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**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 5. PERSONNEL [18000 - 22980]** ( Division 5 added by Stats. 1945, Ch. 123. )

**PART 3. PUBLIC EMPLOYEES' RETIREMENT SYSTEM [20000 - 21716]** ( Part 3 repealed and added by Stats. 1995, Ch. 379, Sec. 2. )

**CHAPTER 9. Employer Contributions [20790 - 20842]** ( Chapter 9 added by Stats. 1995, Ch. 379, Sec. 2. )

**20790.** Except as provided in Section 20815, "employer" for purposes of this chapter means any contracting agency, except a contracting agency on and after the effective date of the contracting agency's election to be subject to any amendment of this part that provides that it is inapplicable to a contracting agency until the agency elects to be subject thereto.

(Amended by Stats. 1996, Ch. 906, Sec. 91. Effective January 1, 1997.)

**20791.** (a) The board shall define a significant increase in actuarial liability due to increased compensation paid to a nonrepresented employee and shall implement program changes to ensure that a contracting agency that creates the significant increase in actuarial liability bears the increased liability, including any portion of that liability that otherwise would be borne by another contracting agency or agencies.

(b) Upon determining the significant increase in actuarial liability, the system actuary shall assess the increase to the employer that created it and adjust that employer's rates to account for the increased liability.

(c) This section shall not apply to compensation paid to an employee for service performed while covered by a memorandum of understanding or to compensation paid for service performed while a member of a recognized employee organization as that term is defined in Section 3501.

(d) This section shall apply to any significant increase in actuarial liability, due to increased compensation paid to a nonrepresented employee, that is determined after January 1, 2013, regardless of when that increase in compensation occurred.

(Added by Stats. 2012, Ch. 296, Sec. 24. (AB 340) Effective January 1, 2013.)

**20799.** The board shall credit all contributions of the state, school employer, and contracting agencies in the retirement fund with interest at the current net earnings rate compounded at each June 30.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

**20805.** As used in determining the state's contribution, "compensation paid" includes the compensation a member absent on military service would have received were it not for his or her absence in that service, if the normal contributions for the period of absence are made. The rate of his or her compensation shall be his or her compensation at the commencement of his or her absence. The percentages of state contribution specified in this chapter apply to all compensation upon the basis of which members' contributions are deducted after those percentages became or become effective, without regard to the time when the service was rendered for which the compensation is paid.

(Amended by Stats. 2006, Ch. 538, Sec. 294. Effective January 1, 2007.)

**20806.** Each contracting agency and school employer that is an employer for purposes of this chapter shall make contributions in addition to those otherwise specified in this chapter in amounts to be fixed and determined by the board on account of unpaid liability for prior service and on account of liability for benefits under Sections 21624 through 21628, inclusive, and 21571 and benefits provided local safety members. Payments shall be under any arrangement as may be agreed to by the board.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

**20808.** (a) The actuary may, in determining contributions required of contracting agencies, establish a contribution with respect to industrial disability allowances, special death benefits, and any other death benefit, singly or in any combination, separate from and independent of the contribution required for other benefits under their contracts. The total contribution, in that case, for the agencies as a group shall be established and from time to time adjusted by actuarial valuation performed by the actuary of the liability for the benefit or benefits on account of the employees of all those agencies. Adjustments shall affect only future contributions and shall take into account the difference between contributions on hand and the amount required to fund the allowances or benefits for which entitlement has already been established as well as liability for future entitlements to benefits. The contribution as so established and adjusted from time to time shall be allocated between the agencies on a basis that, in the opinion of the board, after recommendation of the actuary, provides an equitable distribution between the agencies. However, the allocation shall not be based on differences in the incidence of death or disability in the respective agencies.

(b) (1) Whenever the board, pursuant to subdivision (a), establishes a separate contribution, it shall maintain the contribution and any contributions required to be made by employees towards the cost of the benefit or benefits as a separate account, which shall be available only for payment of the benefit or benefits and shall not be a part of the accumulated contributions under this system of any of the employers or members included.

(2) All contributions in that account, irrespective of the agency from which they were received, shall be available for payment of the benefit or benefits with respect to the employees of any agency included. In the event of termination of any agency's participation in this system, the liability with respect to all those benefits to which the agency's employees have become entitled, after establishment of the rate and prior to the termination, shall be its contributions, as established under subdivision (a), that have become due and payable as of the date of termination.

*(Amended by Stats. 2006, Ch. 538, Sec. 295. Effective January 1, 2007.)*

**20809.** The state shall make the increased contributions required on account of liability for benefits provided by Section 20414 from social security contributions which would have been payable by the employer had Section 20414 not been enacted up to an amount necessary to fully fund the cost of those benefits.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20810.** The state shall make the increased contributions required on account of liability for benefits provided by Section 20415 from social security contributions which would have been payable by the employer had Section 20415 not been enacted up to an amount necessary to fully fund the cost of those benefits.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20811.** The state shall make the increased contribution required on the account of liability for benefits provided by Sections 20409, 20410, and 21151 from social security contributions that would have been payable by the employer had Sections 20409 and 20410 not been enacted, up to an amount necessary to fully fund the cost of those benefits.

