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AMENDED IN ASSEMBLY APRIL 11, 2025

AMENDED IN ASSEMBLY MARCH 10, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1383

Introduced by Assembly Member McKinnor

(Coauthors: ~~Assembly Members Ávila Farías, Boerner, and Nguyen~~)

(Coauthor: ~~Senator Grayson~~)

(Coauthors: *Assembly Members Ahrens, Alanis, Ávila Farías, Boerner, Calderon, Castillo, Chen, Connolly, Flora, Hoover, Krell, Nguyen, Ortega, Patterson, Ramos, Ransom, and Solache*)

(Coauthors: *Senators Grayson and Pérez*)

February 21, 2025

An act to amend Sections ~~7522.10, 7522.25, and 7522.30~~ 7522.10 and 7522.25 of, and to add Sections 7522.19 and 7522.26 to, the Government Code, relating to public employees' retirement, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1383, as amended, McKinnor. Public employees' retirement ~~benefits:~~ *benefits: safety members.*

The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS) to provide a defined benefit to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Public Employees' Retirement Fund, which is continuously appropriated for purposes of PERS, including depositing employer and

employee contributions. Under the California Constitution, assets of a public pension or retirement system are trust funds.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans. In this regard, PEPRA restricts the amount of compensation that may be applied for purposes of calculating a defined pension benefit for a new member, as defined, by restricting it to specified percentages of the contribution and benefit base under a specified federal law with respect to old age, survivors, and disability insurance benefits.

Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, creditable service, and age at retirement, subject to certain variations.

This bill, on and after January 1, ~~2026~~, 2027, would require a retirement system *subject to PEPRA* to adjust pensionable compensation limits to be consistent with ~~a defined benefit limitation established and annually adjusted under federal law with respect to tax exempt qualified trusts~~. *specified percentages of the contribution and benefit base under the specified federal law with respect to old age, survivors, and disability insurance benefits. The bill would require a new member of STRS to be subject to specified limits of the Teachers' Retirement Law.*

PEPRA requires each retirement system that offers a defined benefit plan for safety members of the system to use one of 3 formulas for safety members, 2% at age 57, 2.5% at age 57, or 2.7% at age 57.

This bill would establish new retirement formulas, for employees first hired on or after January 1, ~~2026~~, 2027, as 2.5% at age 55, 2.7% at age 55, or 3% at age 55. For new members hired on or after January 1, 2013, who are safety members, the bill would require employers to adjust the formulas for service performed on or after January 1, ~~2026~~, 2027, to offer one of the 3 formulas for safety members that is closest to the formula the employer provided pursuant to existing law. The bill would authorize a public employer and a recognized employee organization to negotiate a prospective increase to the retirement benefit formulas for *safety* members and new *safety* members, consistent with the formulas permitted under ~~the act~~. *PEPRA, including the new formulas described above.*

This bill would authorize an employer and its employees to agree in a memorandum of understanding to be subject to a higher safety plan

or a lower safety plan, subject to certain requirements, including that the memorandum of understanding is collectively bargained in accordance with applicable laws.

~~PEPRA requires all public employees to pay at least 50 percent of normal costs and prohibits public employers from paying any of the required employee contribution.~~

~~This bill would authorize an employer and employee, through the collective bargaining process, to agree to terms in a memorandum of understanding where the employer pays a portion of employee contribution.~~

