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AB-658 Public employment: retirement: benefits. (2023-2024)

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Assembly Bill No. 658

CHAPTER 538

An act to amend Section 75523 of, and to add Section 22904 to, the Government Code, relating to public employee benefits.

[Approved by Governor October 08, 2023. Filed with Secretary of State October 08, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 658, Mike Fong. Public employment: retirement: benefits.

(1) Existing law, the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, authorizes the board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. Under existing law, the employee's or annuitant's contribution is the total cost per month of coverage less the portion contributed by the employer. Existing law prescribes a minimum level for the employer's contribution toward the employee's or annuitant's health benefits coverage.

This bill would authorize the City of San Gabriel to enter into an agreement applicable to specified employees hired, and elected officials who first served, on or after January 1, 2023, to provide employer contributions for postretirement health care coverage to employees with at least 5 years of credited service with the City of San Gabriel. The bill would provide that its provisions for postretirement health benefits apply to employees who retire on or after the date that a memorandum of understanding that authorizes this benefit becomes effective. The bill would require the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits.

(2) Existing law establishes the Judges' Retirement System II, which provides retirement and other benefits to its members and is administered by the Board of Administration of the Public Employees' Retirement System. Under the Judges' Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service.

Existing law, on and after January 1, 2024, and applicable only to judges who retire before January 1, 2029, additionally authorizes a judge who is 60 years of age and has 15 years or more of service or 65 years of age and has 10 years or more of service who is not eligible to retire pursuant to those provisions in lieu of receiving monetary credits, as specified, to elect to retire and defer receipt of a monthly allowance, subject to specified formulations. Existing law requires the retirement allowance to be increased for the cost of living in January of each year after a judge has been retired under those provisions for more than 6 months, as specified.

This bill would instead require the retirement allowance to be increased for the cost of living in January of each year after the judge receives a retirement allowance under those provisions for more than 6 months, as specified.

(3) This bill would make legislative findings and declarations as to the necessity of a special statute for the City of San Gabriel.
Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 22904 is added to the Government Code, to read:

22904. (a) Notwithstanding any other provision of this part, the City of San Gabriel, the employees' exclusive representative, and unrepresented employees may agree that the employer contribution for postretirement health coverage shall be subject to all of the following:

(1) Credited years of service that the employee worked with the City of San Gabriel.

(2) A memorandum of understanding regarding postretirement health coverage mutually agreed upon through collective bargaining. This issue shall not be subject to the impasse procedures set forth in Chapter 10 (commencing with Section 3500) of Division 4 of Title 1.

(3) The employer contribution established by this section shall not be less than the adjusted employer contribution required by subdivision (b) of Section 22892.

(b) This section does not apply to any employee who retired before the effective date of the memorandum of understanding. In the event that the memorandum of understanding establishes a retroactive effective date, this section applies only prospectively and any employee who retires before the memorandum of understanding is signed shall not be affected by it.

(c) An agreement reached pursuant to subdivision (a) is not valid if it provides an employer contribution for employees with less than five years of credited service with the City of San Gabriel.

(d) The City of San Gabriel shall provide, in the manner prescribed by the board, notice of the agreement established pursuant to this section and any additional information necessary to implement this section.

(e) This section applies only to the City of San Gabriel and only with regard to employees who are first hired on or after January 1, 2023, and elected officials who first served as elected officials on or after January 1, 2023.

SEC. 2. Section 75523 of the Government Code, as amended by Section 23 of Chapter 159 of the Statutes of 2023, is amended to read:

75523. (a) The retirement allowance of retired judges who have elected to receive a monthly allowance under subdivision (d) of Section 75522 or who have retired for disability and are receiving an allowance under Section 75560.4 shall be adjusted effective in January of each year after a judge has been retired under this chapter for more than six months, to reflect any increase in the cost of living occurring after January 1 of the immediately preceding fiscal year. The United States city average of the "Consumer Price Index for all Urban Consumers," as published by the United States Bureau of Statistics, shall be used as the basis for determining changes in the cost of living.

(b) The retirement allowance of a retired judge who has elected to retire under Section 75522.5 shall be adjusted effective in January of each year after a judge has received a retirement allowance under this chapter for more than six months, to reflect any increase in the cost of living occurring after January 1 of the immediately preceding fiscal year. The United States city average of the "Consumer Price Index for all Urban Consumers," as published by the United States Bureau of Statistics, shall be used as the basis for determining changes in the cost of living.

(c) An adjustment shall not be made unless the cost-of-living increase equals or exceeds 1 percent. The allowance shall not be increased more than 3 percent in a single year. Increases shall be compounded.

(d) The allowance shall not be decreased as a result of the cost-of-living adjustment.

(e) The board shall provide, by rule, any details needed for the implementation of this section.

SEC. 3. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of postretirement health coverage with regard to employees of the City of San Gabriel.