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20812.** Notwithstanding any other provision of this part, the board may adopt a funding period of 30 years to amortize unfunded accrued actuarial obligations for current and prior service for the purpose of determining employer contribution rates for contracting agencies and school employers. The board shall approve new amortization periods based upon requests from contracting agencies or school employers that can demonstrate a financial necessity. The board may deny a request when the request would subject the fund to an unsound financial risk. This section shall not affect the current procedure for setting the school employer rate. The board shall continue to treat the school category as a total experience pool with no requirement to establish separate rates for a school district subject to this section.

*(Amended by Stats. 2011, Ch. 440, Sec. 3. (AB 1028) Effective January 1, 2012.)*

**20813.** The board may adopt an amortization period of 40 years for any unfunded actuarial liability for the benefits applicable to all state miscellaneous members and all state peace officer/firefighter members.

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20814.** (a) Notwithstanding any other provision of law, the state's contribution under this chapter shall be adjusted from time to time in the annual Budget Act according to the following method: as part of the proposed budget, the Governor shall include the contribution rates adopted by the board for the liability of benefits on account of employees of the state. The Legislature shall adopt the board's contribution rates and authorize the appropriation in the Budget Act.

(b) In the event a memorandum of understanding goes into effect pursuant to the Ralph C. Dills Act (Chapter 10.3 (commencing with Section 3512) of Division 4 of Title 1) that was not previously considered by the board in adopting its most recent annual employer

contribution rates and that memorandum of understanding contains a change in employee retirement contributions, benefits, or pension plan design, including a change that alters a state employee's retirement contributions, or there is a change in unrepresented employees' retirement contributions, benefits, or pension plan design to be consistent with those of related classifications and groups of represented employees, the board may, in its discretion, adopt new quarterly employer contribution rates for future contributions for the state plans to reflect these changes. If the board adopts new rates for the state plans to reflect a change in employee retirement contributions, benefits, or pension plan design, the Director of Finance shall reduce or increase the percentage levels of the state's retirement contribution to reflect the new rates. Nothing in this section shall require the board to take action as described herein unless the board determines, in good faith, that the action described herein is consistent with the fiduciary responsibilities of the board described in Section 17 of Article XVI of the California Constitution.

(c) The employer contribution rates for all other public employers under this system shall be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate.

*(Amended by Stats. 2011, Ch. 440, Sec. 4. (AB 1028) Effective January 1, 2012.)*

**20815.** (a) Notwithstanding any other provision of this part, including, but not limited to, Sections 20225 and 20790, the board shall not combine the assets and liabilities of public agency employers into a single account for the purpose of setting a uniform rate of employer contributions for all public agency employers. The rate at which a public employer's contribution to this system shall be fixed shall be based upon its own experience. Provisions of law that provide authority for this system to combine the assets and liabilities of public employers into a single account for purposes of establishing a uniform rate are superseded to the extent that they provide that authority. For purposes of this section only, references to public employers shall not be construed to include school employers.

(b) Notwithstanding subdivision (a), the assets and liabilities of a county and a trial court jointly contracting with the board under Section 20460.1 shall be combined for purposes of setting the employer contribution rate for both the county and the trial court.

*(Amended by Stats. 2000, Ch. 1010, Sec. 10. Effective January 1, 2001.)*

**20815.5.** (a) The board shall, within its existing resources, prepare both of the following:

(1) For the joint contract of Butte County and the Butte County trial court, a one-time separate computation of the assets and liabilities of the Butte County trial court and those of Butte County, as determined by the actuary.

(2) For the joint contract of Solano County and the Solano County trial court, a one-time separate computation of the assets and liabilities of the Solano County trial court and those of Solano County, as determined by the actuary.

(b) For purposes of this section and the computation of assets and liabilities, the following shall apply:

(1) A person shall be deemed a trial court employee for service that satisfies either of the following:

(A) If the person was employed by the trial court on January 1, 2001, all continuous service for the county immediately preceding January 1, 2001, regardless of whether that service was as a county employee or a county employee assigned to the trial court.

(B) Any service on or after January 1, 2001, that the person is employed by the trial court.

(2) A person shall be deemed a county employee for service that satisfies any of the following:

(A) Any period of service prior to January 1, 2001, that is not described in subparagraph (A) of paragraph (1).

(B) Any service on or after January 1, 2001, that the person is employed by the county.

(c) On or before March 1, 2008, each respective trial court and county described in subdivision (a) shall identify and send to the board the following information:

(1) Those active, inactive, and retired members that are considered county employees and those active, inactive, and retired members that are considered trial court employees.

(2) Any lump-sum payments previously made by either the county or the trial court to the system that covers the period from January 1, 2001, to January 1, 2008, inclusive.