By increasing the contribution to continuously appropriated funds, *and by increasing expenditures from those funds*, this bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) California is experiencing significant challenges in the
- 3 recruitment and retention of safety personnel, including firefighters,
- 4 police officers, and other first responders. Competitive retirement
- 5 benefits are critical to ensuring an adequate and well-trained public
- 6 safety workforce.
- 7 (b) Firefighters face heightened risks of occupational diseases,
- 8 including elevated cancer rates. Studies have shown that firefighters
- 9 have a significantly higher risk of developing multiple types of
- 10 cancer due to prolonged exposure to carcinogens and hazardous
- 11 materials in the line of duty. In 2022, the International Agency for
- 12 Research on Cancer identified the occupation of firefighting as a
- 13 Class 1 carcinogen.
- 14 (c) The physical demands of safety positions are extraordinary,
- 15 requiring peak physical performance, endurance, and exposure to
- 16 high-stress, life-threatening situations on a daily basis. These
- 17 factors contribute to increased rates of disability, injury, and early
- 18 retirement compared to other professions.
- 19 (d) Adjusting the retirement age and pension formulas for safety
- 20 employees is necessary to maintain a sustainable and effective
- 21 workforce while addressing the unique health and occupational
- 22 challenges faced by these personnel.

1 (e) California has a strong history of protecting and promoting
 2 collective bargaining rights and providing opportunities for
 3 employees and employers to bargain over certain retirement
 4 benefits that further enhances opportunities for public employers
 5 and employees to partner on stronger retirement security.

6 ~~(f) Public employees commit their life to service of their
 7 communities. Allowing employees to bargain over the payment
 8 of the normal cost between employees and employers will facilitate
 9 further discussion at the bargaining table, improving conditions
 10 for all employees.~~

11 ~~(g)~~
 12 (f) The compensation cap established under the ~~public employee~~
 13 ~~pension reform act, California Public Employees' Pension Reform~~
 14 ~~Act of 2013~~ places limits that are significantly less than the current
 15 federal limit. To reflect current wage rates across both safety and
 16 miscellaneous employees, it is necessary to reconsider the
 17 appropriate compensation cap level, consistent with federal limits.

18 SEC. 2. Section 7522.10 of the Government Code is amended
 19 to read:

20 7522.10. (a) On and after January 1, 2013, each public
 21 retirement system shall modify its plan or plans to comply with
 22 the requirements of this section for each public employer that
 23 participates in the system.

24 (b) Whenever pensionable compensation, as defined in Section
 25 7522.34, is used in the calculation of a benefit, the pensionable
 26 compensation shall be subject to the limitations set forth in
 27 subdivision (c).

28 (c) (1) The pensionable compensation used to calculate the
 29 defined benefit paid to a new member who retires from the system
 30 shall not exceed the following applicable percentage of the
 31 contribution and benefit base specified in Section 430(b) of Title
 32 42 of the United States Code on January 1, 2013:

33 (A) One hundred percent for a member whose service is included
 34 in the federal system.

35 (B) One hundred twenty percent for a member whose service
 36 is not included in the federal system.

37 (2) On and after January 1, ~~2026~~, 2027, a retirement system
 38 subject to this article shall adjust pensionable compensation limits
 39 established by this subdivision to be consistent with the ~~defined~~
 40 ~~benefit rate established by Section 415(b)(1)(A) of Title 26 of the~~

1 ~~United States Code, as adjusted annually.~~ *following applicable*
2 *percentage of the contribution and benefit base specified in Section*
3 *430(b) of Title 42 of the United States Code on January 1, 2027:*

4 (A) *One hundred percent for a member whose service is included*
5 *in the federal system.*

6 (B) *One hundred thirty-five percent for a member whose service*
7 *is not included in the federal system.*

8 (3) *A new member of the State Teachers' Retirement System*
9 *shall be subject to the limit established pursuant to subdivision*
10 *(d) of Section 22119.3 of, or subdivision (c) of Section 26139.5 of,*
11 *the Education Code.*

12 (d) (1) The retirement system shall adjust the pensionable
13 compensation described in subdivision (c) based on the annual
14 changes to the Consumer Price Index for All Urban Consumers:
15 U.S. City Average, calculated by dividing the Consumer Price
16 Index for All Urban Consumers: U.S. City Average, for the month
17 of September in the calendar year preceding the adjustment by the
18 Consumer Price Index for All Urban Consumers: U.S. City
19 Average, for the month of September of the previous year rounded
20 to the nearest thousandth. The adjustment shall be effective
21 annually on January 1, beginning in 2014.

