed in the cities of Brea and Fullerton can transfer to a JPA formed by those two cities and retain classic benefit formulas received prior to the transfer.

Chapter 158, Statutes of 2015.

SB 644 (Hancock) – Permits, beginning on or after January 1, 2016, and until January 1, 2021, a person with a developmental disability to elect to complete an internship in lieu of the current written examination or readiness evaluation in order to qualify for civil service employment under the Limited Examination and Appointment Program.

Chapter 356, Statutes of 2015.

SB 780 (Mendoza) – Would have prohibited mandatory overtime for psychiatric technicians or psychiatric technician assistants in state hospitals or facilities, except as specified.

Withdrawn from engrossing and enrolling and held at the Senate Desk.

SB 950 (Nielsen) – Would have established the Excluded Employee Arbitration Act which would have authorized binding arbitration on behalf of an excluded state employee for alleged violations of working conditions, as specified, whose grievance has not been resolved after the fourth level of review.

Vetoed by the Governor.

SB 1162 (Berryhill) – Would have allowed the Mammoth Lake Fire District (MLFD) to request that the CalPERS Board of Administration transfer all or a portion of available excess assets from MLFD's miscellaneous employee plan to its safety employee plan in order to pay unfunded accrued actuarial obligations in the safety plan.

Vetoed by the Governor.

SB 1203 (Hertzberg) – Authorizes a JPA formed on or after January 1, 2013, as specified, to provide employees who transfer to the JPA the same defined benefit plan or formula that they received from their respective employer prior to the JPAs formation rather than the benefit required under PEPR.

Chapter 729, Statutes of 2016.

SB 1352 (P.E. & R. Committee) – Makes various technical, conforming, or non-controversial changes to the Education Code related to CalSTRS to improve the administration of the State Teachers' Retirement Plan, which includes the Defined Benefit Program, the Defined Benefit Supplement Program, and the Cash Balance Benefit Program.

Chapter 218, Statutes of 2016.

SB 1353 (Pan) – Clarifies that the state contribution that the TRB has the authority to adjust beginning in Fiscal year 2017-18 that is required by the full funding plan for CalSTRS will be applied to retire the unfunded liability associated with the 1990 benefit structure.

Chapter 350, Statutes of 2016.

SJR 1 (Beall and Pavley) – Requests Congress to pass, and President Barack Obama to sign, legislation repealing the Social Security Act's Windfall Elimination Provision and Government Pension Offset.

Resolution Chapter 92, Statutes of 2015.

Governor's Vetoes

AB 769 (Jones-Sawyer)

I am returning Assembly Bill 769 without my signature.

This bill reduces the time frame in which the state can take an adverse personnel action against an employee from three years to one year, except in cases of fraud, embezzlement, the falsification of records or the unauthorized access or disclosure of confidential tax information.

I am unwilling to reduce longstanding civil service adverse action timeframes because it may take state agencies longer than a year to investigate and serve adverse actions in complex cases involving employee misconduct or unsatisfactory work performance. Further, this bill hinders the progressive discipline process which is intended to give employees a reasonable amount of time to correct problems at an early stage. As such, this bill makes it more difficult for the state to manage and ensure the integrity of its workforce.

Sincerely,

Edmund G. Brown Jr.

AB 840 (Ridley-Thomas)

I am returning Assembly Bill 840 without my signature.

This bill prohibits mandatory overtime for registered nurses, license vocational nurses, or certified nursing assistants who are employed in state hospitals and facilities beginning January 1, 2019.

As I stated in a prior veto message, this matter is more appropriately settled through the collective bargaining process.

Sincerely,

Edmund G. Brown Jr.

AB 874 (Santiago)

I am returning Assembly Bill 874 without my signature.

This bill allows certain Judicial Council employees to collectively bargain under the Ralph C. Dills Act.

The state has no experience collective bargaining with employees from the third branch of government. This bill leaves several important questions unanswered such as how agreements will be ratified, approved for funding and whether the Dills Act is a proper law for employees who are constitutionally exempt from civil service. This bill isn't ready to become law.

Sincerely,

Edmund G. Brown Jr.

AB 1031 (Thurmond)

I am returning Assembly Bill 1031 without my signature.

