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THIRD READING

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Bill No: SB 411  
Author: Cortese (D)  
Amended: 4/13/21  
Vote: 21

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SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 4/19/21  
AYES: Cortese, Ochoa Bogh, Durazo, Laird, Newman

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

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**SUBJECT:** Public Employees' Retirement System: employment without reinstatement

**SOURCE:** California School Employees Association

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**DIGEST:** This bill revises the California Public Employees' Pension Reform Act of 2013 (PEPRA) mandate that the California Public Employees' Retirement System (CalPERS) reinstate to active membership those retirees who work more than the 960-hour limit in CalPERS covered positions and instead makes it permissive to allow CalPERS discretion to address violations in a manner that does not impose harsh financial terms on retirees.

**ANALYSIS:**

Existing law:

- 1) Establishes PEPRA, a comprehensive reform of public pension law designed to stabilize public pension systems while preserving the objective of ensuring that public employees who dedicate a lifetime of service to California receive retirement security in their old age (Government Code § 7522 et seq.).
- 2) Prohibits a person retired from a public retirement system from working for a public employer in the same public retirement system from which the retiree receives the retirement benefit without reinstatement, as specified (Government Code § 7522.56).

- 3) Prohibits a person retired from a public retirement system from serving on a state board or commission, as specified, without reinstatement (Government Code § 7522.57).
- 4) Prohibits a person retired under CalPERS from working in any capacity except as specified for the state, university, a school employer, or a contracting agency unless the person first reinstates from retirement (Government Code § 21220).
- 5) Requires that a CalPERS retiree in violation of the post-retirement employment (or working after retirement) rules shall do the following:
  - a) Reimburse CalPERS for any retirement allowance received during the period or periods of employment that are in violation of the law.
  - b) Pay to CalPERS the employee contributions they would have otherwise paid during the period, plus interest.
  - c) Reimburse CalPERS for related administrative expenses (Government Code § 21220(b)).
- 6) Requires that a CalPERS employer in violation of the post-retirement employment rules shall pay to CalPERS the employer contributions they would have otherwise paid during the period, plus interest, and reimburse CalPERS for related administrative expenses (Government Code § 21220(c)).
- 7) Authorizes CalPERS to charge the employer a fee of \$200 per retired member per month that the employer fails to enroll a retired annuitant employed in any capacity for CalPERS' administrative recordkeeping purposes, as specified, or fails to report the retired annuitant's pay rate and hours worked, as specified. The employer may not pass these fees onto the employee (Government Code § 21220(d)-(f)).
- 8) Requires CalPERS to reinstate into membership a person employed in violation of the post-retirement employment rules, as specified (Government Code § 21202).

This bill:

- 1) Allows CalPERS not to require the person in violation of the post-retirement employment rules to reinstate into membership.
- 2) Eliminates the requirement, if CalPERS does not reinstate the retired annuitant, that a person violating the post-retirement employment rules must pay the

employee contributions that otherwise would have been due to CalPERS for the employment period or periods.

- 3) Eliminates the requirement, if CalPERS does not reinstate the retired annuitant, that the employer of a person in violation of the post-retirement employment rules must pay the employer contributions that otherwise would have been due to CalPERS for the employment period or periods.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:** (Verified 5/4/21)

California School Employees Association (source)  
California Teachers Association  
Peace Officers Research Association of California  
Retired Public Employees Association

**OPPOSITION:** (Verified 5/4/21)

None received

**ARGUMENTS IN SUPPORT:** According to the sponsor, this bill is necessary “to mitigate the assessment of penalties for retirees who inadvertently went over the allowed limitation for working after retirement within the California Public Employee Retirement System (CalPERS).”

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