22 (2) The Legislature reserves the right to modify the requirements
23 of this subdivision with regard to all public employees subject to
24 this section, except that the Legislature may not modify these
25 provisions in a manner that would result in a decrease in benefits
26 accrued prior to the effective date of the modification.

27 (e) A public employer shall not offer a defined benefit or any
28 combination of defined benefits, including a defined benefit offered
29 by a private provider, on compensation in excess of the limitation
30 in subdivision (c).

31 (f) (1) Subject to the limitation in subdivision (c) of Section
32 7522.42, a public employer may provide a contribution to a defined
33 contribution plan for compensation in excess of the limitation in
34 subdivision (c) provided the plan and the contribution meet the
35 requirements and limits of federal law.

36 (2) A public employee who receives an employer contribution
37 to a defined contribution plan shall not have a vested right to
38 continue receiving the employer contribution.

39 (g) Any employer contributions to any employee defined
40 contribution plan above the pensionable compensation limits in

1 subdivision (c) shall not exceed the employer’s contribution rate,
2 as a percentage of pay, required to fund the defined benefit plan
3 for income subject to the limitation in subdivision (c) of Section
4 7522.42.

5 (h) The retirement system shall limit the pensionable
6 compensation used to calculate the contributions required of an
7 employer or a new member to the amount of compensation that
8 would be used for calculating a defined benefit as set forth in
9 subdivision (c) or (d).

10 SEC. 3. Section 7522.19 is added to the Government Code, to
11 read:

12 7522.19. (a) Notwithstanding any other law, a public employer
13 and a recognized employee organization may negotiate a
14 prospective increase to the retirement benefit formulas for *safety*
15 members and new *safety* members, consistent with the formulas
16 permitted under this ~~article~~. *article, including Section 7522.26.*

17 (b) Benefit formula increases adopted pursuant to this section
18 shall be established in accordance with Section ~~7522.44 of this~~
19 ~~article~~. *7522.44.*

20 ~~(c) For safety members, prospective benefit enhancement may~~
21 ~~be considered using the formulas included in Section 7522.26.~~

22 SEC. 4. Section 7522.25 of the Government Code is amended
23 to read:

24 7522.25. (a) Each retirement system that offers a defined
25 benefit plan for safety members of the system shall use one or
26 more of the defined benefit formulas prescribed by this section. A
27 member may retire for service under any of the formulas in this
28 section after five years of service and upon reaching 50 years of
29 age.

30 (b) The Basic Safety Plan shall provide a pension at retirement
31 for service equal to the percentage of the member’s final
32 compensation set forth opposite the member’s age at retirement,
33 taken to the preceding quarter year, in the following table,
34 multiplied by the number of years of service in the system as a
35 safety member.

Age at Retirement	Fraction
37 50	1.426
38 50¼.....	1.447
39 50½.....	1.467
40	

1	50 ³ / ₄	1.488
2	51	1.508
3	51 ¹ / ₄	1.529
4	51 ¹ / ₂	1.549
5	51 ³ / ₄	1.570
6	52	1.590
7	52 ¹ / ₄	1.611
8	52 ¹ / ₂	1.631
9	52 ³ / ₄	1.652
10	53	1.672
11	53 ¹ / ₄	1.693
12	53 ¹ / ₂	1.713
13	53 ³ / ₄	1.734
14	54	1.754
15	54 ¹ / ₄	1.775
16	54 ¹ / ₂	1.795
17	54 ³ / ₄	1.816
18	55	1.836
19	55 ¹ / ₄	1.857
20	55 ¹ / ₂	1.877
21	55 ³ / ₄	1.898
22	56	1.918
23	56 ¹ / ₄	1.939
24	56 ¹ / ₂	1.959
25	56 ³ / ₄	1.980
26	57 and over	2.000

27

28 (c) The Safety Option Plan One shall provide a pension at
 29 retirement for service equal to the percentage of the member's
 30 final compensation set forth opposite the member's age at
 31 retirement, taken to the preceding quarter year, in the following
 32 table, multiplied by the number of years of service in the system
 33 as a safety member.