This bill creates ambiguity and could be interpreted to expand retiree health benefits by requiring local governments contracting with the California Public Employees' Retirement System to reimburse retirees' Medicare Part B premiums.

These benefits should continue to be collectively bargained at the local level, not imposed by the state. This is particularly true, given the massive unfunded liability of state and local retiree health plans.

Sincerely,

Edmund G. Brown Jr.

AB 1293 (Holden)

I am returning Assembly Bill 1293 without my signature.

This bill would prohibit a personal services contract if it causes layoff, demotion or involuntary transfer to a new classification or location.

Currently, personal service contracts cannot be used in lieu of existing civil service work. Furthermore, before a state agency can enter into a personal services contract, the agency must demonstrate, among other things, that the services cannot be performed by and will not displace civil service employees.

I understand the sponsors have introduced this bill in response to recent action by the federal receiver's office. As such, I am directing the Department of Corrections to investigate that office's practices with respect to Government Code Section 19130.

Sincerely,

Edmund G. Brown Jr.

AB 1853 (Cooper)

I am returning Assembly Bill 1853 without my signature.

This bill authorizes the retirement board of any county retirement system, operating under the Retirement Law of 1937, to unilaterally separate from the county where it operates.

This is too far-reaching. Previous bills that authorized a county retirement system to become independent were the result of agreement between the county and the retirement system. This more collaborative approach better serves the public interest.

Sincerely,

Edmund G. Brown Jr.

AB 1878 (Jones-Sawyer)

I am returning Assembly Bill 1878 without my signature.

This bill authorizes the California Public Employees' Retirement System Board to increase the lump-sum post-retirement death benefit for state and school members based on inflation.

Given the state's huge unfunded pension liabilities, I don't believe it is prudent to add the additional costs that this bill would require.

Sincerely,

Edmund G. Brown Jr.

AB 2155 (Ridley-Thomas)

I am returning Assembly Bill 2155 without my signature.

This bill functionally allows a community college district and its employees to lower the minimum instructional hours that certain part-time community college district instructors would be required to work to earn creditable service under the State Teachers' Retirement System.

I am concerned this bill, by authorizing districts to bargain for a lower instructional hour requirement that would qualify as pensionable service credit, will only increase state pension costs. This is not prudent, especially in light of STRS' massive unfunded liabilities.

Sincerely,

Edmund G. Brown Jr.

AB 2348 (Levine)

I am returning Assembly Bill 2348 without my signature.

This bill authorizes the Department of Finance to identify infrastructure projects for investment by the Public Employees' Retirement System and then guarantee those investments a certain rate of return.

This bill makes the state a guarantor of PERS investments. In the event that any such investment fails to meet the expected return, the state General Fund would be forced to make up the difference. That's not prudent.

Sincerely,

Edmund G. Brown Jr.

SB 292 (Pan)

I am returning Senate Bill 292 without my signature.

This bill exempts certain employees from making pension contributions if they work in a city or county that receives parcel tax revenue designated for pension costs.

I believe the cost-sharing requirements in the Public Employees' Pension Reform Act of 2013 are unrelated to whether a city or county has an existing parcel tax for pensions. The employee share-of-cost is a crucial standard that must be retained. I am unwilling to chip away at this reform.

Sincerely,

Edmund G. Brown Jr.

SB 950 (Nielsen)

I am returning Senate Bill 950 without my signature.

This bill adds arbitration to the existing four step grievance process for state supervisors.

Expanding the grievance process for the state's managers to include legally binding arbitration will reduce departments' ability to effectively manage state operations and will result in significant unbudgeted state costs.

Sincerely,

Edmund G. Brown Jr.

SB 1162 (Berryhill)

I am returning Senate Bill 1162 without my signature.

This bill allows the Mammoth Lake Fire District to request that the California Public Employees' Retirement System Board transfer assets from the District's superfunded miscellaneous employee plan to its safety employee plan in order to pay for unfunded liabilities in the safety plan.

Inherent in the nature of our pension systems is that each employee plan be funded separately and expend its funds only for the benefit of specific beneficiaries. This bill would upend this longstanding practice and set a harmful precedent by allowing the transfer of assets from one employee group to another.

Sincerely,

Edmund G. Brown Jr.