(d) On or before October 1, 2008, the board shall forward the computation described in subdivision (a) to each respective county and the trial court for that county. The computation shall be based upon the most recent annual actuarial valuation at the time the data described in subdivision (c) is received by the board.

(e) Nothing in this section shall be construed to effect the combined calculation of assets and liabilities for purposes of setting the employer contribution rate for both a county and a trial court as described in subdivision (b) of Section 20815.

*(Added by Stats. 2007, Ch. 256, Sec. 1. Effective September 29, 2007.)*

**20815.6.** (a) Upon request and not to exceed once every five years, the board shall, within its existing resources, perform a separate computation of the assets and liabilities as of the most recent actuarial valuation date, as determined by the actuary, for a county and a trial court that elect to separate their joint contract. Upon completion of the computation under subdivision (c), the trial court shall enter a separate contract in accordance with Chapter 5 (commencing with Section 20460) and the assets and liabilities of the trial court shall be moved to its individual contract.

(b) Each respective trial court and county described in subdivision (a) shall identify and send to the board all of the following information within 90 days of election to separate the joint contract:

(1) The starting and ending appointment dates for all active, inactive, and retired members that are considered county employees or trial court employees. The trial court and county shall jointly agree upon the following about those members:

(A) Their appointment dates.

(B) Whether a member is a county employee or trial court employee for purposes of the computation under subdivision (c).

(2) (A) The amount and payment date of any additional discretionary payments made by either the county or the trial court to the system.

(B) The amount and allocation of any additional discretionary payments described in subparagraph (A) shall be jointly agreed upon by the respective county and trial court and validated by the system before those additional discretionary payments are used in the computation to separate the joint contract.

(c) Within 90 days of receipt of the information described in subdivision (b), the board shall forward the computation described in subdivision (a) to the respective county and trial court. The computation and separation shall be based on the most recent actuarial valuation at the time the data described in subdivision (b) is received by the board. The county and trial court shall have 30 days to review the computation and provide any additional information required for clarification or correction or to revoke their election to separate the joint contract. The board shall only consider information that is jointly confirmed by both the trial court and county. Subsequent to the deadline for the provision of information for correction, the board shall have 180 days to amend the computation and to separate the joint contract into individual contracts for the county and trial court. If either the county or the trial court revokes its election to separate the joint contract, the joint contract shall remain in effect.

*(Added by Stats. 2023, Ch. 307, Sec. 4. (SB 548) Effective January 1, 2024.)*

**20816.** (a) Notwithstanding any other provision of this part, all assets of an employer shall be used in the determination of the employer contribution rate for the membership comprising the basis of the computation. Assets held shall be recognized over the same funding period used to amortize unfunded accrued actuarial obligations, whether in excess of the accrued actuarial obligation or not, using the entry age normal funding method.

(b) On and after January 1, 1999, contracting agencies for which the actuarial value of assets exceeds the present value of benefits as of the most recently completed valuation, as determined by the chief actuary, may request that the board transfer employer assets to member-accumulated contribution accounts to satisfy all or a portion of the member contributions required by this part. That transfer shall be over a 12-month period provided the actuarial value of assets exceeds the present value of benefits. In determining the present value of benefits and the actuarial value of assets for purposes of this part, liabilities and assets attributed to the 1959 survivor allowance may not be included. On and after January 1, 2003, a transfer of assets may not be made pursuant to this subdivision unless all or the same portion of the member contributions of each member in a membership classification are satisfied through the transfer. An employer electing a transfer of assets pursuant to this subdivision shall satisfy the members' contributions for a period of not less than one month and not more than one year.

(c) On and after January 1, 2002, any contracting agency for which the actuarial value of assets exceeds the present value of benefits as of the most recently completed valuation, as determined by the chief actuary, may request that the board transfer from the contracting agency's employer account excess assets, as determined by the board subject to the requirements and limitations of Section 420 of the Internal Revenue Code (26 U.S.C. Sec. 420), to a retiree health account established by the board, in its discretion, in the contracting agency's employer account pursuant to Section 401(h) of the Internal Revenue Code (26 U.S.C. 401(h)) for the purpose of providing health benefits to the contracting agency's retirees and their covered dependents. The board may, in its discretion, transfer excess assets from the contracting agency's employer account to that contracting agency's retiree health account within that agency's employer account, if the transfer meets the conditions of a qualified transfer pursuant to Section 420 of the Internal Revenue Code (26 U.S.C. Sec. 420). The transferred assets shall be used solely for the payment of current

retiree health liabilities. That qualified transfer shall be made only once each year. The board may adopt regulations necessary to implement this subdivision. Notwithstanding any other provision of law, the regulations may provide for the nonforfeiture of accrued pension benefits of participants and beneficiaries of a plan from which excess assets are transferred to the extent necessary for the transfer to meet the conditions of a qualified transfer pursuant to Section 420 of the Internal Revenue Code (26 U.S.C. Sec. 420), and may include any other provision necessary under Section 420 of the Internal Revenue Code (26 U.S.C. Sec. 420) or Section 401(h) of the Internal Revenue Code (26 U.S.C. Sec. 401(h)) to accomplish the purposes of this subdivision.