34

35	Age at Retirement	Fraction
36	50	2.000
37	50 ¹ / ₄	2.018
38	50 ¹ / ₂	2.036
39	50 ³ / ₄	2.054
40	51	2.071

1	51 ¼.....	2.089
2	51 ½.....	2.107
3	51 ¾.....	2.125
4	52	2.143
5	52 ¼.....	2.161
6	52 ½.....	2.179
7	52 ¾.....	2.196
8	53	2.214
9	53 ¼.....	2.232
10	53 ½.....	2.250
11	53 ¾.....	2.268
12	54	2.286
13	54 ¼.....	2.304
14	54 ½.....	2.321
15	54 ¾.....	2.339
16	55.....	2.357
17	55 ¼.....	2.375
18	55 ½.....	2.393
19	55 ¾.....	2.411
20	56.....	2.429
21	56 ¼.....	2.446
22	56 ½.....	2.464
23	56 ¾.....	2.482
24	57 and over.....	2.500

25

26 (d) The Safety Option Plan Two shall provide a pension at
 27 retirement for service equal to the percentage of the member's
 28 final compensation set forth opposite the member's age at
 29 retirement, taken to the preceding quarter year, in the following
 30 table, multiplied by the number of years of service in the system
 31 as a safety member.

32

33	Age at Retirement	Fraction
34	50	2.000
35	50 ¼.....	2.025
36	50 ½.....	2.050
37	50 ¾.....	2.075
38	51	2.100
39	51 ¼.....	2.125
40	51 ½.....	2.150

1	51 ³ / ₄	2.175
2	52	2.200
3	52 ¹ / ₄	2.225
4	52 ¹ / ₂	2.250
5	52 ³ / ₄	2.275
6	53	2.300
7	53 ¹ / ₄	2.325
8	53 ¹ / ₂	2.350
9	53 ³ / ₄	2.375
10	54	2.400
11	54 ¹ / ₄	2.425
12	54 ¹ / ₂	2.450
13	54 ³ / ₄	2.475
14	55	2.500
15	55 ¹ / ₄	2.525
16	55 ¹ / ₂	2.550
17	55 ³ / ₄	2.575
18	56	2.600
19	56 ¹ / ₄	2.625
20	56 ¹ / ₂	2.650
21	56 ³ / ₄	2.675
22	57 and over	2.700

23

24 (e) On and after January 1, 2013, an employer shall offer one
 25 or more of the safety formulas prescribed by this section to new
 26 members who are safety employees. The formula offered shall be
 27 the formula that is closest to, and provides a lower benefit at 55
 28 years of age than, the formula provided to members in the same
 29 retirement classification offered by the employer on December
 30 31, 2012.

31

(f) On and after January 1, 2013, an employer and its employees
 32 subject to Safety Option Plan One or Safety Option Plan Two may
 33 agree in a memorandum of understanding to be subject to Safety
 34 Option Plan One or the Basic Safety Plan, subject to the following:

35

(1) The lower plan shall apply to members first employed on
 36 or after the effective date of the lower plan, and shall be agreed to
 37 in a memorandum of understanding that has been collectively
 38 bargained in accordance with applicable laws.

39

(2) A retirement plan contract amendment with a public
 40 retirement system to alter a retirement formula pursuant to this

1 subdivision shall not be implemented by the employer in the
2 absence of a memorandum of understanding that has been
3 collectively bargained in accordance with applicable laws.

4 (3) An employer shall not use impasse procedures to impose
5 the lower plan.

6 (4) An employer shall not provide a different defined benefit
7 for nonrepresented, managerial, or supervisory employees than
8 the employer provides for other public employees, including
9 represented employees, of the same employer who are in the same
10 membership classifications.

11 (g) Pensionable compensation used to calculate the defined
12 benefit shall be limited as described in Section 7522.10.

