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AB-1054 Public employees' retirement: deferred retirement option program. (2025-2026)

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AMENDED IN ASSEMBLY MARCH 24, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1054

Introduced by Assembly Member Gipson

February 20, 2025

An act to ~~amend Section 20000 of~~ *add Chapter 20 (commencing with Section 21717) to Part 3 of Division 5 of Title 2 of* the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1054, as amended, Gipson. Public employees' ~~retirement~~: *retirement: deferred retirement option program.*

Existing law, the County Employees Retirement Law of 1937, prescribes retirement benefits for members of specified county and district retirement systems. Existing law establishes the Deferred Retirement Option Program as an optional benefit program for specified safety members of those systems that, by ordinance or resolution by the county board of supervisors or the governing body, elect to adopt it. The program provides eligible members access, upon service retirement, to a lump sum or, in some cases, monthly payments in addition to a monthly retirement allowance, as specified.

Existing law, the Public Employees' Retirement Law (PERL), creates the Public Employees' Retirement System (PERS) for the purpose of providing pension benefits to state employees and employees of contracting agencies and prescribes the rights and duties of members of the system and their beneficiaries. Existing law vests management and control of PERS in its board of administration. PERS provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations.

This bill would establish the Deferred Retirement Option Program as a voluntary program within PERS for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). The bill would require these state bargaining units to bargain with the Department of Human Resources to implement the program. The bill would also require the program to result in a cost savings or be cost neutral. The bill would further require the department to work with the board of PERS to develop the program.

~~Existing law, the Public Employees' Retirement Law, establishes the Public Employees' Retirement System for the purpose of providing pension benefits to specified public employees.~~

~~This bill would make nonsubstantive changes to the provision naming that law.~~

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

SECTION 1. *The Legislature finds and declares all of the following:*

- (a) The California Highway Patrol (CHP) has taken on an increasingly diverse and dangerous mission as it is now called upon to serve as the statewide law enforcement entity.*
- (b) The Department of Forestry and Fire Protection (CAL FIRE) is California's fire department, and the new normal of catastrophic disasters has significantly increased the complexity of its mission.*
- (c) The challenges now being confronted by the CHP and CAL FIRE are dangerously protracted and require experience and expertise to confront.*
- (d) Recruitment and retention of CHP officers and CAL FIRE firefighters has resulted in a chronic shortage of needed personnel.*
- (e) Other public safety agencies in California have successfully employed a Deferred Retirement Option Program (DROP).*
- (f) DROP has benefited public safety agencies by allowing them to keep highly trained and experienced sworn personnel actively employed.*
- (g) DROP allows sworn personnel who would otherwise retire to stay on the job for a period of one to five years.*
- (h) DROP for sworn personnel within CHP and CAL FIRE shall be subject to the collective bargaining process.*
- (i) DROP for CHP and CAL FIRE shall also result in a cost savings or be cost neutral to be implemented. The program shall be funded entirely by the enrolled members' contributions as well as any accrued interest.*

SEC. 2. Chapter 20 (commencing with Section 21717) is added to Part 3 of Division 5 of Title 2 of the Government Code, to read:

CHAPTER 20. Deferred Retirement Option Program

21717. This chapter shall be known and may be cited as the Deferred Retirement Option Program.

21717.1. (a) The Deferred Retirement Option Program is hereby created to add flexibility to the system and allow for the retention of experienced personnel. The program is established for members of State Bargaining Units 5 and 8, provided that the applicable bargaining unit has entered into a memorandum of understanding for this purpose.

(b) The design and administration of the Deferred Retirement Option Program shall conform with the applicable provisions of Title 26 of the United States Code and the Revenue and Taxation Code.

(c) A member may be eligible to voluntarily participate in the program when the member has met minimum service requirements applicable for service retirement.

(d) State Bargaining Units 5 and 8 shall bargain with the Department of Human Resources to implement the Deferred Retirement Option Program.

(e) The program shall result in a cost savings or be cost neutral.

(f) The Department of Human Resources shall work with the board to develop the program.

~~SECTION 1. Section 20000 of the Government Code is amended to read:~~

~~20000. This part shall be known, and may be cited, as the Public Employees' Retirement Law.~~