(d) For the purpose of this section, "employer" means any contracting agency, the state, or a school employer.

(e) The actuarial report in the annual financial report shall also express the effect upon employer contribution rates of this section and of the recognition of net unrealized gains and losses.

*(Amended by Stats. 2003, Ch. 519, Sec. 13. Effective January 1, 2004.)*

**20820.** Notwithstanding Section 20816, surplus funds credited to the patrol member category shall be used to reduce the state employer contribution to this system. Surplus funds in the patrol member category may also be used to reduce the member contributions required by Section 20677.8, under the terms of a memorandum of understanding reached pursuant to Section 3517.5.

*(Amended by Stats. 2011, Ch. 440, Sec. 5. (AB 1028) Effective January 1, 2012.)*

**20821.** (a) The contribution to the retirement fund of a school employer or a contracting agency electing to be subject to Section 20325 with respect to school members and local members making payments pursuant to Section 20325 for past service that was less than the minimum prescribed by paragraph (2) of subdivision (a) of Section 20305 because of service of less than 20 hours a week, prior to the enactment of Section 20325, shall be increased by an amount or a percentage of the compensation paid to those members determined by the board.

(b) The additional contribution imposed pursuant to subdivision (a) shall include an amount to pay the reasonable administrative expenses incurred by the board in establishing the additional contribution required in subdivision (a).

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20822.** (a) From the General Fund in the State Treasury there is appropriated quarterly, to the retirement fund, the state's contribution for all of the following:

(1) All state miscellaneous members and all other categories of members whose compensation is paid from the General Fund.

(2) All university members whose compensation is paid from funds of, or funds appropriated to, the university.

(3) All state miscellaneous members who are employed by the State Department of Education or the Department of Rehabilitation and whose compensation is paid from the Vocational Education Federal Fund, the Vocational Rehabilitation Federal Fund, or any other fund received, in whole or in part, as a donation to the state under restrictions preventing its use for state contributions to the retirement system.

(4) All state miscellaneous members and all other categories of members whose compensation is paid from the Senate Operating Fund or the Assembly Operating Fund or the Operating Funds of the Assembly and Senate.

(b) No appropriation shall be required pursuant to this section with respect to any state member who, pursuant to Section 20281.5, is not accruing service credit during the first 24 months of service, unless and until that service credit is credited to the member.

*(Amended by Stats. 2004, Ch. 214, Sec. 6. Effective August 11, 2004.)*

**20824.** (a) From each other fund in the State Treasury there is appropriated quarterly to the retirement fund the state's contribution for all members whose compensation is paid from that fund and in respect to which compensation the state's contribution is not required to be made from the General Fund.

(b) No appropriation shall be required pursuant to this section with respect to any state member who, pursuant to Section 20281.5, is not accruing service credit during the first 24 months of service, unless and until that service credit is credited to the member.

*(Amended by Stats. 2004, Ch. 214, Sec. 7. Effective August 11, 2004.)*

**20825.** (a) (1) Notwithstanding any other law, in accordance with a schedule provided by the Department of Finance, the Controller shall, in accordance with paragraph (2), transfer up to six billion dollars (\$6,000,000,000) to the Public Employees' Retirement Fund from the Surplus Money Investment Fund and other funds in the Pooled Money Investment Account that accrue interest to the General Fund as a cash loan to supplement the state's employer contributions for the 2017–18 fiscal year. The schedule provided by the Department of Finance shall specify the timing and amounts of transfers to the Public Employees' Retirement Fund.

(2) Notwithstanding any other law, no sooner than 30 calendar days after the Department of Finance has provided the schedule of payments described in paragraph (1) to the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine, the Controller shall transfer funds pursuant to the payment schedule established by the Department of Finance described in paragraph (1).

(3) The supplemental payment to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) Three billion six hundred million dollars (\$3,600,000,000) to the state miscellaneous member category.

(B) One hundred million dollars (\$100,000,000) to the state industrial member category.

(C) Three hundred million dollars (\$300,000,000) to the state safety member category.

(D) One billion five hundred million dollars (\$1,500,000,000) to the state peace officer/firefighter member category.

(E) Five hundred million dollars (\$500,000,000) to the patrol member category.

(b) The supplemental payment to the Public Employees' Retirement Fund described in subdivision (a) is to be applied to unfunded liabilities for state-level pensions in excess of current base amounts for the 2017–18 fiscal year, and the repayment of the loan principal and the payment of interest from the General Fund constitutes an obligation described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution.