13 (h) This section shall only apply to service performed between
14 January 1, 2013, and December 31, ~~2025~~. 2026.

15 SEC. 5. Section 7522.26 is added to the Government Code, to
16 read:

17 7522.26. (a) On and after January 1, ~~2026~~, 2027, each
18 retirement system that offers a defined benefit plan for safety
19 members of the system shall use one or more of the defined benefit
20 formulas prescribed by this section. A member may retire for
21 service under any of the formulas in this section after five years
22 of service and upon reaching 50 years of age.

23 (b) The Basic Safety Plan shall provide a pension at retirement
24 for service equal to the percentage of the member's final
25 compensation set forth opposite the member's age at retirement,
26 taken to the preceding quarter year, in the following table,
27 multiplied by the number of years of service in the system as a
28 safety member.

29

30 — Age at		
31 — Retirement	Age at Retirement	Fraction
32	50	1.426
33	50 1/4	1.450
34	50 1/2	1.474
35	50 3/4	1.498
36	51	1.522
37	51 1/4	1.550
38	51 1/2	1.576
39	51 3/4	1.602
40	52	1.628

1 — Age at		
2 — Retirement Age at Retirement		Fraction
3 52 1/4.....		1.656
4 52 1/2.....		1.686
5 52 3/4.....		1.714
6 53		1.742
7 53 1/4.....		1.772
8 53 1/2.....		1.804
9 53 3/4.....		1.834
10 54		1.866
11 54 1/4.....		1.900
12 54 1/2.....		1.932
13 54 3/4.....		1.966
14 55 and over.....		2.000

15
16 (c) The Safety Option Plan One shall provide a pension at
17 retirement for service equal to the percentage of the member's
18 final compensation set forth opposite the member's age at
19 retirement, taken to the preceding quarter year, in the following
20 table, multiplied by the number of years of service in the system
21 as a safety member.

23 — Age at		
24 — Retirement Age at Retirement		Fraction
25 50		2.000
26 50 1/4.....		2.025
27 50 1/2.....		2.050
28 50 3/4.....		2.075
29 51		2.100
30 51 1/4.....		2.125
31 51 1/2.....		2.150
32 51 3/4.....		2.175
33 52		2.200
34 52 1/4.....		2.225
35 52 1/2.....		2.250
36 52 3/4.....		2.275
37 53		2.300
38 53 1/4.....		2.325
39 53 1/2.....		2.350
40 53 3/4.....		2.375

1	— Age at	
2	Retirement Age at Retirement	Fraction
3	54	2.400
4	54 1/4.....	2.425
5	54 1/2.....	2.450
6	54 3/4.....	2.475
7	55 and over.....	2.500

8

9 (d) The Safety Option Plan Two shall provide a pension at
10 retirement for service equal to the percentage of the member's
11 final compensation set forth opposite the member's age at
12 retirement, taken to the preceding quarter year, in the following
13 table, multiplied by the number of years of service in the system
14 as a safety member.

15

16	— Age at	
17	Retirement Age at Retirement	Fraction
18	50	2.000
19	50 1/4.....	2.035
20	50 1/2.....	2.070
21	50 3/4.....	2.105
22	51	2.140
23	51 1/4.....	2.175
24	51 1/2.....	2.210
25	51 3/4.....	2.245
26	52	2.280
27	52 1/4.....	2.315
28	52 1/2.....	2.350
29	52 3/4.....	2.385
30	53	2.420
31	53 1/4.....	2.455
32	53 1/2.....	2.490
33	53 3/4.....	2.525
34	54	2.560
35	54 1/4.....	2.595
36	54 1/2.....	2.630
37	54 3/4.....	2.665
38	55 and over.....	2.700

39

1 (e) The Safety Option Plan Three shall provide a pension at
 2 retirement for service equal to the percentage of the member’s
 3 final compensation set forth opposite the member’s age at
 4 retirement, taken to the preceding quarter year, in the following
 5 table, multiplied by the number of years of service in the system
 6 as a safety member. For service subject to this ~~subdivision~~
 7 *subdivision*, the benefit limit shall be 90 percent of final
 8 compensation.
 9

