

Date of Hearing: June 2, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 2365 (Rodriguez) – As Amended May 4, 2020

Policy Committee: Public Employment and Retirement Vote: 7 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill provides the California Public Employees' Retirement System (CalPERS) authority over whether it reinstates a retired member into the job category in which unlawful employment occurred.

FISCAL EFFECT:

Significant administrative savings in excess of \$235,000 to CalPERS as a result of the additional discretion granted by this bill. Under this bill, CalPERS has another option besides pursuing a violation in administrative law court, which can be expensive and time consuming. This cost estimate assumes 50 violations per year.

COMMENTS:

- 1) **Background.** A retired annuitant is a retired CalPERS member who returns to work for a CalPERS-covered employer in a limited capacity. Generally, a retired annuitant can work up to 960 hours per fiscal year without being required to become an active CalPERS member. The annuitant still receives a monthly retirement allowance but does not earn additional service credit for their work.
- 2) **Current rules around violations.** Under current law, if a retired annuitant works more than 960 hours in a fiscal year, CalPERS must reinstate the retired member. Moreover, the formerly retired member must reimburse CalPERS for all retirement allowances received during that period of employment and pay the employee's share of contributions to the system, plus interest and penalties.
- 3) **Purpose.** According to the author, this bill grants CalPERS discretionary authority to waive financial challenges incurred by retired annuitants who accidentally exceed the work hour limit. The author notes that employers are responsible for processing payroll and providing relevant information to CalPERS, and in many cases retired annuitants are completely unaware they have exceeded the work hour limit.

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