(c) (1) Interest payments on outstanding loan amounts shall be calculated using the quarter to date yield at the two-year constant maturity United States Treasury rate for the calendar quarter concluded directly before the calculation. The interest payments shall be paid on a quarterly basis beginning in the 2017–18 fiscal year and shall continue until the loan has been fully repaid. The loan principal and interest shall be fully repaid on or before June 30, 2030. The interest payments are interest earnings of the Pooled Money Investment Account and shall be apportioned pursuant to Sections 16475 and 16480.6, unless modified by an agreement among the Department of Finance, the Controller, and the Treasurer, to comply with other laws or regulations.

(2) Repayment of the loan principal and the payment of interest shall be made from the General Fund and other funds and accounts that are required by law to fund the state's employer contribution to the Public Employees' Retirement Fund. Notwithstanding Section 13340, moneys for the repayment of the loan principal and payment of interest are hereby continuously appropriated for this purpose, and the timing and amounts to be transferred shall be pursuant to calculations provided by the Department of Finance. The Department of Finance shall devise a tracking mechanism and maintain records of payment by each fund in each fiscal year. The Department of Finance shall develop a repayment schedule that allocates the amount to each fund after evaluation of its share of costs and its fund availability. The Department of Finance shall ensure each fund pays its proportionate share of the loan principal and interest over the course of the loan.

(3) The Department of Finance shall certify to the Controller, and shall include in the published fund condition statement of the applicable funds and accounts, the amount determined to be the share of the loan principal and interest due and payable from each fund for the fiscal year described in paragraph (2). The Department of Finance may determine and direct the Controller to advance from the General Fund an amount up to the equivalent of the non-General Fund portion of the payment in each fiscal year for the repayment of the loan principal or payment of interest. Upon notification by the Department of Finance of the timing and the amounts to be transferred, the Controller shall transfer the amount of the loan principal repayment or interest payment, as applicable, from all funds to the Surplus Money Investment Fund or to the General Fund if repayment or payments are made in advance from the General Fund.

(d) If a fund has an insufficient fund balance for the repayment of loan principal or payment of interest, the Controller shall request that the Department of Finance provide direction on effecting the transfer and its timing. The implementation of this section shall not obstruct any of the trust purposes of the programs supported by funds on deposit in the Surplus Money Investment Fund and other funds in the Pooled Money Investment Account that accrue interest to the General Fund. Within one month after each calendar quarter is concluded, the Department of Finance shall submit a report to the Joint Legislative Budget Committee identifying funds or accounts with an insufficient fund balance and the direction provided to the Controller on these funds.

(e) On or before September 1, 2017, the Department of Finance shall submit a report to the Joint Legislative Budget Committee that describes the actuarial impact on contribution rates for each state employee member category receiving a supplemental payment under this section. The report shall describe the economic risks and benefits associated with making the cash loan provided by this section, including, but not limited to, a discussion of mechanisms available to adjust the repayment schedule and cost-allocation methodology.

*(Amended by Stats. 2018, Ch. 92, Sec. 109. (SB 1289) Effective January 1, 2019.)*

**20825.1.** (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates two billion five hundred million dollars (\$2,500,000,000) from the General Fund for the 2018–19 fiscal year to be transferred to the Public



Employees' Retirement Fund, consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these purposes.

(2) The supplemental payment to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) Eight hundred forty-eight million fifty-seven thousand dollars (\$848,057,000) to the state miscellaneous member category.

(B) Eighty-two million nine hundred thirty thousand dollars (\$82,930,000) to the state industrial member category.

(C) One hundred eighty-four million four hundred twenty-seven thousand dollars (\$184,427,000) to the state safety member category.

(D) One billion three hundred eighty-four million five hundred eighty-six thousand dollars (\$1,384,586,000) to the state peace officer/firefighter member category.

(b) The supplemental payments to the Public Employees' Retirement Fund described in paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a).

(c) Notwithstanding any other law, in accordance with a schedule provided by the Department of Finance, the Controller shall transfer, in aggregate, up to two billion five hundred million dollars (\$2,500,000,000) to the General Fund over the 2020–21 and 2021–22 fiscal years from other funds and accounts that are required by law to fund the state's employer contribution to the Public Employees' Retirement Fund. The schedule provided by the Department of Finance shall specify the timing and amounts of transfers to the General Fund, after evaluation of each fund's share of costs and its fund availability.

*(Amended by Stats. 2020, Ch. 16, Sec. 6. (AB 84) Effective June 29, 2020.)*

**20825.12.** (a) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates two hundred forty-three million dollars (\$243,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution, to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2020. The appropriation shall be consistent with the requirements of this section and the direction of the Department of Finance. The Department of Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(b) The appropriation made in subdivision (a) shall be apportioned to the patrol member category and shall be applied to the state patrol member category's unfunded liabilities that are in excess of base amounts for the 2020–21 fiscal year.