10 — Age at		
11 — Retirement	Age at Retirement	Fraction
12	50	2.400
13	50 ¼	2.430
14	50 ½	2.460
15	50 ¾	2.490
16	51	2.520
17	51 ¼	2.550
18	51 ½	2.580
19	51 ¾	2.610
20	52	2.640
21	52 ¼	2.670
22	52 ½	2.700
23	52 ¾	2.730
24	53	2.760
25	53 ¼	2.790
26	53 ½	2.820
27	53 ¾	2.850
28	54	2.880
29	54 ¼	2.910
30	54 ½	2.940
31	54 ¾	2.970
32	55 and over.....	3.000

33
 34 (f) For new members hired on or after January 1, ~~2026~~, 2027,
 35 who are safety members, an employer shall offer one or more of
 36 the safety formulas prescribed by this section to new members
 37 who are safety employees. The formula offered shall maintain the
 38 percentage of compensation factor offered as of December 31,
 39 ~~2025~~. 2026.

1 (g) For new members hired on or after January 1, 2013, who
2 are safety members, the employer shall adjust their formula as
3 follows:

4 (1) For service performed between January 1, 2013, and
5 December 31, ~~2025~~, 2026, the retirement age and formula shall
6 be as offered by the employer between January 1, 2013, and
7 December 31, ~~2025~~, 2026, and subject to Section 7522.25.

8 (2) For service performed on or after January 1, ~~2026~~, 2027,
9 the employer shall offer the formula in this section that is closest
10 to the formula the employer provided pursuant to Section 7522.25.
11 *The formula offered shall maintain the percentage of compensation*
12 *factor offered as of December 31, 2026.*

13 (3) This section shall not be construed to provide retroactive
14 benefits to employees. This section shall adjust the prospective
15 benefit for safety employees by adjusting the retirement age to 55.

16 (h) An employer and its employees may agree in a memorandum
17 of understanding to be subject to a higher safety plan, subject to
18 the following:

19 (1) The higher plan shall apply to members or after the effective
20 date of the higher plan, and shall be agreed to in a memorandum
21 of understanding that has been collectively bargained in accordance
22 with applicable laws.

23 (2) The higher plan adopted pursuant to this subdivision shall
24 be subject to Section 7522.44.

25 (i) An employer and its employees may agree in a memorandum
26 of understanding to be subject to a lower safety plan, subject to
27 the following:

28 (1) The lower plan shall apply to members first employed on
29 or after the effective date of the lower plan, and shall be agreed to
30 in a memorandum of understanding that has been collectively
31 bargained in accordance with applicable laws.

32 (2) A retirement plan contract amendment with a public
33 retirement system to alter a retirement formula pursuant to this
34 subdivision shall not be implemented by the employer in the
35 absence of a memorandum of understanding that has been
36 collectively bargained in accordance with applicable laws.

37 (3) An employer shall not use impasse procedures to impose
38 the lower plan.

39 (4) An employer shall not provide a different defined benefit
40 for nonrepresented, managerial, or supervisory employees than

1 the employer provides for other public employees, including
2 represented employees, of the same employer who are in the same
3 membership classifications.

4 (j) Pensionable compensation used to calculate the defined
5 benefit shall be limited as described in Section 7522.10.

6 (k) A safety member that is subject to a defined benefit formula
7 prescribed by this section, who is not a new member, shall be
8 subject to contribution rates established pursuant to Section
9 7522.30.