*(Amended by Stats. 2022, Ch. 67, Sec. 4. (SB 191) Effective June 30, 2022.)*

**20825.13.** (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates one billion eight hundred eighty-one million dollars (\$1,881,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2021. The appropriation shall be consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(2) The supplemental appropriation to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) Eight hundred sixty-five million seventeen thousand dollars (\$865,017,000) to the state miscellaneous member category.

(B) Fifty million four hundred ninety-nine thousand dollars (\$50,499,000) to the state industrial member category.

(C) One hundred twelve million three hundred forty-six thousand dollars (\$112,346,000) to the state safety member category.

(D) Eight hundred fifty three million one hundred thirty-eight thousand dollars (\$853,138,000) to the state peace officer/firefighter member category.

(b) The appropriation made pursuant to paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a) that are in excess of the base amounts for the 2021–22 fiscal year.

**20825.14.** (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates two billion nine hundred twenty-five million dollars (\$2,925,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2022. The appropriation shall be consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(2) The supplemental payment to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) One billion three hundred thirty-three million nine hundred fifty-eight thousand dollars (\$1,333,958,000) to the state miscellaneous member category.

(B) Eighty-one million six hundred twelve thousand dollars (\$81,612,000) to the state industrial member category.

(C) One hundred seventy-one million three hundred ninety-two thousand dollars (\$171,392,000) to the state safety member category.

(D) One billion three hundred thirty-eight million thirty-eight thousand dollars (\$1,338,038,000) to the state peace officer/firefighter member category.

(b) The appropriation made in paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a) that are in excess of the base amounts for the 2022–23 fiscal year.

(Amended by Stats. 2023, Ch. 131, Sec. 82. (AB 1754) Effective January 1, 2024.)

**20825.15.** (a) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates twenty-five million dollars (\$25,000,000) from the Motor Vehicle Account for each of the 2019–20, 2020–21, 2021–22, and 2022–23 fiscal years to be transferred to the Public Employees' Retirement Fund, consistent with the requirements of this section and at the direction of the Department of Finance. However, the payments in the 2021–22 and 2022–23 fiscal years shall be subject to the following conditions:

(1) If the projected state revenues at the 2021–22 May Revision to the Governor's Budget are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned supplemental pension payments, as specified above, in the sole discretion of the Director of Finance, the twenty-five-million-dollar (\$25,000,000) supplemental payment for the 2021–22 and 2022–23 fiscal years shall be deferred to the respective next fiscal years.

(2) If the twenty-five-million-dollar (\$25,000,000) supplemental payment in the 2021–22 fiscal year is made and projected state revenues at the 2022–23 May Revision to the Governor's Budget are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned supplemental pension payments, as specified above, in the sole discretion of the Director of Finance, the twenty-five-million-dollar (\$25,000,000) supplemental payment for the 2022–23 fiscal year shall be deferred to the next fiscal year.

(b) The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these purposes.

(c) The supplemental payment to the Public Employees' Retirement Fund described in subdivision (a) shall be apportioned to the state patrol member plan, and applied to the unfunded liabilities for the state patrol member plan.

(Amended by Stats. 2020, Ch. 370, Sec. 152. (SB 1371) Effective January 1, 2021.)

**20825.16.** (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates one billion six hundred fifty-seven million dollars (\$1,657,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2023. The appropriation shall be consistent with the requirements of this section and at the direction of the Department of Finance. The Department of



Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(2) The supplemental payment to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) Seven hundred sixty-nine million six hundred twenty thousand dollars (\$769,620,000) to the state miscellaneous member category.

(B) Forty-four million five hundred thousand dollars (\$44,500,000) to the state industrial member category.

(C) Ninety-nine million nine hundred twenty-four thousand dollars (\$99,924,000) to the state safety member category.

(D) Seven hundred forty-two million nine hundred fifty-six thousand dollars (\$742,956,000) to the state peace officer/firefighter member category.

(b) The appropriation made in paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a) that are in excess of the base amounts for the 2023–24 fiscal year.

*(Added by Stats. 2023, Ch. 39, Sec. 18. (AB 130) Effective July 10, 2023.)*

**20825.17.** (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates three hundred thirty-seven million dollars (\$337,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2024. The appropriation shall be consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(2) The supplemental payment to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) One hundred eighty million ninety-eight thousand dollars (\$180,098,000) to the state miscellaneous member category.

(B) Nine million one hundred twenty-five thousand dollars (\$9,125,000) to the state industrial member category.

(C) Twenty-one million one hundred sixty-seven thousand dollars (\$21,167,000) to the state safety member category.

(D) One hundred twenty-six million six hundred ten thousand dollars (\$126,610,000) to the state peace officer/firefighter member category.

(b) The appropriation made in paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a) that are in excess of the base amounts for the 2024–25 fiscal year.

*(Added by Stats. 2024, Ch. 52, Sec. 18. (AB 171) Effective July 2, 2024.)*

**20825.18.** (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates five hundred eighty-four million dollars (\$584,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2025. The appropriation shall be consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(2) The supplemental payment to the Public Employees' Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) Two hundred seventy-three million nine hundred eighty-three thousand dollars (\$273,983,000) to the state miscellaneous member category.