10 ~~SEC. 6. Section 7522.30 of the Government Code is amended~~
11 ~~to read:~~

12 ~~7522.30. (a) This section shall apply to all public employers~~
13 ~~and to all new members.~~

14 ~~(1) Except as otherwise provided in paragraph (2), equal sharing~~
15 ~~of normal costs between public employers and public employees~~
16 ~~shall be the standard. The standard shall be that employees pay at~~
17 ~~least 50 percent of normal costs and that employers not pay any~~
18 ~~of the required employee contribution.~~

19 ~~(2) On or after January 1, 2026, an employer and employees~~
20 ~~may, through the collective bargaining process, agree to terms in~~
21 ~~a memorandum of understanding where the employer pays a~~
22 ~~portion of employee contribution.~~

23 ~~(b) The “normal cost rate” shall mean the annual actuarially~~
24 ~~determined normal cost for the plan of retirement benefits provided~~
25 ~~to the new member and shall be established based on the actuarial~~
26 ~~assumptions used to determine the liabilities and costs as part of~~
27 ~~the annual actuarial valuation. The plan of retirement benefits shall~~
28 ~~include any elements that would impact the actuarial determination~~
29 ~~of the normal cost, including, but not limited to, the retirement~~
30 ~~formula, eligibility and vesting criteria, ancillary benefit provisions,~~
31 ~~and any automatic cost-of-living adjustments as determined by the~~
32 ~~public retirement system.~~

33 ~~(c) New members employed by those public employers defined~~
34 ~~in paragraphs (2) and (3) of subdivision (i) of Section 7522.04,~~
35 ~~the Legislature, the California State University, and the judicial~~
36 ~~branch who participate in a defined benefit plan shall have an~~
37 ~~initial contribution rate of at least 50 percent of the normal cost~~
38 ~~rate for that defined benefit plan, rounded to the nearest quarter~~
39 ~~of 1 percent, unless a greater contribution rate has been agreed to~~

1 pursuant to the requirements in subdivision (c). This contribution
2 shall not be paid by the employer on the employee's behalf.

3 ~~(d) Notwithstanding subdivision (c), once established, the~~
4 ~~employee contribution rate described in subdivision (c) shall not~~
5 ~~be adjusted on account of a change to the normal cost rate unless~~
6 ~~the normal cost rate increases or decreases by more than 1 percent~~
7 ~~of payroll above or below the normal cost rate in effect at the time~~
8 ~~the employee contribution rate is first established or, if later, the~~
9 ~~normal cost rate in effect at the time of the last adjustment to the~~
10 ~~employee contribution rate under this section.~~

11 ~~(e) Notwithstanding subdivision (c), employee contributions~~
12 ~~may be more than one-half of the normal cost rate if the increase~~
13 ~~has been agreed to through the collective bargaining process,~~
14 ~~subject to the following conditions:~~

15 ~~(1) The employer shall not contribute at a greater rate to the~~
16 ~~plan for nonrepresented, managerial, or supervisory employees~~
17 ~~than the employer contributes for other public employees, including~~
18 ~~represented employees, of the same employer who are in related~~
19 ~~retirement membership classifications.~~

20 ~~(2) The employer shall not increase an employee contribution~~
21 ~~rate in the absence of a memorandum of understanding that has~~
22 ~~been collectively bargained in accordance with applicable laws.~~

23 ~~(3) The employer shall not use impasse procedures to increase~~
24 ~~an employee contribution rate above the rate required by this~~
25 ~~section.~~

26 ~~(f) If the terms of a contract, including a memorandum of~~
27 ~~understanding, between a public employer and its public~~
28 ~~employees, that is in effect on January 1, 2013, would be impaired~~
29 ~~by any provision of this section, that provision shall not apply to~~
30 ~~the public employer and public employees subject to that contract~~
31 ~~until the expiration of that contract. A renewal, amendment, or~~
32 ~~any other extension of that contract shall be subject to the~~
33 ~~requirements of this section.~~

34 ~~SEC. 7.~~

35 *SEC. 6.* It is the intent of the Legislature that this act shall not
36 be construed to affect any retirement benefits or pension rights
37 accrued before its effective date.

- 1 _____
- 2 **CORRECTIONS:**
- 3 **Heading—Lines 4 and 7.**
- 4 **Text—Pages 10, 11, 12, and 13.**
- 5 _____

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