(B) Sixteen million one hundred sixty-four thousand dollars (\$16,164,000) to the state industrial member category.

(C) Thirty-two million one hundred fifty thousand dollars (\$32,150,000) to the state safety member category.

(D) Two hundred sixty-one million seven hundred three thousand dollars (\$261,703,000) to the state peace officer/firefighter member category.

(b) The appropriation made in paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a) that are in excess of the base amounts for the 2025–26 fiscal year.

*(Added by Stats. 2025, Ch. 23, Sec. 2. (SB 129) Effective June 30, 2025.)*

**20825.2.** The Legislature hereby appropriates nine hundred four million dollars (\$904,000,000) from the General Fund for the 2018–19 fiscal year to be transferred to the Public Employees' Retirement Fund, consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these payments. The payment to the Public Employees' Retirement Fund shall be apportioned as follows:

(a) One hundred forty four million dollars (\$144,000,000) to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2019–20 fiscal year.

(b) Four hundred thirty million dollars (\$430,000,000) to pay in advance, on behalf of school employers, part of the contributions required from school employers pursuant to this part for the 2020–21 fiscal year.

(c) Three hundred thirty million dollars (\$330,000,000) to pay in advance, on behalf of school employers, part of the contributions required from school employers pursuant to this part for the 2021–22 fiscal year.

(d) Any payments made pursuant to this section shall not discharge the school employers for any remaining amounts due and payable pursuant to this part.

*(Amended by Stats. 2020, Ch. 16, Sec. 8. (AB 84) Effective June 29, 2020.)*

**20826.** The board shall certify to the Controller at the end of each quarter the total amount of compensation in respect to which state contributions are payable from the General Fund and each other fund in the State Treasury, and the Controller shall transfer the state's contribution from each fund, respectively, to the retirement fund. Compensation shall be included in the certification at the end of the month in which the member's contributions based upon it are paid.

*(Amended by Stats. 2003, Ch. 10, Sec. 19. Effective May 14, 2003.)*

**20827.** The contributions of the state and all employers, as defined in Section 20790, with respect to miscellaneous members shall be applied by the board during each fiscal year to collectively meet the obligations with respect to miscellaneous members under this system as follows:

(a) First, in an amount equal to the liabilities accruing (1) because of state service of members for which normal contributions have been made, (2) on account of current service pensions and disability retirement pensions, and (3) the portion of death allowance provided from state and employer contributions. The amount shall be determined by the most recent actuarial valuation as interpreted by the actuary.

(b) Second, in an amount equal to the payments of death benefits made from state and employer contributions during the fiscal year for deaths not qualifying for death allowances.

(c) Third, the balance of the contributions, on the liabilities accrued on account of prior service pensions.

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20828.** The contributions of all school employers with respect to school members shall be applied by the board during each fiscal year to meet the obligations of all school employers collectively with respect to school members under this system as follows:

(a) First, in an amount equal to the liabilities accruing (1) because of state service of members for which normal contributions have been made, (2) on account of current service pensions and disability retirement pensions, and (3) the portion of death allowances provided from employer contributions. The amount shall be determined by the most recent actuarial valuation as interpreted by the actuary.

(b) Second, in an amount equal to the payments of death benefits made from employer contributions during the fiscal year for deaths not qualifying for death allowances.

(c) Third, the balance of the contributions, on the liabilities accrued on account of prior service pensions.

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20829.** Any state fund out of which payments are made under this chapter may be reimbursed to the extent of the payments by transfer of a sufficient sum from other funds under the control of the same disbursing officer. The disbursing officer shall certify to the

Controller the amounts to be transferred, the funds from and to which the transfer is to be made, and the Controller shall make the transfer as directed in the certificate.

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20830.** All payments required by this chapter to be made by the state to the retirement fund, are continuing obligations of the state.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20831.** Notwithstanding any other provision of law, neither the state, any school employer, nor any contracting agency shall fail or refuse to pay the employers' contribution required by this chapter or to pay the employers' contributions required by this chapter within the applicable time limitations.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20831.1.** Any school employer that fails or refuses to report an employee's compensation earnable required by this chapter within the applicable time limitations shall be required to pay administrative costs of five hundred dollars (\$500) per member as a reimbursement to this system's current year budget.

*(Added by Stats. 2000, Ch. 1030, Sec. 6. Effective January 1, 2001.)*

**20831.2.** Any employer that fails to withhold and submit an employee's normal contributions required by this chapter within the applicable time limitations shall notify the system and shall take no action until authorized by the system.

*(Added by Stats. 2009, Ch. 130, Sec. 23. (AB 966) Effective January 1, 2010.)*

**20832.** Accumulated contributions other than contributions for prior service credited to or held as of June 21, 1971, as having been made by a contracting agency to the extent subject to Section 20506, with respect to miscellaneous members, and all contributions thereafter made by an employer pursuant to this chapter, other than contributions pursuant to Section 20806, with respect to those members shall be held for the benefit of all the members of this system who are now or hereafter credited with service rendered as employees of those employers, and for beneficiaries of this system who are now or hereafter entitled to receive benefits on account of that service.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20833.** Contributions of the state with respect to state miscellaneous members shall be held exclusively for the benefit of state miscellaneous members, retired employees who were state miscellaneous members and beneficiaries of those members and retired employees.

*(Amended by Stats. 1996, Ch. 906, Sec. 103. Effective January 1, 1997.)*

**20834.** A contracting agency that is not an employer or that ceases to be an employer for purposes of this chapter shall thereafter make contributions as otherwise provided in Chapter 5 (commencing with Section 20460). Except as provided in Section 20578, if a contracting agency ceases to be an employer for purposes of this section, its contributions thereafter and the accumulated contributions credited to or held as having been made by the agency adjusted by addition of all contributions thereafter made by the employer and subtraction of amounts paid thereafter to or on account of employees of the contracting agency shall be held, on and after the date upon which the contracting agency ceases to be an employer, exclusively for the benefit of its employees, retired employees and beneficiaries of the employees and retired employees.

A contracting agency shall not be an employer for purposes of this section, if the board determines that the agency has no active employees eligible for coverage under this section.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20835.** A public agency which becomes a contracting agency on or after January 1, 1977, or which amends its contract to include the benefits provided in Sections 21624 and 21626, shall not be an employer for purpose of Section 20834, and all contributions of the contracting agency shall be held exclusively for the benefit of its employees, its retired employees, and beneficiaries of those employees and retired employees.

*(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20836.** The contribution of a contracting agency described in Section 20834 in respect to miscellaneous members is increased by a sum equal to 0.08 percent of the compensation paid to those members by the employer.

*(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)*

**20840.** (a) Notwithstanding Sections 20616, 20618, and 20815, the board may create, combine or eliminate risk pools for local miscellaneous members and local safety members.

(b) The board shall establish, by regulation, the criteria under which contracting agencies shall participate in a risk pool and the criteria under which contracting agencies, county offices of education, school districts, and community college districts may participate in a risk pool. The criteria shall specify that county offices of education, school districts, and community college districts may only participate in a risk pool if the retirement formula of the risk pool is higher than the retirement formula applicable to school members. In determining the criteria, the board shall consider the expected variability of the employer contribution rate due to demographic events. In no event shall contracting agencies with more than 100 active members in a member classification be required to commence participation in a risk pool for members in that member classification. For the purpose of this subdivision an active member is a member who is an employee of the contracting agency.

(c) If a contracting agency, county office of education, school district, or community college district participates in a risk pool, the assets and liabilities with respect to the affected member classification shall be combined with those of the risk pool.

(d) The board shall establish, by regulation, the circumstances under which a contracting agency may cease participation in a risk pool for a member classification.

(e) All of the following provisions shall apply, without election by the contracting agency participating in a risk pool, to local members included in a risk pool:

(1) Sections 20965, 21022, 21026, 21037, 21536, and 21548.

(2) Provisions to elect to receive credit for public service pursuant to Article 5 (commencing with Section 21020) of Chapter 11 that require the member to make the contributions as specified in Sections 21050 and 21052.

*(Added by Stats. 2002, Ch. 1133, Sec. 8. Effective January 1, 2003.)*

**20841.** (a) The employer contribution rate for a contracting agency, county office of education, school district, or community college district participating in a risk pool shall be determined by the actuary, taking into account the difference between the assets and liabilities that were brought into the risk pool with respect to the affected member classifications.

(b) The employer contribution rate for a contracting agency, county office of education, school district, or community college district participating in a risk pool may take into account the differences in the benefits provided by each employer to its members in the classification included in the risk pool.

(c) If a county office of education, school district, or community college district participates in a risk pool pursuant to this section and pays a contribution rate that differs from the rate established for school employers participating in a single account with respect to school members pursuant to subdivision (b) of Section 20225, the actual rate of employer contributions made to the Public Employees' Retirement System, for purposes of Section 42238.12 of the Education Code, shall be deemed to be the contributions that the county office of education or the district would have paid had the county office of education or the district participated in a single account for school members pursuant to subdivision (b) of Section 20225.

*(Added by Stats. 2002, Ch. 1133, Sec. 9. Effective January 1, 2003.)*

**20842.** Within six months after the effective date of any new option available to contracting agencies, the board shall (a) notify all contracting agencies participating in risk pools of the availability and approximate cost of the new option, (b) include the new option in at least one of the risk pools applicable to each member category to which the new option may apply, and (c) notify the contracting agencies of their options if they are participating in a risk pool to which the new option is added and choose not to offer the new option to their employees.

*(Added by Stats. 2002, Ch. 1133, Sec. 10. Effective January 1, 2003.)*